



Parties to the Conclusion of Employment Contracts Under Vietnamese Law and Legislative Experiences for the Lao People's Democratic Republic

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ARTICLE INFO	ABSTRACT
Published Online: 13 October 2025	The parties to an employment contract constitute a pivotal element in ensuring the legality and fairness of labour relations. Vietnamese law, particularly the Labour Code of 2019, has established a relatively comprehensive legal framework that effectively protects employees' rights and ensures transparency in the conclusion of employment contracts. Based on an analysis of the provisions of Vietnamese labour law, this article draws valuable legislative experiences aimed at improving the regulation of parties to employment contracts under the Labour Law of 2013 of the Lao People's
Corresponding Author: Visakhone Mingboupha	Democratic Republic, thereby contributing to the development of a clear, feasible, and sustainable legal system that meets the requirements of integration and development.
KEYWORDS: Employment contract; parties to an employment contract; Vietnamese labour law; Lao labour law.	

1. INTRODUCTION

The parties to an employment contract constitute the foundational element in establishing labour relations, determining the legality, validity, and the extent to which the rights and interests of the parties are protected. Accordingly, the law must clearly define who including individuals or organizations with full legal and civil capacity is qualified to represent either the employee (worker) or the employer in concluding an employment contract. At the same time, it must stipulate in detail the rights, obligations, and legal responsibilities of these parties throughout the implementation of the contract.

Vietnamese law, through the Labour Code of 2019, has built a relatively strict legal framework regarding the qualification and authority of parties to an employment contract. Specifically, Articles 14 and 49 of the 2019 Labour Code stipulate that an employment contract is legally valid only if it is signed by a person with lawful authority; otherwise, it may be declared void. This approach ensures transparency, prevents fictitious employment contracts, and creates a legal corridor that protects employees the more vulnerable party in labour relations.

In contrast, the Labour Law of 2013 of the Lao People's Democratic Republic still exhibits certain limitations in clarifying the qualifications and authority of parties concluding employment contracts. Many provisions remain general in nature and lack a clear mechanism for addressing cases in which contracts are signed by unauthorized persons or by representatives without proper

legal status. This leads to potential legal risks, particularly in disputes over contract validity or the liability of the parties.

In the current context, as Laos is gradually reforming its institutions and deepening regional integration, particularly within the framework of the ASEAN Economic Community (AEC) the improvement of labour legislation, especially the provisions concerning the parties to employment contracts, has become an urgent requirement. Lao labour law should adopt a combined approach: drawing on Vietnam's rigorous and legally certain model while incorporating the practical flexibility found in some developed jurisdictions that protect employees' rights in cases where the contract has already been performed in practice. Such an approach would help establish a balanced, modern, and contextually appropriate labour law system for Laos.

2. LITERATURE REVIEW

At present, the issue of the parties to employment contracts has attracted considerable attention from legal scholars and research institutions both domestically and internationally, as it is one of the key factors determining the legality and validity of labour relations. In Vietnamese legal scholarship, studies on this topic typically focus on identifying the scope, conditions, authority, and legal responsibility of the parties involved, especially in the context of the 2019 Labour Code, which introduced many innovations compared with its predecessors.

A notable study is "*Unilateral Termination of Employment Contracts by Employees under the 2019 Labour Code*" published in the *Journal of Law* by Nguyễn Hữu Chí

(2021), which analyzes the aspects of legal and civil capacity of contracting parties, emphasizing the role of the lawful representative of the employer and the legal consequences of contracts concluded by unauthorized persons. The author argues that clearly defining the contracting parties not only ensures the validity of contracts but also reduces potential disputes in practice.

Similarly, Lê Thị Hoàng Oanh (2021) in her work “*Labour Contract Law and Its Implementation in Yusen Logistics Vietnam Co., Ltd.*” clarified the concept of the contracting party and analyzed changes in the regulations on the authority to sign employment contracts within enterprises, particularly in cases involving multiple branches or divisions.

