

# Gig Economy model and its impact on Vietnamese workers

PhD. Hoang Anh Tuan  
Thuongmai University

**Abstract:** *The digital economy has triggered rapid transformations across all facets of life, progressively emerging as a significant economic component contributing to the overall economic development of nations. The Gig economy model is increasingly gaining global traction, and Vietnam is no exception. This model offers numerous employment opportunities for workers, particularly those with advanced professional skills, self-management capabilities, and the capacity to work independently. These opportunities have the potential to not only enhance but also revolutionize the Vietnamese labor force. However, the Gig economy model presents numerous risks and challenges that could impact workers' employment stability. This article provides a comprehensive overview of the Gig economy model, analyzes its implications for Vietnamese workers, and offers several recommendations for Vietnam moving forward.*

**Keywords:** *Gig Economy; impact; Vietnamese workers; enterprises; digital economy.*

## 1. Introduction

The Gig economic model (Gig economy) is a burgeoning economic model rapidly gaining global prominence. In this model, freelance workers engage in short-term contracts or temporary projects for other companies or individuals, offering flexible work opportunities. However, this model also presents several risks and challenges, such as unstable income and limited access to social security policies. Research on the Gig economic model is crucial and urgent, especially for Vietnam, a country amid a significant economic transformation. This research will

provide a comprehensive understanding of the Gig economic model, assess its impact on Vietnamese workers, and aid in developing policies and solutions that are not just beneficial, but necessary to maximize opportunities and mitigate challenges, thereby contributing to the country's socio-economic development.

## 2. Theoretical basis

### 2.1. Concept of the Gig economy

The Gig economy is a labor market that relies on temporary and part-time positions filled by independent contractors and freelancers. In this model, workers

**Received:**

July 13, 2024

**Revised:**

August 10, 2024

**Accepted:**

August 20, 2024

<https://doi.org>

10.59394/JSM.32

enjoy flexibility and independence, but often at the expense of job security. Many employers in the Gig economy save money by not providing benefits such as health coverage and paid vacation time. Some do offer these benefits, but often outsource the management of them to external agencies.

The Gig economy is defined in two aspects: (1) The nature of freelance, flexible, temporary, short-term, or indefinite employment, and (2) Digital platforms to connect freelancers with customers.

## 2.2. Advantages and disadvantages of working in a Gig economy

The Gig economy is based on flexible, temporary, or freelance jobs, often involving connecting with clients or customers through an online platform. The Gig economy can benefit workers, businesses, and consumers by making work more adaptable to the needs of the moment and the demand for flexible lifestyles. At the same time, the Gig economy can have downsides due to the erosion of traditional economic relationships between workers, businesses, and clients.

### 2.2.1. Advantages of working in a Gig economy

The Gig economy produces many advantages for both the business and the workers.

#### a. Advantages realized by businesses

**Cost-effectiveness:** Operating in the Gig economy has the significant benefit of minimizing costs and expenses. Companies can hire off-site workers, significantly reducing the need to maintain expensive workspaces and large offices. In addition, hiring independent contractors eliminates significant expenses such as employee benefit packages, retirement plans, and paid sick leave.

**Labor force:** The Gig economy provides a labor force that can directly match the company to the freelancer. This removes the hassle of dealing with a mediator throughout the hiring process, thus making it easier to find people to complete the job.

**Output production:** Modern workers are beginning to value flexibility much more than in the past, which is why the Gig economy

prosper. Individuals interested in accumulating extra income are attracted to applying for a position that offers a unique work schedule. Such flexibility directly impacts employee motivation, which, in turn, creates a positive correlation to output production.

#### b. Advantages realized by the workers

**Independence:** Independent contractors in the Gig economy are not required to work in offices; instead, they work in their own spaces. It varies from someone working in a home office writing articles to someone working from their car driving for Uber.

**Flexibility:** Workers in the Gig economy can work any hours they desire. In most cases, a task will be given to a worker with an end date, but when they work on it, it is entirely up to their discourse.

**Income:** As mentioned above, the Gig economy is an increasingly attractive market due to its flexibility, allowing individuals to earn extra income.

### 2.2.2. Disadvantages of working in a Gig economy

While the Gig economy produces various advantages, some downsides make the process difficult.

#### a. Disadvantages realized by businesses

**Worker commitment:** Individuals who work as freelancers may not be as invested in their organization as if hired full-time. In addition, Gig economy companies are generally not known to incentivize their employees. Such an arrangement can create loyalty issues, reduce the likelihood of further work, and decrease motivation to work overall.

