

## Ensuring Responsible Business Practices in Labour Conditions in Viet Nam in the New Era

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**Abstract:** In the context of deepening globalization and the restructuring of global supply chains, ensuring responsible business practices in labour conditions has become an inevitable requirement for both states and enterprises, with a view to protecting human rights, improving the quality of employment, and promoting sustainable development. This article aims to analyse the theoretical and legal foundations of responsible business practices in labour conditions, assess the current state of implementation in Viet Nam, and propose policy and legal recommendations to enhance the effectiveness of labour protection in the new era. The study employs a combination of research methods, including literature review and synthesis, legal analysis, case studies, and comparative policy analysis, underpinned by a human-centred approach. Data sources include international labour standards developed by the International Labour Organization (ILO), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the OECD Due Diligence Guidance for Responsible Business Conduct, as well as Viet Nam's labour law framework and relevant inspection reports and practical cases. The findings indicate that Viet Nam has made significant progress in internalizing international labour standards into its domestic legal system. Nevertheless, substantial bottlenecks remain in the enforcement of regulations on working hours, occupational safety and health, and in the governance of labour conditions within lower tiers of supply chains and the informal economy. On this basis, the article argues for a shift from a formalistic compliance-based approach towards a risk-based and preventive governance model, alongside the gradual expansion of corporate responsibility across supply chains. Such an approach would contribute to the establishment of a safe, fair, and sustainable labour environment in Viet Nam.

**Keywords:** Responsible business practices; labour conditions; new era in Viet Nam.

### INTRODUCTION

In the context of deepening globalization, business production and supply activities are no longer confined within national borders but are increasingly interconnected through complex cross-border supply chains. While globalization has generated significant economic growth, it has also posed serious challenges to human rights and labour conditions, notably forced labour, child labour, and violations of labour rights within international supply chains. It is estimated that approximately 21 million people worldwide are engaged in forced labour, many of whom are embedded in global supply chains (ILO, 2020). Against this backdrop, the concept of Responsible Business Practices (RBP) (Phan Thi Thanh Thuy, 2024) has emerged as a mandatory standard within international legal frameworks and contemporary business ethics.

Responsible business practices extend beyond mere legal compliance to encompass the proactive responsibility of enterprises to respect, protect, and promote human rights and decent labour conditions throughout their business operations and supply chains. According to the United Nations Guiding Principles on Business and Human Rights (UNGPs), RBP is structured around three core pillars: the State duty to protect human rights; the corporate responsibility to respect human rights; and access to effective remedies for

victims of human rights abuses. At the international level, multilateral institutions and standard-setting bodies such as the International Labour Organization (ILO), the Organisation for Economic Co-operation and Development (OECD), and the United Nations (UN) have established a comprehensive legal and normative framework aimed at promoting fair and safe labour standards in business activities. This framework includes international labour standards, responsible business conduct guidelines, and international conventions on labour rights. As the UN's specialized agency for labour, the ILO has not only developed fundamental labour standards but has also provided guidance to enterprises on preventing forced labour, eliminating child labour, promoting freedom of association and collective bargaining, and ensuring safe and healthy working environments.

In Viet Nam, there are currently no official statistics on the proportion of workers engaged in forced labour. Nevertheless, several reports suggest that forced labour risks persist in certain industrial sectors. For example, a study conducted by the Global Fund to End Modern Slavery (GFEMS) identifies a heightened risk of forced labour in Viet Nam's garment industry, particularly in rural and peri-urban areas. In response to these concerns, Viet Nam ratified ILO

Convention No. 105 on the Abolition of Forced Labour in 2020, demonstrating a strong national commitment to combating forced labour in all its forms. Given that many workers continue to face forced labour conditions, there is an urgent need for legal and policy solutions to safeguard workers' rights and prevent adverse impacts on their health, productivity, income, and overall quality of life. This objective aligns with the broader goal of establishing a safe, fair, and sustainable working environment. To achieve this goal, legal and policy measures must be implemented at three interrelated levels: international, national, and enterprise. Among these, the enterprise level plays a central role in both responsible business conduct in general and the prevention of labour-related violations in particular. While international organizations and States are responsible for developing and promulgating laws and standards, enterprises are the primary actors responsible for implementation, determining transparency within supply chains, and directly supporting and protecting workers.

Accordingly, enterprises should be regarded not merely as subjects of legal compliance, but as key drivers of responsible business practices, contributing to the creation of a fair, humane, and sustainable labour market. Theoretical and Legal Perspectives on Labour Conditions, from a theoretical perspective, labour conditions constitute a set of factors that directly affect workers' health, productivity, quality of work, and overall quality of life. In this sense, labour conditions encompass not only wages, working hours, occupational safety and health, social welfare, and opportunities for career advancement, but also the protection of workers' rights and the principle of fair and equal treatment. These factors exert a significant impact on workers, employers (primarily enterprises), and the economy as a whole. In particular, at the macroeconomic level, improvements in labour conditions for both workers and employers contribute to faster and more sustainable economic growth, while simultaneously reducing social costs and burdens.