From a practical perspective, studies conducted by the International Labour Organization (ILO) have indicated that, although Vietnamese labour law is relatively comprehensive, there are still cases where employment contracts are declared invalid because the signatory lacks proper authority or legal representation. These studies also highlight the need to improve mechanisms for verifying authority and defining legal responsibilities in the process of concluding contracts.

In contrast, in Laos, in-depth research on the parties to employment contracts remains limited. Some documents published by the Lao Ministry of Labour and Social Welfare (2018, 2022) merely comment on the provisions of the 2013 Labour Law without providing detailed analysis of authority, representation, or the legal consequences of unauthorized contracting. A more recent comparative study by Vongphachanh S. (2021) has made initial efforts to compare Lao labour law with that of other countries in the region, particularly referencing Vietnam’s approach of clearly defining the employer’s representative, viewing it as a valuable model for Lao legislative reform.

In the broader field of comparative labour law, regional studies such as “*Labour Laws and Practices in ASEAN*” (ASETUC & FES, 2019) have emphasized the trend toward harmonizing regulations on the parties to employment contracts to facilitate labour mobility within the region. Accordingly, countries such as Vietnam, Thailand, and the Philippines have made progress in codifying clear rules on the authority of signatories, whereas countries like Laos and Cambodia still lack enforcement mechanisms and procedures for addressing void contracts.

From the above review, it can be seen that although there is a significant body of research on the parties to employment contracts in Vietnam, comparative studies between Vietnam and Laos remain relatively scarce, particularly those that are systematic and linked to legislative practice. Therefore, a focused and comparative analysis of the two legal systems is necessary to draw meaningful legislative lessons that can inform the improvement of Lao labour law an endeavor that holds both theoretical and practical significance in the current context of regional integration

3. RESEARCH METHODOLOGY

This study primarily employs a qualitative research approach, combined with legal analysis and comparative methods, to clarify the content, nature, and effectiveness of legal provisions concerning the parties to employment contracts under the labour laws of Vietnam and Laos.

First, the analytical method is applied to elucidate the content, structure, and internal logic of current legal provisions, particularly those in the Vietnamese Labour Code 2019 and the Lao Labour Law 2013. The analysis focuses on elements such as: (i) the legal capacity and civil act capacity of the parties; (ii) the authority and representation in the conclusion of employment contracts; and (iii) the legal consequences arising from contracts concluded by unauthorized persons.

In addition, the comparative legal method is used to juxtapose the legal provisions of Vietnam and Laos, thereby identifying similarities, differences, and legislative gaps in Lao regulations. Based on these findings, the article draws legislative lessons from Vietnam to propose solutions for improving Lao labour law on the parties to employment contracts.

Furthermore, the study applies synthetic and generalization methods to connect analytical findings into systematic arguments, serving as the foundation for developing feasible policy and legal recommendations. Empirical data such as reports from state management agencies, publications of the International Labour Organization (ILO, 2019), and academic studies are also utilized to reinforce the empirical basis of the arguments. Through this methodological integration, the article not only describes existing legal provisions but also evaluates, interprets, and proposes measures to enhance the effectiveness of labour law regulation, particularly regarding the conclusion of employment contracts in the Lao People’s Democratic Republic.

4. DISCUSSION AND ANALYSIS

4.1. VIETNAMESE LEGAL PROVISIONS ON THE PARTIES TO EMPLOYMENT CONTRACTS

At present, the parties to an employment contract (EPC) include individuals or organizations participating in the establishment of labour relations, as defined by general labour law provisions and specifically by the Vietnamese Labour Code 2019.

First, from the employee’s perspective: According to Clause 4, Article 18 of the Labour Code 2019, the parties representing the employee side in the conclusion of employment contracts are divided into four groups based on age and civil act capacity:

- (i) Employees aged 18 years and above. This is the most common group in labour relations. Pursuant to Article 18 of the Labour Code 2019, individuals aged 18 or older have full civil act

capacity and therefore may independently conclude and perform employment contracts without the involvement of a legal representative. These employees are fully recognized by law in terms of their rights and obligations throughout the entire process of contract conclusion and performance.