**Ethical issues:** In some cases, organizations that operate in a Gig economy are criticized for their ethical practices. Their employment is casual, does not offer benefits, and generally does not offer competitive wages.

#### b. Disadvantages realized by workers in the Gig economy

**Lack of benefits:** Organizations operating in a Gig economy must provide workers benefits.

Independent contractors are not entirely considered “employees” of the business.

**Personal expenses:** In some cases, organizations within the Gig economy are not required to cover personal expenses such as gas for cars or communication costs.

**Isolation:** The nature of being an independent contractor often leads to a sense of isolation. While some individuals find this independence motivating, for others, it can lead to feelings of loneliness and negatively impact their productivity and mental well-being.

### **3. The impact of the Gig economy on Vietnamese workers**

#### *3.1. Characteristics of Vietnamese workers participating in the Gig economy*

The Gig economy in Vietnam is growing strongly, especially in the economic crisis caused by the Covid-19 pandemic in 2020-2021. Digital technology has fueled the Gig economy's growth, allowing people to shift from leisure time to productive time. Workers have had the habit of not having to go to the office to work; instead, workers and companies mainly exchange work through digital media, connecting via websites thanks to the explosive development of technology. Therefore, they are flexible regarding time, environment, and the amount of work they undertake to maximize their income. This has created the growth of the Gig economy - an economy with jobs more suited to the needs of the moment and today's flexible lifestyles. Therefore, the Gig economy in Vietnam is experiencing a rapid increase in the number of participating workers and areas of operation.

According to a report by the Institute for Regional Sustainable Development Research under the Vietnam Academy of Social Sciences in September 2023, Vietnam has more than 7 million workers participating in the Gig economy. According to December 2021 data from Anphabe - a website providing recruitment solutions and organizing human resources events for multinational companies and corporations in Vietnam, about 53% of

knowledge workers participate in the Gig economy (Vietnamnet, 2021). The areas of operation of the Gig economy are very diverse, including but not limited to industries such as media, education, transportation, tourism, delivery, and online shopping,... These people working for companies that provide these services are part of the Gig economy (Journal of Economics and Forecasting, 2021). There needs to be official and comprehensive survey data on aspects of the Gig economy from agencies and the government in Vietnam.

According to Lam et al (2023), of the people currently working in the Gig economy in all fields in Hanoi, 89% are between the ages of 18 and 35. And 48% consider income from Gig economy jobs to be more than half of their primary income. In addition, the Gig economic model in Vietnam also includes all workers of many genders, without distinction between men and women. However, each group's participation level differs according to field and industry. Women make up the majority in the media (68%), education (62%), and trade (57%) industries and are in the minority in the transportation industry (10%), and vice versa for men.

#### *3.2. The impact of the Gig economy on job opportunities and income of Vietnamese workers*

*First*, the Gig economic model contributes to providing employment opportunities to help reduce unemployment. Digital labor platforms are also growing strongly, creating many jobs for workers, especially young workers and disadvantaged groups. In particular, the Covid-19 pandemic has accelerated the development of the Gig economy, as many unemployed or jobless workers have turned to freelance work through digital platforms. The Gig economy positively impacts the labor market, helping connect workers and employers quickly and effectively, creating many new job opportunities, especially part-time, short-term jobs. In addition, the requirements and procedures for entering the Gig economic labor market are relatively simple, helping disadvantaged groups of workers, such as people with low education levels, poor

backgrounds, or facing financial difficulties, easy access to jobs such as transportation-related jobs (Journal of Economics and Forecast, 2021). A survey in early 2022 of a brand solutions company (with more than 500,000 members) showed that 14% of Vietnam's intellectual human resources are full-time freelance workers, 26% are part-time freelance workers, and 13% work fixed and part-time jobs outside. Thus, up to 53% of intellectual human resources currently participate in the Gig economy (Phuong, 2022).

*Second*, the income frequency of Gig workers is moderately stable but still depends on factors such as age, industry, number of jobs, and other factors if considered for a long time. According to a survey by the Ministry of Labor, War Invalids and Social Affairs, the average time Gig workers stay in a job in Vietnam is 18 months. Of these, 30% of Gig workers only stick with their jobs for less than 12 months (Ministry of Labor, War Invalids and Social Affairs, 2022). However, in contrast to the length of time at work, the level of income stability is generally quite good. According to a survey by a research group in Hanoi, 55.3% of Gig workers said their income remained stable regularly. Of these, 33.2% of workers said their income is irregular, and 11.6% said their income is always stable. This result shows that the level of income stability of Gig workers is different. Originating from the fact that the income of Gig workers depends on many factors such as the complexity/level required of the task/job, depends on the number of jobs, or depends on the time spent doing the tasks; furthermore, their workload and nature of work are not the same, leading to their income being unstable at times. However, because of the freedom to do many things simultaneously, Gig workers' income still covers their basic expenses.

