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Institutional Gaps in Protecting Digital and Informal Workers in Vietnam: Implications for Inclusive Development

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ABSTRACT

This article analyzes the adequacy and effectiveness of Vietnam's institutional framework for protecting workers in the digital economy and the informal sector in the context of digital transformation and inclusive development. Drawing on data from the General Statistics Office of Vietnam in 2025 and the Fairwork Vietnam Ratings 2023, the study highlights the large-scale and heightened vulnerability of informal and platform-based workers. Methodologically, the article adopts an institutional analytical approach, combining qualitative legal analysis, comparative law, and descriptive statistical methods, based on national labour legislation and policy documents, official statistical data, and international labour standards, particularly those of the International Labour Organization (ILO) and the European Union (EU). The findings indicate that, notwithstanding existing normative commitments to decent work and social inclusion, Vietnam's worker protection system remains fragmented and insufficiently responsive to emerging forms of digital and platform-based labour. The principal institutional gaps concern labour classification, the scope of social protection coverage, enforcement mechanisms, and the governance of digital labour platforms. On this basis, the article conceptualizes Vietnam's worker protection system as a two-tier institutional architecture, consisting of a foundational normative layer and an operational legal-policy layer. It

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advances evidence-based policy recommendations aimed at strengthening institutional capacity, enhancing regulatory coherence, and promoting an inclusive, equitable, and sustainable labour market in Vietnam.

Keywords: Digital Economy; Informal Economy; Institutions; Institutional Protection of Workers; National Capacity Enhancement

1. Introduction

Despite a growing body of empirical reports and policy-oriented studies documenting the scale of informal employment and the rapid expansion of platform-based work, the protection of workers in these sectors remains a major governance challenge worldwide. More than 60 per cent of the global labour force, approximately two billion workers, are engaged in informal employment, with particularly high concentrations in developing regions^[1]. At the same time, the expansion of the platform economy has generated new forms of work organisation that blur traditional distinctions between formal and informal labour, often placing workers outside established labour law and social protection frameworks.

In Vietnam, informality continues to dominate the labour market structure. According to the General Statistics Office of Vietnam (2025), informal employment accounts for 62.4% of total employment and remains exceptionally high in agriculture, forestry, and fisheries^[2]. Parallel to this trend, digital platforms in ride-hailing, food delivery, e-commerce, and online services have attracted a rapidly growing workforce. However, evidence from the Fairwork Vietnam Ratings 2023 indicates that most platforms score poorly on core labour protection indicators, including minimum earnings guarantees, occupational safety and health, contractual transparency, and collective representation^[3]. These findings suggest that, notwithstanding the expansion of employment opportunities, worker vulnerability in the digital and informal economy remains structurally entrenched. While these developments have been widely described, existing scholarship has not adequately addressed their institutional implications. Studies on informal labour in Vietnam have largely focused on household businesses, rural employment, or agricultural labour, whereas analyses of platform-based work tend to prioritise technological innovation, business models, or labour flexibility. As a result, informal labour and platform-based work are often examined

as separate phenomena, despite their growing convergence in practice. What is missing in the existing scholarship is a systematic institutional analysis that conceptualises informal labour and platform-based work as interconnected manifestations of structural informality within a single labour market. In particular, the literature lacks: (i) an integrated analytical framework linking international labour standards, constitutional commitments, and domestic labour institutions in assessing worker protection; (ii) an examination of how labour institutions originally designed for standard employment relationships operate, or fail to operate, in the context of digital and platform-mediated work; and (iii) an institutional-level assessment of the gap between normative commitments to decent work and the actual regulatory and enforcement capacity for protecting informal and platform workers in Vietnam.

Without such an institutional perspective, existing studies remain largely descriptive or sector-specific and are unable to explain why formal legal and policy commitments have not translated into effective protection for workers in the digital and informal economy.

Against this backdrop, this article makes three principal contributions. First, it develops an institutional analytical framework that conceptualises Vietnam's worker protection regime as a two-tier institutional architecture, comprising a foundational normative layer and an operational legal-policy layer. Second, by applying this framework to both informal labour and platform-based work, the article demonstrates that digital labour does not represent a departure from informality but rather a technologically mediated reconfiguration of structural labour market informality, thereby contributing to the emerging concept of "digital informality" in labour governance scholarship^[4]. Third, drawing on legal analysis and empirical data, the article identifies key institutional gaps in labour classification, social protection coverage, enforcement mechanisms, and platform governance, and advances evidence-based policy recommendations aimed at strengthening national institutional

capacity and promoting inclusive, equitable, and sustainable labour market development in Vietnam in the context of digital transformation.