- (ii) Employees aged between 15 and under 18 years, with the written consent of their legal representative. Employees in this age group may enter into contracts on their own, provided that such contracts are accompanied by the written consent of their legal representative. Additionally, these employees are restricted in the types of work they may perform specifically, work that does not adversely affect their health, education, or morals pursuant to Article 143 on minor employees in the Labour Code 2019. This reflects a balance between the autonomy of minors and the need for legal protection of young workers.
- (iii) Employees under 15 years of age, represented by their legal guardian. In such cases, the employee lacks full civil act capacity and therefore cannot independently conclude an employment contract. The contract must be executed by the legal representative, with the child’s consent. Under Article 145 of the Labour Code 2019, the employer must ensure safe and age-appropriate working conditions, limit working hours, and avoid employing minors in hazardous or harmful work.
- (iv) Employees represented by a legally authorized representative of a work group. In cases where employees work collectively (e.g., under task-based or group contracts), Vietnamese law allows the employment contract to be concluded by a representative duly authorized in writing by the group. This provision simplifies administrative procedures and facilitates employer management while safeguarding the rights of each member within the group. It also offers flexibility suitable for common employment practices in sectors such as construction, agriculture, and resource extraction.

Thus, by clearly defining employee groups based on age and civil act capacity, Vietnamese labour law not only ensures the legality of labour relations but also demonstrates flexibility and humanity. This serves as an important basis for Laos to study and adopt in order to enhance its own labour law system, ensuring comprehensive protection for employees while aligning with practical realities.

Second, from the employer’s perspective: In labour relations, the employer (ER) plays a key role in organizing, managing, and supervising the work process through the conclusion and implementation of employment contracts. However, not every individual or organization may legally represent the employer in contract conclusion. Under the Labour Code 2019, employer-side parties authorized to conclude employment contracts are generally categorized as follows:

- (i) The legal representative of an enterprise or organization. This individual holds the highest authority to conclude employment contracts on behalf of the employer. According to Clause 3, Article 18 of the Labour Code 2019, the legal representative is the person identified in the enterprise registration certificate and is authorized to act on behalf of the legal entity in contracting with employees. This representative bears full responsibility for the contract’s execution, including all rights and obligations arising from the labour relationship.
- (ii) A legally authorized representative. In corporate management practice, the legal representative does not personally sign every employment contract especially in large enterprises or those with multiple management levels. The Labour Code 2019 allows delegation of authority to another individual (e.g., the Head of the Human Resources Department or Division Director) to sign contracts on behalf of the enterprise. Such authorization must comply with the Civil Code, either through a written power of attorney or internal company regulations/charters. This flexibility ensures effective personnel management while maintaining the legal validity of labour relations.

From both legal and managerial perspectives, the clear delineation of authorized employer representatives in employment contracts demonstrates an effort to balance legal transparency with operational flexibility. Allowing lawful delegation reduces the burden on the legal representative while maintaining oversight and accountability throughout the contracting process. This approach aligns with organizational realities and offers valuable guidance for countries with similar enterprise structures, such as Laos, in revising their labour legislation.

4.2. The Current Legal Framework of the Lao People’s Democratic Republic on the Parties to Employment Contracts

Overall, the **Lao Labour Law 2013** remains general in nature and lacks specificity and detail regarding the conditions, authority, and capacity for concluding employment contracts—particularly in complex circumstances. This represents a **legal gap** that needs to be addressed and refined to ensure clarity, transparency, and effective enforcement in practice.

First, from the employee’s perspective

Similar to Vietnamese labour law, employees in Laos must possess subjective legal capacity, which includes both labour legal capacity and labour act capacity, to participate in labour relations. According to Clause 4, Article 3 of the Lao Labour Law 2013, an employee is defined as “*an individual who works under the supervision of an employer and receives remuneration in the form of monthly wages and other benefits as prescribed by law and the employment contract.*”

Regarding age, Clause 10, Article 3 defines a “*young worker*” as a person aged 12 to under 18 years, while Clause 2, Article 3 stipulates that “*the workforce comprises individuals aged 14 to 60 years who are capable of working.*” Accordingly, it can be inferred that the minimum working age in Laos is 12 years, although the employment of individuals at this age is subject to strict conditions concerning the type of work and the consent of their legal representative.