*Third*, the Gig economy empowers workers to maximize their income, but there is a significant income disparity. The average income of Gig workers in Vietnam ranges from 5 million - 10 million VND/month, accounting for 45.5% of the survey population. Approximately 26% of workers earn an average

income of over 20 million VND/month, while 27.5% fall within the income bracket of 10 million - 20 million/month. This data highlights the vast income differentiation among Gig workers. Low-income workers are often new entrants to the Gig economy or work in fields with low or medium input requirements, such as transportation. On the other hand, high-income workers with skills and experience or those working in high-demand fields, such as technology, media, and commerce, enjoy a more substantial income. Despite the lack of official statistics on the Gig economy in Vietnam, it is evident that it is instrumental in helping workers increase their income and diversify their income sources.

*Fourth*, Gig workers must be more specific and stable regarding long-term income and pensions. Gig workers have many sources that could be their future pension. Accordingly, about 80% of Gig workers can diversify their pension sources in many ways, such as from savings, investments in other fields, or the income of a more stable job. However, about 20% of the workers have yet to consider this issue. This shows that Gig workers accept having unstable incomes and uncertainty about the future, but they can still accumulate based on their sources of revenue. The nature of Gig jobs is based on the market and external factors, such as fluctuations in demand and competition within the industry, which make Gig workers' income uncertain.

Furthermore, Gig workers often need more benefits such as health insurance, unemployment insurance, or retirement savings plans provided by the company. This leads to financial hardship in case of emergency or when they need assistance. On the other hand, many workers see Gig economy jobs as a tool to earn extra income in their spare time besides their official jobs.

### *3.3. The impact of the Gig economy on the human development index*

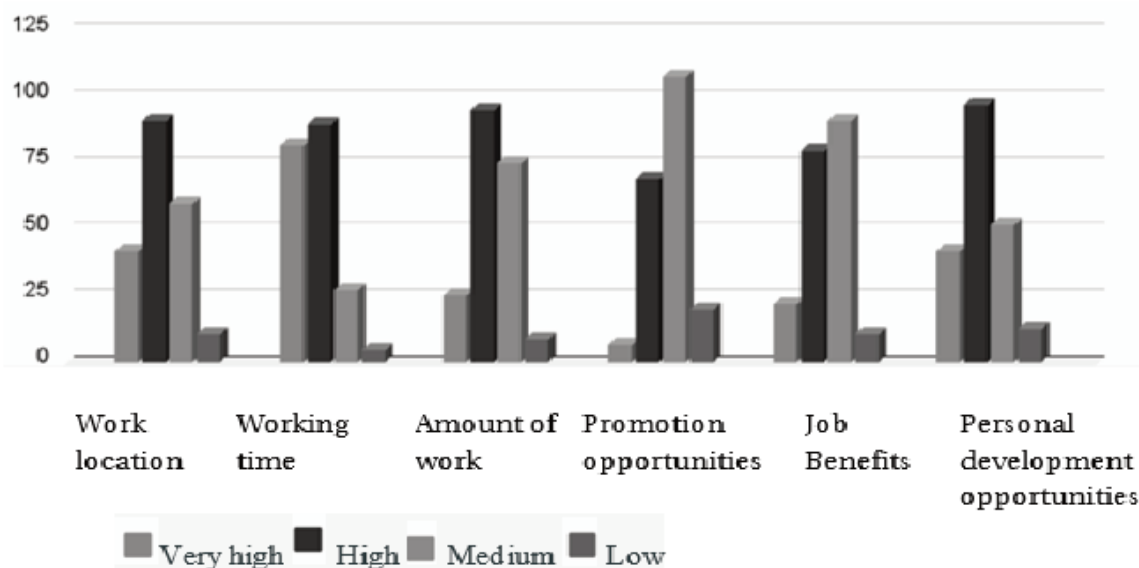
*First*, in terms of health, Gig workers are delighted at work. The main economic benefit



of the Gig economy is flexibility for those participating in this model, especially workers. They can take advantage of flexibility in working time, location, and the number of jobs they do simultaneously to maximize their income. Cisco research has shown that 89% of workers in Vietnam said they are happier when they can work from anywhere and that free work time has improved work-life balance for 88% of workers in Vietnam (VTV, 2022). In addition, workers will not be subjected to possible "intentional"

exploitation from businesses as with traditional jobs, especially students who want to work part-time or have just graduated from school. They can avoid problems that arise in a "toxic" working environment, manifested by high turnover rates in the business, conservative leadership, and not supporting employee development, often feeling psychologically manipulated to exploit labor and have to work regular unpaid OT overtime,... (Phuong, 2023).