From a legal perspective, labour conditions refer to the body of legal regulations governing working time, wages, occupational safety and health, social insurance, health insurance, unemployment insurance, and other employment-related rights, with the aim of protecting workers and ensuring compliance by enterprises. In Viet Nam, labour conditions are primarily regulated by the Labour Code 2019, the Law on Occupational Safety and

Health 2015, the Law on Social Insurance 2024, the Employment Law 2013, and their implementing regulations. In addition, the domestic legal framework is influenced by international labour conventions, particularly those adopted by the International Labour Organization (ILO) and ratified by Viet Nam.

Notable international instruments and recommendations on labour conditions include: (1) the ILO Declaration on Fundamental Principles and Rights at Work (1998, amended in 2022), which provides the normative foundation for fair and humane labour conditions; (2) conventions on wages and working time, such as Convention No. 1 (1919) on the limitation of working hours (48 hours per week) and Convention No. 131 (1970) on minimum wage fixing; (3) conventions on occupational safety and health, including Convention No. 155 (1981) on occupational safety and health, which requires States to adopt policies ensuring safe workplaces, and Convention No. 187 (2006) on the promotional framework for occupational safety and health; (4) conventions on fairness and humane treatment, notably Convention No. 100 (1951) on equal remuneration for men and women and Convention No. 111 (1958) on the elimination of discrimination in employment and occupation; and (5) the ILO Decent Work Agenda, which emphasizes productive employment with stable income, decent working conditions, and adequate protection for workers.

Accordingly, in order to ensure a safe, fair, and sustainable working environment, Viet Nam, like many countries around the world, has developed and implemented a comprehensive system of policies and laws aimed at safeguarding workers' health, safety, and rights, while at the same time reducing legal and operational risks for employers.

## LITERATURE REVIEW

Research on Responsible Business Practices (RBP) in relation to labour conditions has expanded significantly over the past two decades and can be broadly structured around three main strands: (1) the development of international ethical-legal normative frameworks; (2) corporate operational instruments, including due diligence, disclosure, and auditing mechanisms; and (3) empirical evidence on labour risks within global supply chains. The United Nations Guiding Principles on Business and Human Rights (UNGPs) articulate the three-pillar framework of "Protect, Respect and Remedy" and lay the foundation for human rights

due diligence (HRDD) as a practically mandatory operational process (UN OHCHR, 2011). Building on this framework, the OECD has translated HRDD into detailed practical guidance for enterprises, emphasizing a continuous cycle of identifying, assessing, preventing, mitigating, monitoring, and reporting adverse impacts throughout the entire supply chain (OECD, 2018).

With regard to the scale and nature of labour risks, international estimates consistently indicate that forced labour and other forms of “modern slavery” remain systemic challenges. Global assessments identify tens of millions of victims worldwide, with a high concentration in labour-intensive supply chains such as textiles and garments, mining, construction, and agriculture (ILO, 2017; ILO, 2022). Findings from systematic literature reviews suggest that, while academic research still lacks standardized quantitative field data, there is broad consensus on several key points: (i) the fragmented geographical structure of global value chains significantly increases labour risks; (ii) intermediary actors, including recruitment agencies and labour brokers, as well as purchasing and pricing pressures imposed by lead firms, exacerbate vulnerabilities to forced labour; and (iii) conventional social auditing mechanisms often fail to detect more subtle and sophisticated forms of exploitation (Strand, 2024; Gold *et al.*, 2015).

Empirical studies and NGO reports focusing on Viet Nam have identified concrete risk indicators. A rapid assessment by Anti-Slavery International highlights persistent risks of labour rights violations within export-oriented textile and garment supply chains (Anti-Slavery International, 2019). The Walk Free Foundation’s Global Slavery Index provides estimates and risk mapping, indicating that Viet Nam has a significant estimated number of victims and identifying particularly vulnerable groups, such as internal migrant workers and informal workers (Walk Free, 2023). Academic studies on the textile, garment, and footwear sectors further emphasize that pricing structures, delivery deadlines, and profit-margin pressures constitute key drivers that push small and medium-sized suppliers to extend working hours excessively and, in some cases, to rely on labour recruitment intermediaries associated with heightened risks (Goto/ERIA; Zhang *et al.*, 2021).

From an institutional perspective, Viet Nam has made notable legal progress. The ratification of ILO Convention No. 105 on the Abolition of

Forced Labour, together with the Labour Code 2019, the Law on Occupational Safety and Health 2015, and the Law on Social Insurance 2024, establishes a foundational legal framework for the protection of labour conditions. Nevertheless, comparative studies and inspection reports reveal a substantial gap between legal provisions and enforcement in practice. Identified shortcomings include limited labour inspection capacity, insufficiently deterrent sanctions, strategic “window-dressing” during inspections, and the absence of legally binding HRDD obligations for enterprises (ILO country reviews; Human Rights Watch; sectoral inspection findings). A growing body of analysis argues that reliance solely on domestic labour legislation, without mandatory supply-chain transparency and enforceable civil liability or remedy mechanisms for workers, is unlikely to shift compliance from a formalistic approach to substantive risk-based governance (Caruana, 2021; OECD, 2018).