2. Analytical Procedure and Research Methodology

2.1. Research Approach and Analytical Lens

This study adopts an institutional analytical approach to examine whether Vietnam's current labour and social protection framework adequately safeguards workers in the digital economy and the informal sector. Rather than treating labour law as a collection of isolated legal rules, the article conceptualises worker protection as an institutional system shaped by normative commitments, legal instruments, policy mechanisms, and enforcement structures. The core analytical lens employed is a two-tier institutional framework, consisting of: (i) A foundational normative layer, encompassing international labour standards, constitutional principles, and national policy orientations; and (ii) an operational legal policy layer, comprising labour legislation, social protection laws, regulatory instruments, and enforcement mechanisms. This framework enables a structured assessment of the coherence between institutional commitments and regulatory implementation, particularly in relation to emerging forms of non-standard, informal, and platform-based work.

2.2. Data Sources

The analysis is based on secondary qualitative and quantitative data drawn from three principal sources: First, legal and policy documents, including Vietnam's Labour Code 2019, Employment Law 2025, Social Insurance Law 2024, Law on Occupational Safety and Health 2015, and relevant implementing decrees and resolutions. Second, official statistical data published by Vietnamese state agencies, particularly the General Statistics Office of Vietnam (2024–2025), provide empirical evidence on the scale, structure, and characteristics of informal employment. Third, international reports and standards, notably those of the International Labour Organization (ILO)^[5], the Organisation for Economic Co-operation and Development

(OECD)^[6], and the European Commission (EC)^[7], including the Fairwork Vietnam Ratings 2023, which offer comparative benchmarks on labour protection in the platform economy.

2.3. Methods of Analysis

Methodologically, the study combines qualitative legal analysis, comparative legal review, and descriptive statistical analysis.

- (i) Qualitative legal analysis is used to examine the content, scope, and internal coherence of Vietnam's labour and social protection legislation, with particular attention to labour classification, social protection coverage, enforcement mechanisms, and platform governance.
- (ii) Comparative legal analysis serves an illustrative benchmarking function, situating Vietnam's institutional framework in relation to selected international labour standards and regulatory approaches, without pursuing direct legal transplantation.
- (iii) Descriptive statistical analysis is employed to contextualise the legal analysis by illustrating the scale and vulnerability of informal and platform-based workers.

Through the integration of these methods, the study identifies key institutional gaps and assesses how far existing labour institutions are capable of responding to the challenges posed by digitalisation and informality.

2.4. Methodological Scope and Limitations

This research relies primarily on secondary data and does not employ primary empirical methods such as interviews or surveys. Accordingly, the statistical analysis is descriptive rather than causal. Nevertheless, the chosen methodology is appropriate for the article's objectives: (i) To assess the adequacy of Vietnam's current institutional framework for worker protection; (ii) To identify structural institutional gaps affecting informal and platform workers; and (iii) To develop evidence-based policy implications aimed at strengthening institutional capacity in the context of digital transformation and inclusive development.

3. Discussion and Analysis

3.1. The Institutional Framework for Worker Protection in Vietnam

In essence, institutions, as conceptualized by Douglas North, refer to the “rules of the game” that shape human behaviour; in other words, institutions are the constraints designed by humans to structure interactions among individuals and within society^[8]. If institutions constitute the rule framework, then organizations (“players”) represent the entities, such as agencies, bodies, and actors that operate within and implement those rules. Put simply, institutions provide the rulebook, whereas organizations constitute the apparatus or actors that function within that rule-based system.

According to the classical understanding of Douglas North, further developed by the International Labour Organization^[9] in the labour domain, labour institutions may be interpreted at both narrow and broad levels. In the narrow sense, they encompass the entire body of legislation, policies, and collective agreements governing interaction, cooperation, and protection among workers, employers, and the State. Their objective is to ensure that workers enjoy safe, fair, and decent working conditions, stable income, and access to social protection. In the broader sense, labour institutions refer to the overarching coordination mechanisms among the State, enterprises, and workers that maintain order, fairness, and sustainable development within the labour market. Thus, while the narrow interpretation emphasizes the legal rules regulating behaviour, the broader interpretation encompasses the institutional coordination framework where those rules are implemented, monitored, and adjusted to ensure social justice and economic efficiency within the labour market.

From this conceptual foundation, it is clear that Vietnam’s institutional framework for worker protection is structured as a tiered system reflecting both underlying values and the operational machinery of labour regulation. Structurally, this system can be understood as comprising two interconnected layers:

- (1) The foundational institutional layer;
- (2) The legal and policy institutional layer.

These two layers are interlinked and mutually reinforcing, collectively producing an institutional architecture that is

both value-based and operationally adaptive, thereby ensuring that workers’ legitimate rights and interests are effectively protected in the contemporary context.