**Figure 1: GIG workers' satisfaction level with each aspect of work**



Source: Lam Nguyen Thi Thanh, Huyen Ngo Mai, Ngoc Le Kim, Tam Thai Thi (2023)

Gig workers' job satisfaction and happiness can help reduce stress levels at work, ensuring stability in employees' mental health. However, flexibility in the environment, working hours, workload, and other aspects of the Gig economy can significantly disrupt workers' work-life balance and affect physical health. About 70% of workers find it challenging to balance work and life because 84.3% often have to stay up late to work, and about 79.7% have an unhealthy diet while working in the Gig economy (Figure 1). Featuring the flexibility of short-term contracts, workers in the Gig economy can disrupt the same work-life balance as traditional workers. Gig workers often have to work shifts without fixed hours, which makes it difficult to sleep,

rest, and eat properly. This affects their physical health and daily activities.

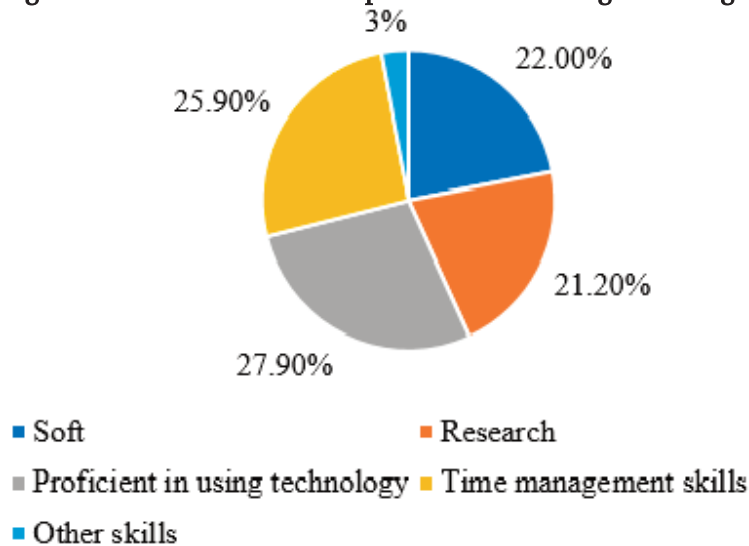
Second, regarding knowledge, the Gig economy is a breakthrough, so workers can comfortably make money from their passion and talent and proactively learn and develop personal knowledge. Jobs in the Gig economy are often for those passionate about challenges and those who do not like stability and limitations. Gig workers must regularly and proactively improve their knowledge, skills, and qualifications. Those who create art or work in fields that promote creativity, such as marketing, holding positions that require constant innovation, such as creative, content creators, and designers,... often make money based on successful products they can create that

meet the requirements that external businesses need. Therefore, workers usually proactively take courses online or through other platforms, such as Coursera,... to improve their abilities and help themselves become high-quality employees.

The group of 'professional freelancers' primarily consists of Gen Y and Gen Z, today's younger generation. With their high professional capacity, these freelancers are adept at handling complex and highly

specialized workloads. They are the 'stars' that many businesses seek for large projects requiring flexibility (Kim, 2023). Thanks to the Gig economy's flexibility, workers can explore new roles, enhancing their existing skills and acquiring new ones while working in multiple fields simultaneously (Figure 2). Gig workers can enhance soft skills, information retrieval skills, proficiency in using technology, time management skills, and more (Lam et al, 2023).

**Figure 2: Skills workers can improve when working in the Gig economy**



*Source: Lam Nguyen Thi Thanh, Huyen Ngo Mai, Ngoc Le Kim, Tam Thai Thi (2023)*

Thus, the Gig economy has been bringing many new job opportunities, with advantages recognized as suitable for the modern context: flexibility, independence, diversity, and ease of access.... However, from a practical perspective, many risks relate to transparency in protecting the legitimate rights of workers, customers, and the company that owns the platform and the long-term impacts on relevant entities in the Gig economy and the Vietnamese economy in general. Along with the development of digital technology, the ability to work online more and more conveniently will undoubtedly lead to many people working in this way, meaning that the Gig economy will contribute significantly to Vietnam's general economy.