Specifically, employees aged 18 years and above are deemed to have full civil and labour act capacity and thus may conclude employment contracts independently. Meanwhile, for employees aged 12 to under 18 years, the conclusion of an employment contract requires written consent from their parents or legal representatives.

Article 101 of the Lao Labour Law 2013 provides that “*an employer may hire a worker under 18 years of age but not under 14 years old, and such a worker shall not be assigned to work overtime. In exceptional cases, workers under 14 but not under 12 years of age may be employed only for light work, provided that such work ensures safety and does not adversely affect their health, education, or morals.*”

Moreover, in certain specific circumstances such as group work or task-based employment—the law allows for contracts to be concluded through a legally authorized representative of the workers’ group. This provision enhances flexibility for collective work arrangements while maintaining the legality of the employment relationship.

In essence, Lao labour law provides only general regulations regarding young workers (aged 12–under 18), formal workers (aged 14–60), and a complete prohibition on the employment of children under 12 or the engagement of young workers in hazardous work.

When compared to the Vietnamese labour law, several limitations of the Lao system become apparent:

- (i) The minimum working age is too low. Allowing individuals as young as 12 to engage in labour (even for light work) increases the risk of child labour exploitation and potential violations of international commitments on children’s rights and ILO labour standards.
- (ii) Lao labour law distinguishes workers only by age groups (12–under 18; 14–60) without linking them to civil act capacity, which is a key factor in determining whether an individual may independently conclude an employment contract. Specifically, the law does not clarify whether persons aged 12–14 may sign a contract themselves or must have their legal representative do so, unlike the Vietnamese Labour Code 2019 (Articles 18 and 145), which clearly delineates these conditions.
- (iii) The law lacks clear provisions regarding the act capacity of workers who have lost or have restricted civil capacity, creating uncertainty when determining whether such individuals may legally conclude an employment contract.

The causes of these shortcomings lie in the high proportion of informal and self-employed labour in Laos, which leads labour policies to remain broad and unspecific, without sufficient attention to detailed regulation of particular groups.

Second, from the employer’s perspective

According to Clause 3, Article 3 of the Lao Labour Law 2013, “*an employer is a natural person, legal person, or organization that employs workers in return for wages, remuneration, or other benefits in accordance with the law and the employment contract.*” Accordingly, employers include individuals, legal entities, or organizations that hire and pay employees for their work.

However, the Lao Labour Law stops at defining who qualifies as an employer (individuals, legal entities, or organizations) without specifying who within the enterprise or organization has the authority to sign employment contracts with employees.

Unlike Clause 3, Article 18 of the Vietnamese Labour Code 2019, which explicitly provides that only the legal representative or a lawfully authorized person may conclude employment contracts on behalf of the employer, the Lao Labour Law contains no equivalent provision.

Moreover, it does not address whether delegation of authority is permitted, nor does it stipulate the form or procedure for such delegation (e.g., written authorization, internal regulations, or corporate charters). This lack of regulation is inconsistent with modern business practice, in

which the legal representative does not personally manage all human resource operations especially in large enterprises.

These limitations stem from the framework-based and principle-oriented nature of the Lao Labour Law 2013, which has not yet developed the technical legislative detail seen in the labour laws of Vietnam or other jurisdictions with more advanced legal systems. In addition, many enterprises in Laos are small-scale, with leaders directly overseeing production and labour management, thus creating less demand for complex personnel authorization mechanisms.