3.1.1. First, the Foundational Institutional Layer

This is the highest tier of the worker protection framework, responsible for articulating the core values, principles, and objectives that guide the entire labour law and policy system. It forms the political, legal, and normative basis for the labour market’s “rules of the game,” ensuring that Vietnam’s institutional framework is aligned and harmonized with international standards. This layer includes three principal components:

- (1) The Constitution and international commitments recognizing fundamental human rights in labour, including the right to work, the right to social security, the right to safe working conditions, and equality in employment opportunities. These principles are codified in the 2013 Constitution and in international treaties to which Vietnam is a party, such as the 1948 Universal Declaration of Human Rights and the International Covenant on Economic, Social, and Cultural Rights (ICESCR).
- (2) The core ILO Conventions, regarded as global labour rights standards^[10], including Convention No. 87 (Freedom of Association), Convention No. 98 (Right to Collective Bargaining), Convention No. 100 (Equal Remuneration), Convention No. 111 (Discrimination in Employment and Occupation), Convention No. 155 (Occupational Safety and Health), Convention No. 187 (OSH Promotional Framework), and Convention No. 190 (Elimination of Violence and Harassment in the World of Work), among others.
- (3) The ILO Decent Work Agenda, which serves as the global normative framework for sustainable labour governance, is built upon four pillars: (i) the creation of productive and sustainable employment; (ii) guaranteeing workers’ rights at work; (iii) extending social protection systems; and (iv) promoting constructive social dialogue^[11].

Thus, the foundational institutional layer represents Vietnam’s political and legal commitment to international labour standards, human rights, and inclusive development. It provides the normative orientation for the subsequent legal-

policy layer, ensuring that labour law and policy operate coherently under the universal principles of decent work and social protection.

3.1.2. Second, the Legal and Policy Institutional Layer

This is the operational core of the worker protection system—the layer where the values and principles of the foundational tier are transformed into concrete, enforceable rules governing labour market actors. While the foundational tier sets normative expectations, the legal-policy tier establishes and implements the *formal rules* of the labour market, defining specific rights, obligations, protection mechanisms, and enforcement structures. This layer is crucial because it links values with action, bridging international norms and Vietnam’s socio-economic context, thereby ensuring that worker protection objectives are both practical and achievable. Structurally, this layer comprises three major components:

- (1) Vietnam’s National Labour Law System. This includes foundational legislation directly regulating labour relations, such as the Labour Code 2019^[12], the Employment Law 2025^[13], the Social Insurance Law 2024^[14], the Law on Occupational Safety and Hygiene 2015^[15], and the Law on Health Insurance 2008 (as amended in 2014 and 2024)^[16], together with implementing decrees and circulars. These instruments specify the rights and obligations of workers and employers, minimum labour standards, working hours, wages, occupational safety, and mechanisms for dispute resolution and legal protection. In accordance with ILO recommendations, legislation must ensure transparency, predictability, and enforceability so that workers have effective access to justice when their rights are violated^[17].
- (2) Public Policies and Worker Protection Programs. These are regulatory tools and implementation mechanisms designed to translate legal principles into practice. They include key policies such as minimum wage regulation, social insurance, unemployment insurance, gender equality in employment, skills upgrading, vocational retraining, and labour transition support. For example:

- Resolution No. 68/NQ-CP^[18] the Government’s

Action Program implementing Resolution No. 42-NQ/TW on renewing and improving social policy quality—sets out strategic policy directions for 2024–2030 aimed at strengthening worker protection, reducing inequality, and promoting inclusive development consistent with the ILO Decent Work Agenda.

- Resolution No. 28/NQ-CP (2021), issuing the National Strategy on Gender Equality 2021–2030, defines specific objectives and indicators on employment, income, vocational training, and social security for female workers, advancing fairness and promoting an inclusive labour market.

These public policies function as *social stabilizers*, mitigating risks, ensuring income security, and maintaining social protection, particularly in the context of digital transformation, automation, and global economic volatility^[19]. According to the ILO, building flexible, inclusive, and adaptive social protection systems is essential for developing equitable and resilient labour markets, particularly for vulnerable groups in the informal and digital economies^[20].

- (3) Collective Bargaining and Social Dialogue. This component embodies autonomy, cooperation, and democratic participation in modern labour relations, reflecting the labour market’s capacity for self-regulation through negotiation among stakeholders. Collective agreements result from voluntary and equitable bargaining between employers and worker representatives at enterprise, sectoral, regional, or national levels^[21].

The ILO regards collective bargaining and freedom of association—enshrined in Conventions No. 87 and 98—as essential instruments for flexibly regulating labour conditions such as wages, working hours, benefits, and occupational safety. These mechanisms ensure that labour law becomes more adaptive to real-world needs, reflecting the interests and capacities of parties within enterprises and the labour market. In Vietnam, social dialogue is strengthened through the National Wage Council and grassroots trade unions, enhancing worker participation in policy formulation and oversight.