Regarding policy solutions, both academic scholarship and policymaking are increasingly moving from voluntary guidelines towards mandatory regulatory mechanisms along two main trajectories: (i) the introduction of binding HRDD and supply-chain transparency laws (mandatory HRDD or mHREDD) as preventive tools coupled with legal accountability; and (ii) the strengthening of labour inspection capacity, inter-agency coordination, and effective access-to-remedy mechanisms for victims. Another strand of research underscores the role of market-based instruments, including buyer pressure, public procurement policies, and labour conditionalities embedded in free trade agreements and market-access regimes, such as labour provisions under the EU–Viet Nam Free Trade Agreement (EVFTA), as significant drivers for improving labour practices among Vietnamese suppliers (ERIA; EU desk studies).

## RESEARCH METHODOLOGY

To clarify the theoretical foundations, assess the current situation, and propose solutions for ensuring responsible business practices in labour conditions in the Vietnamese context, this study adopts an interdisciplinary approach, combining traditional legal research methods with policy analysis and comparative international research. This approach is particularly appropriate given the nature of the subject, which lies at the intersection of labour law, responsible business conduct,

human rights, and sustainable development (UN OHCHR, 2011; OECD, 2018).

### Documentary Analysis

The study employs documentary analysis to review, systematize, and critically assess relevant academic literature, policy reports, and legal documents. The sources examined include: (i) conventions and recommendations of the International Labour Organization (ILO), particularly those relating to forced labour, working time, and occupational safety and health; (ii) international instruments on responsible business conduct, notably the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Due Diligence Guidance for Responsible Business Conduct; (iii) peer-reviewed academic studies; and (iv) reports published by international organizations and civil society organizations, including the ILO, OECD, Walk Free Foundation, and Anti-Slavery International. This documentary analysis aims to trace the development of the theoretical framework on responsible business practices, identify models of labour-risk governance in global supply chains, and examine the evolving shift from voluntary compliance mechanisms towards legally binding human rights due diligence (HRDD) obligations (OECD, 2018; Strand, 2024).

### Legal Doctrinal Analysis

Legal doctrinal analysis is applied to elucidate the content, structure, and regulatory logic of Viet Nam's legal framework governing labour conditions and corporate responsibilities. The analysis focuses on the Labour Code 2019, the Law on Occupational Safety and Health 2015, the Law on Social Insurance, and their implementing regulations, while situating these instruments within the broader context of international labour standards ratified by Viet Nam, particularly ILO Convention No. 105 on the Abolition of Forced Labour. Through this method, the study assesses the degree of domestication of international norms and identifies legal gaps and regulatory bottlenecks in the design of rules governing corporate responsibility for ensuring safe, fair, and sustainable labour conditions (ILO, 2017; UN OHCHR, 2011).

### Empirical Practice Analysis and Case-Based Research

The study further applies empirical practice analysis through the examination of labour inspection reports, official inspection conclusions issued by competent state authorities, and selected

case studies concerning violations of working time regulations and occupational safety and health standards in enterprises. These cases are chosen to illustrate systemic and recurring issues in business practices in Viet Nam, thereby shedding light on the gap between formal legal provisions and actual compliance. This method enhances the empirical grounding of the research, avoids a purely normative approach, and accurately reflects the nature of labour risks within labour-intensive supply chains (Gold *et al.*, 2015; Walk Free, 2023).

### Comparative Legal and Policy Analysis

Comparative analysis is employed to contrast Viet Nam's approach with international trends in responsible business practices, particularly governance models linking labour conditions to human rights due diligence. The comparison focuses on international standards and best practices promoted by the ILO, OECD, and the United Nations, with a view to distilling lessons relevant to Viet Nam's ongoing legal and policy reforms. This comparative approach does not seek to replicate foreign models mechanically, but rather to identify core principles that may be flexibly adapted to Viet Nam's institutional context and level of socio-economic development (OECD, 2018; DIHR, 2021).

### Human-Centred Approach

Throughout the study, a human-centred approach is adopted, treating workers as rights-holders and as key drivers of sustainable development. This approach is consistent with the Party's perspective on human development and aligns with the ILO's Decent Work framework. Accordingly, the analysis and proposed solutions are designed not only to reduce legal risks for enterprises but also to protect workers' health, dignity, and long-term quality of life (ILO, 2017).

## DISCUSSION AND ANALYSIS

### Current Situation of Ensuring Responsible Business Practices in Labour Conditions

In general, Viet Nam's legal framework has substantially internalized and concretized international labour standards, adapting them to domestic socio-economic conditions. From the perspective of responsible business practices, the Vietnamese State has clearly defined the obligations of enterprises to ensure safe, fair, and sustainable labour conditions through a range of specific legal instruments. These include policy frameworks aimed at ensuring safe and healthy working environments; reasonable and non-



coercive working hours; and transparency and clarity in labour contracts. Collectively, these policy groups have contributed to improving labour productivity, reducing labour disputes, enhancing workplace safety, and expanding workers' access to employment-related benefits.