4.3. Lessons and Recommendations for Improving Lao Labour Law from the Practical Experience of Vietnamese Labour Law

In practice, the implementation of provisions regarding the parties to an employment contract still faces several limitations, causing difficulties and inefficiencies in application. Through examining and analyzing the Vietnamese labour law on the parties to employment contracts, Lao labour law should pay attention to the following recommendations:

First, Lao labour law should introduce specific provisions on the parties to an employment contract, with detailed classifications, clear conditions, and close linkage to each party’s legal capacity and civil act capacity. At present, unlike Vietnamese labour law, Lao labour law does not clearly define the parties to an employment contract, but only mentions them in the concept of an employment contract and in Article 75 of the Labour Law 2013, which categorizes them into two groups: (i) employees and employers, and (ii) representatives of employees and employers. Experience from Vietnam shows that clearly identifying who has the authority to conclude an employment contract including employees with full civil act capacity, lawful representatives in special cases, and employers who may be individuals, legal entities, or authorised persons is a crucial factor to ensure the validity, transparency, and enforceability of employment contracts, as well as to determine the rights and obligations of contracting parties.

Second, the minimum working age of employees should be raised to 15 years to comply with international standards and to protect children’s rights. Currently, the Labour Law 2013 of Laos allows the employment of persons aged 12 years or older in certain light work, but this provision does not conform to ILO Convention No. 138 (1973) concerning the Minimum Age for Admission to Employment. According to the Convention, the general minimum age for employment is 15, although developing countries may temporarily apply a lower age. However, the ultimate goal should be harmonisation with international labour standards. Given Laos’s socio-economic context where the economy relies heavily on household-based agriculture, small-scale production, and informal sector employment of young workers the lower minimum age may reflect certain realities. Nevertheless, allowing children as young as 12 to work can

hinder their right to education and overall development, affecting their physical, mental, and professional growth. Moreover, children under 15 often lack the maturity, psychological stability, and health required for structured and disciplined working environments, which increases the risk of exploitation, unsafe working conditions, low wages, and insufficient legal protection. Therefore, raising the minimum working age to 15 years is necessary and aligns with progressive global legal trends. This reform not only protects children’s rights but also demonstrates Laos’s commitment to international labour standards, laying the groundwork for a sustainable and humane labour market.

Third, Lao labour law should specify conditions for employers who are individuals or households. In labour relations, employers are not limited to legal entities or organizations but may also include individuals or households that regularly hire workers in the informal sector. In Laos, the informal economy represents a significant share, with many workers employed by individuals or households in domestic work, gardening, small trade, or unskilled labour. However, the current Lao labour law lacks explicit provisions regulating the conditions applicable to such employers. This legal gap has resulted in widespread informal employment practices where workers often lack written contracts, social insurance coverage, and adequate protection in cases of disputes or workplace accidents. The absence of clear legal obligations also poses challenges for state inspection and supervision, reducing the effectiveness of labour law enforcement. Therefore, to ensure transparency in employment contracts and to protect workers’ legitimate rights in the informal sector, Lao labour law should establish detailed provisions on the conditions, responsibilities, and legal obligations of individual and household employers. This could draw from the Vietnamese experience, where the law has begun to regulate these categories and gradually bring informal employment relations under legal oversight—thereby contributing to a fairer and more sustainable labour market.

Fourth, Lao law should require that all employment contracts be made in writing with clear and proper signatures by authorized parties. Labour relations are a distinct form of socio-economic relationship in which employees are typically in a weaker position compared to employers. To protect employees, Vietnamese law mandates that employment contracts must be concluded in writing with clear signatures. This requirement ensures transparency and clarity in agreed terms such as job position, salary, working hours, and rights and obligations, while also providing a firm legal basis in case of disputes. Moreover, it prevents forced labour and exploitation. Therefore, to enhance employee protection and ensure the legal validity of employment contracts, Lao labour law should be amended to require all contracts to be in written form, signed clearly by authorized parties. This measure would strengthen the transparency and

enforceability of labour law and prevent exploitation in employment practices in Laos.

5. CONCLUSION

From a comparative perspective with Vietnamese labour law, it is evident that improving regulations on the parties to employment contracts is an urgent necessity for the Lao labour law system. Lessons drawn from Vietnam—such as clearly defining contracting parties, raising the minimum working age, establishing legal responsibilities for individual and household employers, and requiring written contracts—will contribute to developing a transparent, feasible, and internationally aligned labour law framework. These measures will form a solid legal foundation for Laos to protect employees’ rights better, promote integration, and achieve sustainable development.

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