Thus, the legal-policy institutional layer functions

as the regulatory heart of the worker protection system—translating foundational principles into action, creating a coherent legal framework, and balancing economic growth with social justice. It supports the development of a sustainable, humane labour market consistent with OECD orientations^[22].

Synthesis. Vietnam’s institutional framework for protecting workers in the digital and informal economy comprises a two-tiered architecture:

- The foundational institutional layer, establishing values, principles, and international commitments on human rights in labour;
- The legal and policy institutional layer, operationalizing those values through legislation, public policies, protection programs, collective bargaining, and social dialogue.

The coherence between these two layers enables Vietnam’s labour institution to uphold international standards while flexibly adapting to domestic realities, ultimately fostering an inclusive, equitable, and sustainable labour market in the era of digital transformation.

3.1.3. Singapore as an Illustrative Institutional Case

Singapore is used in this study not as a benchmark model for direct comparison, but as an illustrative institutional pathway demonstrating alternative regulatory logics in addressing the challenges of worker protection in the digital and platform economy. The purpose of referring to Singapore is therefore not to propose legal transplantation, but to highlight how a coherent institutional design can expand social protection and occupational safeguards for platform workers while preserving labour market flexibility. From a comparative international perspective, although ASEAN (Association of Southeast Asian Nations) countries are confronted with broadly similar challenges in protecting workers in the digital economy and the informal sector, they differ significantly in terms of institutional maturity, policy orientation, and legal responses. In this study, Singapore is not treated as a full comparative case, but rather as an illustrative case that highlights an alternative institutional pathway for addressing the regulatory challenges posed by platform-based work.

Singapore is widely regarded as the ASEAN country

with the most advanced level of institutionalization in labour market governance, particularly in relation to digital and platform-mediated work. Its relevance lies not in the direct transferability of its legal model to Vietnam, but in its ability to demonstrate how institutional coherence can be enhanced without fundamentally abandoning labour market flexibility.

From a legal perspective, the Employment Act 1968 (as amended in 2021)^[23] remains the cornerstone of employment regulation in Singapore, establishing minimum standards on wages, working hours, working conditions, and dispute resolution for the majority of salaried employees. Similar to many other jurisdictions, however, this Act does not extend employee status to self-employed persons or platform workers.

Rather than reclassifying platform workers wholesale as employees, Singapore has pursued a status-sensitive and protection-oriented approach, centred on expanding social protection and occupational safeguards according to economic dependency and work-related risks. A central element of this approach is the Central Provident Fund Act 1953 (as amended in 2022)^[24], which allows mandatory social security contributions to be extended to non-standard workers, including platform workers, despite the absence of a traditional employment contract.

This approach was further consolidated with the enactment of the Platform Workers Act 2024, which entered into force on 30 September 2024^[25]. The Act establishes a dedicated regulatory framework for platform workers—such as ride-hailing drivers and delivery workers—by mandating Central Provident Fund contributions, requiring work injury insurance coverage, and recognizing mechanisms for collective representation. Importantly, platform workers are not fully reclassified as “employees” under the Employment Act, yet they are afforded substantive protection through targeted statutory obligations imposed on platforms.

This model reflects Singapore’s distinctive institutional philosophy: preserving labour market flexibility while ensuring a minimum floor of protection through an inclusive and adaptive social security system, an approach broadly consistent with the core principles of the ILO’s Decent Work Agenda. As an illustrative case, Singapore demonstrates that effective worker protection in the platform economy does not necessarily require uniform reclassification, but can be achieved through carefully calibrated institutional design.

To synthesise the foregoing analysis, the central issue in protecting workers in the digital and informal economy lies not in the absence of legal norms, but in the institutional logic through which protection is structured and implemented. While Vietnam’s framework remains predominantly contract-centred and binary in labour classification, alternative regulatory pathways have emerged. In this context, Singapore is introduced not as a benchmark model, but as an illustrative institutional pathway demonstrating how differentiated, platform-specific obligations can enhance worker protection without undermining labour market flexibility. **Table 1**, therefore, serves an analytical function by highlighting contrasting institutional logics rather than restating legal provisions.

Thus, Vietnam’s institutional framework for worker protection is underpinned by strong normative commitments

to labour rights and international standards; however, its operational layer remains largely anchored in standard employment relationships, limiting its adaptability to non-standard, informal, and platform-based work. This misalignment between normative commitments and regulatory implementation suggests that the core challenge lies not in the absence of standards but in the insufficient institutional transmission of those standards into effective and inclusive protection mechanisms in the context of digital transformation. To synthesise this institutional diagnosis, **Table 2** conceptualises Vietnam’s worker protection regime as a two-tier institutional framework, distinguishing between the normative foundation and operational implementation, and thereby illustrating how institutional gaps emerge from weak vertical linkages between these layers rather than from normative deficiencies.