Nevertheless, significant regulatory and enforcement bottlenecks remain in the implementation of laws governing responsible business practices in labour conditions.

### **First, Notable Gaps Persist In Employers' Compliance With Legal Obligations And Commitments Regarding Working Time And Rest Periods.**

Ensuring reasonable working hours and adequate rest is a fundamental labour right, enabling workers to restore their physical and mental capacity depleted during the labour process, while also allowing time for family life and social participation. Compliance with working time and rest regulations also plays a crucial role in preventing occupational diseases and work-related risks. Moreover, from the employer's perspective, respect for lawful working hours contributes directly to organizational effectiveness, as workers operating under reasonable time arrangements are more likely to demonstrate long-term commitment and productivity. Accordingly, compliance with working time and rest regulations is not merely a legal obligation of employers but also a key determinant of a healthy working environment and sustainable socio-economic development.

In practice, however, many enterprises require employees to work beyond the statutory limits of eight hours per day and forty-eight hours per week without proper agreement or without paying overtime wages in accordance with the law. Such practices constitute violations of statutory maximum working time limits as stipulated under Vietnamese labour law. Article 105 of the Labour Code 2019 provides that "normal working hours shall not exceed eight hours per day and forty-eight hours per week." In addition, violations of Article 109 occur where employers fail to ensure legally required rest periods, such as by not providing breaks for workers who work six hours or more per day. Under Article 109, employees working six hours or longer are entitled to a continuous mid-shift break of at least thirty minutes for daytime work or forty-five minutes for night work. Furthermore, some enterprises fail to comply with regulations governing night work, including the payment of night-shift allowances or

the proper organization of night shifts, thereby adversely affecting workers' health. Such practices contravene Article 106 of the Labour Code 2019 on night work.

The primary causes of these violations stem from employers' lack of compliance with labour law. In some cases, enterprises lack sufficient knowledge of the legal requirements; in others, they deliberately violate working time regulations to reduce labour costs and maximize profits by compelling employees to work overtime without proper consent or lawful remuneration. In addition, labour shortages and recruitment difficulties lead some enterprises to maintain a workforce below operational needs, thereby shifting excessive workloads onto existing employees. These practices are often reinforced by corporate cultures that undervalue employee welfare and fail to recognize labour benefits as a key factor in workforce retention.

Empirical evidence confirms the prevalence of such violations. For example, in Thanh Hóa Province in 2022, Sun Jadey Footwear Company mobilized workers to perform overtime work exceeding legal limits. Specifically, in January, the company required 7,291 employees to work excessive overtime, followed by 2,017 employees in February and 6,716 employees in March, each exceeding forty overtime hours per month. Prolonged overtime resulted in worker dissatisfaction and negatively affected employees' physical and mental health (Hoang Dung & Mai Lieu, 2022).

Similarly, in Dong Nai Province in 2024, the provincial Department of Labour, Invalids and Social Affairs issued several inspection conclusions concerning labour law compliance among enterprises operating in the province (Quang Phuong, 2024). Notably, Inspection Conclusion No. 44/KL-TTr dated 4 July 2024, relating to Tentac Co., Ltd. (Ho Chi Minh City) located in Long Duc Industrial Park, Long Thành District, found that in 2023 the company required 133 employees to work overtime exceeding the limits prescribed under Article 107 of the Labour Code 2019. Overtime hours exceeded the statutory ceiling of 200 hours per employee per year, ranging from 210 to 897 hours per employee per year. In addition, the inspection identified multiple compliance deficiencies under the Labour Code 2019 and Circular No. 10/2020/TT-BLĐTBXH dated 12 November 2020, including incomplete contractual provisions regarding job titles, wage

payment methods, and rest periods; failure to accurately specify job titles in labour contracts; and inadequate occupational safety and health training in 2023, contrary to the training requirements stipulated under Articles 19 and 21 of Decree No. 44/2016/NĐ-CP dated 15 May 2016.

### **Second, Significant Bottlenecks Persist in Employers' Compliance with Legal Obligations and Commitments Regarding the Assurance of Occupational Safety and Health (OSH) for Workers.**

In practice, according to the 2024 report of the Ministry of Labour, Invalids and Social Affairs (now the Ministry of Home Affairs), a total of 8,286 occupational accidents occurred nationwide, affecting 8,472 workers. Among these, 675 accidents were fatal, resulting in 727 deaths, while 1,690 workers suffered serious injuries. The report indicates that in 2024, the number of fatal occupational accidents and fatalities increased in sectors characterized by formal employment relationships, whereas in the group of workers without labour contracts, both fatal accidents and fatalities decreased compared to the previous year. Sectors with the highest incidence of fatal occupational accidents include mining and mineral extraction, construction, construction materials manufacturing, mechanical engineering and metallurgy, and services. The most common fatal injury factors were traffic accidents, structural collapses, falls from height, flying or falling objects, collisions, and electrocution (Hung Thinh, 2025).