#### **4. Conclusion and some proposed solutions**

The above analysis underscores the urgent

need to address the rapid development of the Gig economic model, a trend sweeping across the globe, including Vietnam. While this model presents numerous opportunities, it poses significant risks and challenges. These challenges can create job 'traps' for workers and pose difficulties for businesses and the State in managing and ensuring benefits for all parties. To effectively navigate this landscape, it is imperative to continue researching and improving the legal system while encouraging positive aspects and mitigating existing negative ones.

Establishing clear and transparent employment policies and procedures is paramount for companies and employees. These should outline responsibilities, benefits, remuneration, and how to evaluate work performance. Creating an attractive work

environment, which includes career development opportunities and other supports, is equally important. On the other hand, employees also need to learn and master labor regulations and keep work-related evidence proactively. Managing time effectively and focusing on health care and life balance is necessary. Additionally, investing in learning and developing personal skills is essential to become a highly competent Gig candidate.

For the State to improve tax management and create favorable conditions for economic activities according to the Gig model, it is necessary to complete the legal basis and adjust regulations related to taxes and tax management in the Gig economic framework. Next, it is to clearly define the types of business under the Gig economy and establish legal regulations to ensure fairness in other financial obligations for connection service providers. Second, it is necessary to collect information on taxpayers participating in the Gig economy, strengthen monitoring of service provision websites, and promote the exchange of tax information with other countries to manage transactions. Third, apply information technology in tax management for entities participating in the Gig economy. In addition, it is necessary to consider a group of solutions to protect workers' rights, such as establishing working relationships between entities participating in the Gig economy, Increasing the participation of the representative labor organization Gig, and encouraging unions and associations to assist them in collective bargaining, provision of legal services, and representation in potential lawsuits; Strengthen propaganda to raise awareness of Gig workers, especially about participating in voluntary social and life insurance to ensure financial security for old age.

#### References:

1. Journal of Economics and Forecast. (2021). *Discussing the issue of employment and workers in the GIG economy. Journal of Economics and Forecast*. Retrieved from <https://kinhtevadubao.vn/>

[ba-n-ve-va-n-de-vie-c-la-m-va-nguo-i-lao-do-ng-trong-ne-n-kinh-te-gig-19314.html](https://kinhtevadubao.vn/).

2. Kim, H. (2023). *High-Quality Freelancers: The Key to Adding Resources to Business?* Retrieved from <https://nhipcaudautu.vn/doanh-nghiep/freelancer-chat-luong-cao-chia-khoa-bo-sung-nguon-luc-cho-doanh-nghiep-3352176/>.

3. Lam, N. T. T., Huyen. N. M., Ngoc, L. K., & Tam, T. T. (2023). *GIG economic model - Opportunity or trap for developing Vietnam's economy*. Diplomatic Academy. Ministry of Foreign Affairs.

4. Ministry of Labor, War Invalids and Social Affairs. (2022). *Decent Work Country Programme Viet Nam 2022 - 2026*.

5. Phuong, H. (2023). *9 signs of a toxic work environment*. Retrieved from <https://vnexpress.net/9-dau-hieu-cua-moi-truong-lam-viec-doc-hai-4611347.html>.

6. Quynh, P. (2022). *Freelancer: job trend or fad?* Retrieved from <https://tuoitre.vn/freelancer-xu-huong-viec-lam-hay-trao-luu-20220924084724085.htm>.

7. Vietnamnet. (2021). *More Vietnamese intellectual employees opt for freelance work*. Retrieved from <https://vietnamnet.vn/en/more-vietnamese-intellectual-employees-opt-for-freelance-work-803890.html>.

8. VTV. (2022). *Most workers are happier when they can work from anywhere*. Retrieved from <https://vtv.vn/cong-nghe/phan-lon-nguoi-lao-dong-hanh-phuc-hon-khi-co-the-lam-viec-tu-bat-cu-dau-20220521135454871.htm>

#### Further Reading:

1. Anh. H. (2022). *More than 7 million workers participate in the GIG economy*. Retrieved from <https://laodong.vn/kinh-doanh/hon-7-trieu-lao-dong-tham-gia-nen-kinh-te-GIG-1092355.ld>.

2. Arnel, K., & Michael, D. (2016). *Good Jobs, Bad Jobs in the GIG Economy. Perspectives on work*. The University of North Carolina at Chapel Hill.

3. Department for Business, Energy and Industrial Strategy. (2018). *The characteristics of those in the GIG economy*. Report of Department for Business, Energy and Industrial Strategy.

4. Ha, V. (2022). *GIG Economy: Current Status and Development Trends. Vietnam Academy of Social Sciences*. Retrieved from <https://vass.gov.vn/hoi-nghi-hoi-thao/Nen-kinh-te-GIG-Thuc-trang-va-xu-huong-phat-trien-1379>.