Table 1. Illustrative Comparison of Institutional Approaches.

Dimension	Vietnam	Singapore (Illustrative Case)	ILO Standards
Labour classification	Predominantly binary distinction between employees and non-employees; platform workers are largely treated as independent contractors	Platform workers are not fully classified as employees; recognition of intermediate status with targeted protections	Emphasis on substance over form; protection based on economic dependency and vulnerability
Social protection coverage	Limited coverage for informal and platform workers; social insurance is mainly tied to formal employment	Mandatory social security contributions extended to platform workers via CPF	Universal social protection and progressive extension to all workers
Occupational safety and health	OSH protection is largely confined to formal employment relationships	Mandatory work injury insurance for platform workers	Safe and healthy working conditions for all workers
Enforcement mechanisms	Fragmented enforcement; limited reach in informal and digital work	Clear statutory obligations imposed on platforms; centralized enforcement	Effective enforcement as a core component of decent work
Collective representation	Platform workers lack an effective collective voice	Statutory recognition of collective representation mechanisms	Freedom of association and collective bargaining

Table 2. Two-Tier Institutional Framework for Worker Protection in Vietnam.

Institutional Layer	Key Components	Functions and Regulatory Role
Foundational Institutional Layer	<ul style="list-style-type: none"> 2013 Constitution Core ILO Conventions ILO Decent Work Agenda 	Establishes fundamental values, labour rights principles, and international commitments guiding worker protection
Operational Legal–Policy Institutional Layer	<ul style="list-style-type: none"> Labour Code 2019 Employment Law 2025 Social Insurance Law 2024 OSH Law 2015 Public policies Social dialogue mechanisms 	Translates foundational principles into enforceable legal rules, policy instruments, and institutional mechanisms

Table 2. Cont.

Institutional Layer	Key Components	Functions and Regulatory Role
Labour Market Practice	<ul style="list-style-type: none"> Formal workers Informal workers Platform and digital workers 	Reveals institutional gaps related to labour classification, social protection coverage, enforcement, and platform governance

3.2. The Current State of the Two Institutional Layers for Worker Protection in Vietnam’s Digital Economy and Informal Sector

At present, both the foundational institutional layer and the legal-policy institutional layer for worker protection in Vietnam, including protection in the digital economy and the informal economy, are founded upon universal values, labour human rights principles, and international commitments to which Vietnam is a party. However, a significant gap persists between institutional commitments and actual implementation, reflected in several key shortcomings outlined below:

3.2.1. First, a Gap Remains between International Labour Standards and Principles and Their Domestic Implementation

This reflects a fundamental characteristic of the current institutional framework in Vietnam. Notably, Vietnam has ratified most (9 out of 10) of the core Conventions of the International Labour Organization^[26], including Convention No. 98 on the Right to Collective Bargaining, Convention No. 100 on Equal Remuneration, and Convention No. 111 on Discrimination, and is finalizing the roadmap for the ratification of Convention No. 87 on Freedom of Association. These are international standards that embody Vietnam’s commitment to ensuring labour rights, fairness, and human dignity in employment, in line with the core values of the ILO’s Decent Work Agenda.

In practice, however, many fundamental labour rights remain largely confined to statutory provisions, while the domestication and implementation of ILO conventions have been slow and insufficiently coordinated. This has resulted in limited protection for vulnerable groups of workers, particularly informal workers and platform-based workers in the digital economy.

A salient example is ILO Convention No. 190 of 2019 on the elimination of violence and harassment in the world of work, the first international instrument to establish a comprehensive and legally binding framework to ensure a safe, respectful, and violence-free working environment for all

workers^[27]. Although the 2019 Labour Code and Decree No. 145/2020/ND-CP formally prohibit sexual harassment in the workplace and expand the concept of the “workplace” in a manner broadly consistent with Convention No. 190, the current legal framework addresses only a limited portion of the Convention’s substantive content^[28]. Vietnamese law does not yet comprehensively cover the concept of “violence and harassment,” nor does it clearly domesticate the notion of gender-based violence and harassment. Moreover, the scope of protection has not been extended to job seekers, volunteers, and other related actors. Vietnam’s non-ratification of Convention No. 190, therefore, entails the absence of an international legal obligation to ensure the comprehensiveness, coherence, and consistency of preventive and remedial measures against violence and harassment in the world of work.