These figures underscore the urgent need for close coordination between the State and enterprises in implementing comprehensive measures, particularly legal measures, to reduce occupational accidents, protect workers' health and lives, and enhance production and business efficiency.

From a theoretical perspective, the International Labour Organization (ILO) considers occupational safety and health to be a fundamental right of workers, a core obligation of employers, and a shared responsibility of society as a whole. According to the ILO Declaration on Fundamental Principles and Rights at Work (1998), workers have the right to be protected from occupational hazards that may endanger their health and lives. Rather than focusing solely on compensation after accidents occur, priority must be given to preventive measures aimed at mitigating risks at their source. These principles allocate

responsibilities among the State, employers, and workers alike. Accordingly, the State is responsible for developing, enacting, and enforcing OSH legislation; employers must ensure safe working environments, provide personal protective equipment, and organize OSH training; and workers must comply with safety regulations, properly use protective equipment, and proactively safeguard themselves.

From a legal perspective, in order to ensure safe working environments and minimize occupational accidents and diseases, Viet Nam has clearly defined employers' responsibilities for occupational safety and health. These obligations aim not only to reduce labour disputes and foster sustainable business development, but also to protect the interests of both workers and the broader economy. Pursuant to Article 5 of the Law on Occupational Safety and Health 2015, employers are required to fully implement workplace risk prevention measures, conduct inspections and safety assessments, provide appropriate personal protective equipment, and organize OSH training for workers. Nevertheless, many enterprises fail to comply fully with these obligations, resulting in persistent occupational accidents and adverse impacts on workers' health.

The principal bottlenecks in OSH compliance include:

- (1) Violations related to personal protective equipment, such as failure to provide adequate protective gear (helmets, goggles, gloves, safety footwear) in accordance with prescribed standards, or the provision of substandard or purely symbolic protective equipment;
- (2) Inadequate risk control in the working environment, including the absence of periodic environmental monitoring (toxic gases, noise levels, dust), failure to improve ventilation, lighting, and temperature conditions, and insufficient fire prevention and emergency evacuation measures;
- (3) Deficiencies in OSH training and education, as many enterprises either fail to organize training or do so in a perfunctory manner; new workers are not adequately informed of workplace hazards; workers receive insufficient guidance on safe operation of machinery and equipment; and workplaces lack clear safety instructions and signage.
- (4) Non-compliance with insurance and health examination obligations, including failure to

participate in mandatory insurance schemes or underreporting workforce numbers to evade contributions; inadequate compensation for occupational accidents; failure to conduct mandatory health examinations or conducting them in a merely formalistic manner; and insufficient monitoring of the health of workers exposed to hazardous conditions.

The causes of these shortcomings can be attributed to multiple stakeholders.

(1) On the part of the State. As a member of the ILO and the World Trade Organization (WTO), Viet Nam is required to align its domestic legislation with international standards on safe working conditions. From the 2013 Constitution, the Labour Code 2019, and the Law on Occupational Safety and Health 2015, to sector-specific laws such as the Law on Minerals, the Law on Electricity, and the Law on Chemicals, Vietnamese legislation contains relatively comprehensive and coherent provisions on occupational safety and health (Thanh Chuong, 2024). However, labour inspection and enforcement by state authorities often remain formalistic or reactive in nature, while sanctions lack sufficient deterrent effect. As a result, many enterprises opt to pay administrative fines rather than invest in improved equipment or comprehensive OSH training (Thanh Chuong, 2024).

(2) On the part of enterprises. Many enterprises prioritize profit maximization over workers' safety, seeking to minimize expenditures on OSH measures and downplaying occupational safety risks. For instance, inspection conclusions issued by the Department of Occupational Safety concerning Nitori Vietnam Export Processing Company (Me Linh, Hanoi) revealed that some workers were not provided with or did not use personal protective equipment; records of protective equipment distribution lacked workers' signatures; adhesive containers were improperly stored in wooden fabric warehouses; and nine items of machinery and equipment subject to strict OSH requirements, including eight compressed air pipelines and one compressed air tank—had not been inspected as required (Ngoc Linh, 2024).

Moreover, some enterprises engage in “window-dressing” practices to evade inspections by preparing superficially compliant documentation. In the case of Nitori Vietnam, inspection records lacked minutes of victim interviews and minutes of meetings announcing accident investigation

results; investigation reports were cursory, with sections on fault attribution and proposed sanctions left blank. Similarly, accident files of Sigma Technical Joint Stock Company (Thanh Xuan, Hanoi) were found to be incomplete, lacking victim statements and official investigation meeting records, with investigation reports remaining superficial and deficient (Ngoc Linh, 2024).

### **Third, Bottlenecks in Ensuring Responsible Business Conduct With Respect To Labour Conditions in Supply Chains and The Informal Labour Sector**

Beyond direct violations concerning working hours and occupational safety and health within formal employment relationships, another notable reality in Vietnam lies in the limitations in ensuring responsible business conduct with respect to labour conditions across supply chains and within the informal labour sector. This issue has been widely identified in international scholarship as a “legal blind spot” in the governance of labour conditions in export-oriented developing economies such as Viet Nam (ILO, 2017; OECD, 2018).

In practice, while lead firms often commit to compliance with international labour standards in response to requirements imposed by foreign buyers and trading partners, effective control over labour conditions at the level of subcontractors, small-scale workshops, satellite household producers, and outsourced or casual labour remains weak. Studies conducted by the ILO and Walk Free indicate that risks of labour rights violations, including forced overtime, unsafe working conditions, non-participation in social insurance schemes, and even indicators of forced labour, tend to be concentrated at the lower tiers of supply chains. These are segments typically characterized by small enterprises with limited legal compliance capacity and subject to intense pressures related to pricing, delivery schedules, and cost competitiveness (ILO, 2022; Walk Free, 2023).

In Viet Nam, a substantial proportion of the workforce is employed in the informal or semi-formal sector, including home-based subcontracted workers, seasonal labourers, and workers engaged through verbal agreements or civil contracts rather than formal labour contracts. According to the General Statistics Office of Viet Nam, the informal sector continues to account for a significant share of total employment, particularly in labour-

intensive industries such as textiles and garments, footwear, construction, and services. However, the current legal framework governing labour conditions is primarily designed around formal employment relationships. As a result, many of these categories of workers are excluded from effective access to legal protections relating to working hours, occupational safety and health, social insurance, and grievance and compensation mechanisms when their rights are violated.

Supply chain assessment reports in the textile and footwear industries in Vietnam further reveal that home-based subcontracted workers are often required to work long hours at high intensity, under unsafe working conditions, without adequate OSH training, and without direct accountability on the part of the ordering enterprises (Anti-Slavery International, 2019). This situation significantly undermines the effectiveness of corporate social responsibility (CSR) commitments and raises fundamental questions regarding the substantive legal responsibility of enterprises across their entire supply chains, rather than merely within the confines of their immediate legal entities.

From a legal perspective, Vietnam currently lacks binding regulations requiring enterprises to conduct human rights due diligence (HRDD) with respect to labour rights and working conditions throughout their supply chains, as recommended by the OECD Guidelines and the UN Guiding Principles on Business and Human Rights. The absence of such mechanisms enables enterprises to “externalize labour risks” by shifting them onto subcontractors or the informal sector, while maintaining a façade of compliance with domestic law and international standards at the surface level (OECD, 2018; Strand, 2024).

Accordingly, the state of responsible business conduct with regard to labour conditions in Viet Nam is shaped not only by the level of legal compliance of individual enterprises, but also more fundamentally by the structure of supply chains and the scope of application of existing labour legislation. This represents a systemic challenge, one that calls for legal and policy solutions extending beyond traditional approaches based solely on direct employment relationships, toward a more comprehensive and sustainable model of labour risk governance.

## POLICY RECOMMENDATIONS FOR ENSURING RESPONSIBLE BUSINESS CONDUCT WITH RESPECT TO LABOUR CONDITIONS

### **First, Institutionalizing the Party’s Perspective on Human Development and the Protection of Legitimate Rights and Interests of Workers in Economic Development**

Under the Party’s guiding perspective, investment in human capital is not merely a matter of social responsibility but a decisive factor for the sustainable development of both the nation and enterprises. Accordingly, the Resolutions of the 12th and 13th National Congresses of the Communist Party of Viet Nam consistently affirm that “*comprehensive human development and the improvement of human resource quality constitute a central task. Human beings are not only beneficiaries of economic development but also creative subjects who determine the prosperity of the country and enterprises.*” This approach underscores that human development must go hand in hand with economic growth, rather than pursuing short-term profit at the expense of workers’ rights and well-being. On this basis, several policy orientations should be emphasized.

In both State policymaking and corporate governance, there is a need to shift from perceiving labour as a “cost” to viewing it as an “investment in human capital.” Specifically, the State should design wage, bonus, and welfare policies aimed at retaining talent, while enterprises should reform their management mindset by recognizing workers as valuable assets and, consequently, developing reasonable remuneration and welfare schemes consistent with sustainable development objectives set forth by the Party.

To ensure that overtime work remains a right exercised voluntarily by workers rather than an imposed obligation, the State should explicitly recognize the “right to refuse overtime work” in the Labour Code, thereby protecting workers from coercion, retaliation, or the arbitrary reduction of benefits by employers.

There enterprises fail to comply with statutory requirements on rest periods and permit excessive overtime work, they should be required to provide appropriate compensation, including health care services or financial support measures, to mitigate adverse impacts on workers’ health and well-being.