Similarly, in the field of occupational safety and health, ILO Convention No. 155 of 1981^[29] and Convention No. 187 of 2006^[30] require States to establish national policies and systems on occupational safety and health with coverage extending to the entire workforce, irrespective of sector or form of employment. While the Law on Occupational Safety and Health of 2015 has incorporated many of the core principles of these conventions, the scope of protection in practice remains largely confined to formal employment relationships. For informal workers, own-account workers, and platform workers—who account for a substantial share of the labour force—the existing legal framework has yet to establish equivalent mechanisms for risk prevention, training, labour inspection and supervision, or access to insurance schemes. In addition, the requirement to promote a national “safety culture,” a central element of Convention No. 187, has not been fully institutionalized within enterprise governance or public administration.

In sum, despite significant progress in aligning domestic law with international labour standards, Vietnam continues to face a pronounced gap between formal commitments and effective implementation. Bridging this gap requires extending the scope of labour regulation to the informal sec-

tor and emerging forms of work, strengthening enforcement mechanisms, and progressively achieving fuller compliance with ILO standards in the context of international integration and sustainable development.

3.2.2. Second, a Large Proportion of Workers Remain Effectively “Outside the Rules of the Game” Regarding the Right to Safe Work, Stable Income, and Access to Social Protection

This illustrates a notable institutional and legal challenge within Vietnam’s current policy framework. The phrase “outside the rules of the game” reflects a situation in which workers do not enjoy, or are unable to access, the rights and protective mechanisms established under the law. Specifically:

- (1) They do not have a lawful labour contract and therefore fall outside the direct scope of the 2019 Labour Code;
- (2) They are not covered by compulsory social insurance and do not voluntarily participate in voluntary social insurance;
- (3) They are not included in unemployment insurance or other formal social protection programmes, leaving them without safeguards against job loss, sickness, or accidents;
- (4) They lack access to collective bargaining mechanisms or representative organizations such as trade unions, resulting in a weak voice in determining working conditions;
- (5) They are not guaranteed a safe working environment, occupational health protections, or entitlements such as paid sick leave, maternity benefits, or labour protection equipment.

These problems stem from several key causes:

First, the legal coverage remains limited. Under current Vietnamese legislation—namely the 2019 Labour Code, the 2025 Employment Law, and the 2024 Social Insurance Law—legal protection primarily covers workers engaged in formal employment relationships. Meanwhile, more than 62.4% of workers in Vietnam are employed in the informal sector or as self-employed workers^[2]. This means that the majority of workers remain outside the coverage of labour

and social protection laws, as they are not subject to compulsory social insurance, and there is still no flexible, tailored protection mechanism suitable for the characteristics of informal work.

Notably, the 2024 Social Insurance (SI) Law, which will enter into force on 1 July 2025, represents a significant step forward in expanding social protection coverage, particularly toward informal workers. Specifically, the Law expands the category of persons subject to compulsory SI, including: owners of household businesses with business registration (point m, clause 1, Article 2); persons performing non-specialized work at commune, village, or neighbourhood group levels (point k, clause 1, Article 2); and part-time workers (point l, clause 1, Article 2). The Law also supplements maternity benefits under voluntary SI (clause 3, Article 4), aiming to attract and extend protection to informal workers, especially women of reproductive age. Furthermore, the Law introduces a monthly allowance for workers who do not meet the conditions for receiving a pension and are not yet eligible for social pension benefits (Article 21), thereby ensuring a minimum income for vulnerable groups.

These reforms demonstrate that the 2024 SI Law constitutes an important advancement in expanding coverage and strengthening the inclusiveness of Vietnam’s social protection system, particularly for workers in the informal sector. However, protection for this group remains only partial and has not yet achieved comprehensive coverage.

The reason lies in the highly diverse structure of the informal sector, which includes self-employed workers, family labour, workers without contracts, and those with unstable incomes. Meanwhile, the 2024 SI Law continues to be grounded in a “contributory–benefit” model, meaning that only those who participate and make contributions (compulsory or voluntary) are eligible for benefits. Participation in voluntary SI remains optional, while informal workers consistently face barriers such as low income, lack of information, high contribution costs, or reluctance due to administrative procedures.

Therefore, the question “Does the 2024 Social Insurance Law protect informal workers?” may be answered as follows: it does so partially, but not fully. The Law marks an important step toward extending protection to informal workers, but the level of coverage remains limited. In other words, the 2024 Social Insurance Law has opened the door,

but it has not yet enabled the entire informal workforce to enter the “rules of the game” of the social protection system in a complete and sustainable manner.

Second, due to the specific characteristics of the digital economy and platform-based work, workers operating on digital platforms in Vietnam are not yet ensured fair income levels or adequate working conditions. According to the Fairwork Vietnam Ratings 2023^[31], while the platform economy has generated flexible employment opportunities, the majority of platform workers face multiple structural risks and disadvantages.