## **Second, Strengthening State and Corporate Responsibilities in Ensuring Occupational Safety and Health through an Inclusive and Responsible Business Approach**

**Responsibilities of the State.** At present, the Law on Occupational Safety and Health primarily applies to workers who have entered into formal labour contracts with enterprises and does not adequately regulate workers operating under labour-related agreements, such as platform-based drivers, or those engaged in informal employment within the informal economy. As a result, many self-employed and informal workers lack access to occupational accident insurance and OSH training, exposing them to heightened risks of work-related accidents and occupational diseases. Accordingly, it is necessary to amend and supplement the Law on Occupational Safety and Health to clarify and strengthen the responsibility of the State in ensuring OSH protection for workers in the informal economy. In parallel, legislation should impose more specific and substantive obligations on enterprises, including requirements that enterprises: proactively conduct risk assessments and implement preventive measures against occupational accidents; bear legal liability and compensation obligations where accidents occur due to failures in risk control; not only provide personal protective equipment but also ensure proper inspection, maintenance, and user training; organize periodic health examinations and occupational disease monitoring for workers; and report occupational accidents truthfully and handle them in accordance with prescribed procedures.

**Responsibilities of enterprises.** For enterprises to genuinely practice responsible business conduct and effectively reduce occupational accidents, they must adopt “transformative” solutions rather than merely complying with legal requirements in a formalistic manner. This entails a fundamental shift in mindset—from viewing safety as a cost to recognizing it as a long-term benefit; from treating safety as an ancillary issue to understanding it as the foundation of productivity; and from assigning safety responsibility to a single department to acknowledging it as the shared responsibility of all members of the organization. Corporate leadership should directly participate in OSH training programs to demonstrate commitment from the highest level, and enterprises should leverage digital technologies to monitor risks, issue early warnings, and prevent accidents. Through this renewed approach, enterprises should not limit their calculations to the immediate costs of

purchasing protective equipment or installing safety systems, but also consider the substantial economic and reputational losses resulting from inadequate safety practices. Ultimately, occupational safety and health should be transformed into a competitive advantage in recruitment, workforce retention, and the attraction of high-quality human resources—an approach widely promoted by multinational corporations such as Nike, Adidas, and Intel through their emphasis on safe and healthy working environments.

## **Third, Strengthening Responsible Business Practices with Respect to Labour Conditions in Supply Chains and the Informal Economy**

Empirical evidence indicates that risks related to labour conditions predominantly arise in the lower tiers of supply chains and within the informal economy. Accordingly, ensuring responsible business conduct in Viet Nam requires an expanded approach that broadens corporate responsibility while supplementing the legal and policy framework with preventive, inclusive, and practicable instruments. On this basis, the following key recommendations are proposed.

Gradual institutionalization of corporate responsibility for labour conditions throughout the entire supply chain. The State should consider incorporating into labour law and related legislation explicit provisions on enterprises’ responsibilities to identify, prevent, and mitigate labour-related risks across their supply chains, particularly for lead firms operating in labour-intensive export sectors such as textiles and garments, footwear, electronics, and construction. This approach is consistent with ILO standards, the UN Guiding Principles on Business and Human Rights (UNGPs), and the OECD Due Diligence Guidance for Responsible Business Conduct, and helps prevent the transfer of labour risks to subcontractors or small-scale production units. In the Vietnamese context, such institutionalization should follow a phased roadmap. Initially, large enterprises and firms participating in global supply chains could be required to disclose labour policies, risk-control procedures, and grievance-handling mechanisms within their supply chains, with more stringent legal obligations introduced progressively as institutional capacity develops.

Expanding the scope of labour protection for workers in the informal economy. Existing legal provisions should be reviewed and adjusted to

strengthen minimum protections relating to labour conditions, occupational safety and health, and workers' well-being for those in the informal sector, including home-based workers and casual or contracted labour. The primary objective is not to formalize all labour relationships, but to ensure that fundamental rights—particularly the right to work under safe conditions and free from exploitation—are non-derogable. The State may adopt flexible protective mechanisms, such as requiring ordering enterprises to support safety training and provide information on occupational risks; encouraging or mandating participation in voluntary occupational accident insurance schemes with State support; and enhancing the role of local authorities and social organizations in monitoring labour conditions in small, dispersed production units.

Enhancing monitoring tools and transparency of labour conditions in supply chains. Regulatory emphasis should shift from formalistic inspections to risk-based governance, whereby the State designs the legal framework and oversight mechanisms, while enterprises assume primary responsibility for implementation. In this regard, consideration should be given to introducing periodic reporting or disclosure requirements on labour conditions, particularly for large enterprises or those operating in high-risk sectors. In addition to State labour inspection, supplementary monitoring mechanisms should be encouraged, including independent labour audits, accessible grievance and complaint mechanisms for workers throughout the supply chain, and the participation of workers' representative organizations. These instruments can facilitate early detection of risks and reduce the social costs associated with labour violations.

Integrating labour-condition protection into sustainable development strategies and corporate competitiveness. Public policy and communication should clearly articulate that ensuring decent labour conditions is not only a legal obligation but also a long-term competitive advantage for Vietnamese enterprises in the context of deepening international integration. Enterprises that effectively implement responsible business practices can reduce legal and supply-chain disruption risks, enhance credibility with international partners, and improve their ability to attract and retain high-quality human resources. Accordingly, the State may adopt incentive-based mechanisms—such as preferential access to credit, technical assistance, or advantages in public

procurement—for enterprises demonstrating strong performance in managing labour conditions across their supply chains. This “soft law” approach is well suited to the Vietnamese context and encourages a transition from passive compliance to proactive and sustainable governance.

## CONCLUSION

In the context of globalization and the restructuring of global supply chains, ensuring responsible business conduct with respect to labour conditions has become an inevitable requirement for both States and enterprises—not merely from a legal compliance perspective, but as a cornerstone of sustainable development and long-term competitiveness. Based on an analysis of the theoretical framework, international standards of the ILO, UNGPs, and OECD, as well as Viet Nam's current labour law system, this study demonstrates that Viet Nam has made significant progress in internalizing international norms on labour conditions, occupational safety and health, and the protection of workers' rights. Nevertheless, responsible business practices in Viet Nam continue to face substantial bottlenecks, particularly in compliance with regulations on working hours and rest periods; the assurance of occupational safety and health; and the governance of labour-condition risks within supply chains and the informal economy. The gap between legal provisions and enforcement, combined with the tiered structure of supply chains and cost-competition pressures, has undermined the effectiveness of worker protection and increased legal and social risks for enterprises. Adopting a human-centered approach consistent with the Party's development perspective and aligned with international trends, this article argues that the protection of labour conditions cannot rely solely on traditional inspection and sanction mechanisms. Instead, it requires a decisive shift toward risk-based governance and preventive approaches, with enterprises positioned as central actors in responsible business conduct. Gradually expanding corporate responsibility across supply chains, strengthening minimum protections for informal workers, and combining legal instruments with appropriate incentive mechanisms will contribute to the establishment of a safe, fair, and sustainable labour environment. The findings suggest that, if implemented consistently and in line with practical conditions, the proposed solutions will not only enhance the protection of workers' legitimate rights and interests, but also strengthen the competitiveness of Vietnamese enterprises, enable

compliance with international market model in the new era (Table 1)  
requirements, and support a sustainable growth

**Table 1:** Responsible Business Practices on Labour Conditions in Viet Nam: Risks, Legal Frameworks, Implementation Gaps, and Policy Directions

Labour Condition Area	Relevant International Standards	Vietnamese Legal Framework	Implementation in Practice	Key Gaps and Challenges	Proposed Policy Directions
<b>Working time and rest periods</b>	ILO Convention No. 1 (1919); UN Guiding Principles on Business and Human Rights (2011)	Labour Code 2019 (Arts. 105, 106, 107, 109)	Excessive overtime; lack of genuinely voluntary consent; underpayment or non-payment of overtime wages; violations of rest-break requirements	No explicit statutory recognition of the “right to refuse overtime”; weak enforcement; workers’ fear of retaliation or job loss	Explicitly recognize the right to refuse overtime; strengthen sanctions; integrate overtime risks into HRDD and risk-based labour governance
<b>Occupational safety and health (OSH)</b>	ILO Conventions Nos. 155 and 187; ILO Declaration on Fundamental Principles and Rights at Work (1998)	Law on Occupational Safety and Health 2015	High incidence of occupational accidents; inadequate OSH training; formalistic provision of personal protective equipment; insufficient workplace risk assessment	Regulatory focus remains reactive (compensation-oriented) rather than preventive; sanctions lack deterrent effect	Shift towards preventive, risk-based OSH management; clarify and strengthen employers’ legal liability
<b>Social insurance and workers’ health protection</b>	ILO Decent Work Agenda	Law on Social Insurance 2024	Under-reporting or evasion of social insurance contributions; health checks conducted in a formalistic manner	Limited access to social protection for informal and non-standard workers	Expand minimum protection floors; introduce flexible and state-supported insurance schemes
<b>Labour conditions in supply chains</b>	UNGPs (2011); OECD Due Diligence Guidance for Responsible Business Conduct (2018)	No mandatory HRDD obligations	Labour risks concentrated among subcontractors, home-based producers, and small suppliers	Risk shifting by lead firms to lower tiers of the supply chain	Introduce a phased approach to mandatory HRDD; strengthen accountability of lead firms
<b>Informal and semi-formal labour</b>	ILO Recommendation No. 204 on the Transition from the Informal to	Labour law primarily designed for formal employment	Home-based, seasonal, and casual workers remain largely unprotected	Legal “blind spots” regarding OSH, working time, and access to grievance	Ensure minimum non-derogable labour rights without forced

	the Formal Economy	relationships		mechanisms	formalisation
<b>Access to remedy and grievance mechanisms</b>	UNGPs – Pillar III (Access to Remedy)	Existing complaint and judicial mechanisms	Workers face significant barriers to effective compensation and redress	Lack of accessible and effective non-judicial grievance mechanisms	Strengthen the role of trade unions; develop supply-chain-level grievance mechanisms

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