- (1) Platform workers’ earnings are not guaranteed at a stable minimum level after deducting work-related costs such as fuel, maintenance, platform fees, and equipment depreciation. No platform has demonstrated that all workers consistently earn at least a minimum income. Many workers are compelled to work extended hours—often 9 to 11 h per day—to maintain a basic standard of living, while their earnings fluctuate significantly depending on algorithmic task allocation and market demand. This situation reflects a form of economic dependency that is not formally recognized or adequately protected.
- (2) Platform workers operate in high-risk working environments, exposed to traffic hazards, adverse weather conditions, time pressure, and customer rating systems, yet lack formal mechanisms for occupational safety, health protection, and social security support.
- (3) Platform work relationships are rarely governed by formal employment contracts, but instead by unilateral and technically complex terms of service that platforms may modify at any time. By classifying workers as “independent partners,” platforms effectively evade obligations under labour and social security law. As a result, workers lack effective legal remedies when disputes arise, particularly in cases of account deactivation, task suspension, or algorithmic penalties. This reality illustrates a growing legal gap between traditional labour law frameworks and the actual conditions of platform-based work.
- (4) The right to collective representation and worker voice is largely absent in the platform economy. The Fairwork Vietnam Ratings 2023 indicate that no platform meets the criterion of “fair representation,” as workers

are not permitted to form or join independent associations, and existing grievance mechanisms remain largely symbolic. While platforms retain full control over data, algorithms, and decision-making processes, workers have virtually no capacity to negotiate fares, working conditions, or algorithmic policy changes. This imbalance reflects an emerging form of power asymmetry in the digital labour space.

Third, the lack of effective enforcement and oversight mechanisms. At present, one of the most significant challenges in protecting workers, including those with formal labour contracts, is that the labour inspection and enforcement system continues to exhibit substantial limitations and weak regulatory force^[32]. Labour inspectorates at both central and local levels face shortages in human resources and insufficient technological capacity, while the scope of supervision is exceptionally broad and complex, encompassing millions of small production establishments, household businesses, and, notably, rapidly expanding digital platform enterprises for which no corresponding legal framework yet exists. In practice, many enterprises, particularly small businesses and technology platforms, tend to evade legal obligations by refusing to conclude labour contracts, failing to pay social insurance contributions, or reclassifying legal obligations into forms of “commercial cooperation.” While this approach reduces labour costs for enterprises, it shifts all risks onto workers, thereby undermining the coverage and practical effectiveness of the legal system.

As a result, within the domain of platform labour, an “enforcement vacuum” has emerged in which workers’ rights are not substantively protected, and effective complaint mechanisms are absent^[33]. Research by the ISEAS–Yusof Ishak Institute reveals that ride-hailing and platform workers are not legally recognised as “employees,” and thus cannot access formal protection mechanisms, including mediation, labour arbitration, or labour inspectorates. When disputes arise, resolution is typically confined to internal decisions of the platform or automated algorithmic processes—lacking transparency and devoid of government oversight.

Typical cases include drivers having their accounts deactivated, order allocations reduced, or income algorithms altered without prior notice and without access to an independent appeals mechanism. This results in immediate loss of livelihood but no legal recourse, exposing a clear institutional

gap in the governance of digital platform labour. Accordingly, it can be affirmed that the absence of inspection, monitoring, and dispute-resolution mechanisms suitable for flexible and platform-based forms of work has progressively weakened the effectiveness of Vietnam's labour law system. To address this, it is imperative to:

- (i) Develop smart supervisory mechanisms integrating big data technologies and real-time feedback channels;
- (ii) Establish an independent dispute-resolution body specifically dedicated to platform workers, thereby filling the current protection gaps.

Fourth, limitations in workers' awareness and capacity to access social protection systems. At present, one of the fundamental reasons why Vietnam's social protection system has not yet achieved adequate coverage of informal workers lies in their limited awareness, restricted access, and constrained capacity to participate. Many self-employed individuals, petty traders, and seasonal workers have not been sufficiently informed about social insurance, health insurance, and sustainable employment policies. They often perceive social insurance as distant, impractical, or applicable only to those with formal labour contracts, leading to passivity in participating in social insurance schemes or engaging with government support programmes^[34].

In addition, informal workers face financial hardship and unstable income streams. Consequently, they tend to prioritise immediate needs over long-term social protection investments. The average income of informal workers is typically 30–40% lower than that of workers in the formal sector, while the cost of living continues to rise^[35]. Therefore, despite the flexible design of voluntary social insurance policies, many informal workers still struggle to make regular contributions. In practice, a large number of voluntary participants maintain their contributions only for a short period before discontinuing due to financial constraints.

Thus, the current state of worker protection in Vietnam's digital economy and informal sector reveals structural institutional gaps manifested in a binary, contract-centred labour classification, constrained social protection coverage, enforcement, and oversight mechanisms that lag behind platform-mediated work, and the absence of effective collective representation for platform workers. These short-

comings demonstrate that the existing labour governance model remains institutionally misaligned with a digitalised and flexibilised labour market, underscoring the necessity of an institutional approach that prioritises economic dependency and social risk over the formal legal character of employment relationships.

3.3. Solutions for Improving the Institutional Framework for Worker Protection in the Digital and Informal Economy in Vietnam in the Context of Enhancing National Capacity

Rather than proposing detailed legal amendments or technically specific policy measures, this section advances four strategic institutional reforms aimed at addressing the structural gaps identified above. These reforms focus on strengthening institutional coherence, adaptability, and governance capacity in protecting workers in the digital and informal economy.

3.3.1. Reorienting Labour Institutions Beyond Contract-Based Employment

The first strategic reform concerns the institutional logic of labour classification. Vietnam's current labour governance framework remains predominantly centred on standard, contract-based employment relationships, which limit its capacity to protect workers engaged in informal and platform-based work.

A strategic shift is therefore required from a contract-centred model to a worker-centred institutional approach, in which protection is grounded in economic dependency, vulnerability, and exposure to labour-related risks rather than formal contractual status. This reorientation would allow labour institutions to recognise non-standard and platform-mediated work as integral components of the labour market, thereby expanding the effective reach of worker protection without undermining labour market flexibility.

3.3.2. Expanding Social Protection through Institutional Integration Rather than Formalisation Alone

The second reform focuses on the institutional design of social protection systems. While recent reforms have extended coverage toward informal workers, social protection remains closely tied to formal employment and contributory

mechanisms, resulting in partial and uneven inclusion.

Instead of relying solely on formalisation as a prerequisite for protection, social protection institutions should be redesigned to enable progressive and flexible inclusion, particularly for informal and platform workers. Institutionally, this requires integrating labour market policies, social insurance mechanisms, and platform governance in a manner that distributes responsibility among workers, the State, and platform enterprises. Such an approach strengthens national capacity to manage labour market risks in a digitalised economy while preserving the sustainability of social protection systems.

3.3.3. Strengthening Enforcement Capacity through Adaptive and Data-Informed Governance

The third reform addresses the institutional capacity for enforcement and oversight. Traditional labour inspection and dispute-resolution mechanisms have limited reach in regulating informal employment and platform-based work, creating an enforcement gap that undermines the credibility of labour law.

Strategic reform in this area should prioritise adaptive governance, combining conventional inspection mechanisms with data-informed regulatory tools and clearer institutional mandates for overseeing digital platforms. Enhancing coordination among labour authorities, social security institutions, and platform operators would improve compliance, transparency, and accountability, thereby restoring the regulatory effectiveness of labour institutions in non-standard work contexts.

3.3.4. Institutionalising Collective Representation and Social Dialogue in the Platform Economy

The fourth reform concerns the institutional deficit in collective representation. The absence of effective worker voice mechanisms in the platform economy exacerbates power asymmetries inherent in algorithmic management and weakens the legitimacy of labour governance.

Rather than replicating traditional trade union models, institutional reform should focus on enabling functional forms of collective representation and social dialogue adapted to platform-based work. Embedding worker voice mechanisms within labour institutions enhances regulatory

responsiveness, supports conflict prevention, and aligns labour governance with the participatory principles of the ILO Decent Work Agenda.

Taken together, these four strategic reforms reflect a shift from technically detailed policy prescriptions toward an institution-centred reform agenda. By reorienting labour classification, social protection, enforcement, and collective representation around institutional coherence and adaptability, Vietnam can strengthen its national capacity to govern the digital and informal economy while promoting inclusive, equitable, and sustainable labour market development.

4. Conclusions

In the context of deep international integration and rapid digital transformation, the protection of workers is a fundamental legal obligation and a core component of modern labour governance. While Vietnam has made progress in ratifying and incorporating key ILO Conventions, a persistent gap remains between institutional commitments and effective implementation, particularly regarding informal and platform workers. To address this gap, Vietnam should complete the ratification and full domestication of the remaining core ILO Conventions, notably Convention No. 87 on Freedom of Association and Convention No. 190 on the Elimination of Violence and Harassment in the World of Work. Concurrently, labour and social protection legislation must be reformed to extend effective legal coverage to all forms of work, including the informal sector and the digital economy, thereby ensuring universal access to safe and fair working conditions and social protection. This study reaffirms that placing human dignity, safety, and fairness at the centre of labour law reform is essential for the coherence, legitimacy, and effectiveness of Vietnam's labour governance system in the digital era.

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