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Exploring informal economic activities in Vietnam: Street economies, tourist perceptions and local livelihoods

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Abstract: *In many developing countries, informal economic activities such as street vending and sidewalk services play a vital role in urban tourism, offering authentic cultural experiences while supporting local livelihoods. In Vietnam, where street economies are deeply embedded in daily life and tourist experiences, understanding how tourists perceive and engage with these activities is increasingly important for sustainable tourism development. This study investigates the relationship between tourist perception, engagement in street economies, and local livelihood sustainability in Vietnam's urban tourism context. Drawing on Social Exchange Theory (Blau, 1964), the research develops a conceptual model to examine how tourists' positive perceptions influence their participation in informal economic activities, and how such engagement contributes to the livelihoods of local vendors, besides the moderating role of risk perception is also explored. Data were collected through a structured questionnaire with 325 valid responses from both domestic and international tourists in Hanoi and Ho Chi Minh City. Using Structural Equation Modeling (PLS-SEM), the results confirm that tourist perception significantly promotes engagement in street economies, which in turn enhances local livelihood sustainability. Moreover, risk perception is found to positively moderate the relationship between tourist perception and engagement. The study contributes to the tourism literature by highlighting the informal economy's role in sustainable urban tourism and provides practical implications for destination managers, policymakers, and local vendors.*

Keywords: Informal economy, livelihood sustainability, risk perception, street economies, tourist perception.

1. INTRODUCTION

In the context of globalization and rapid development of the tourism industry, informal economic activities, especially the street economy, play an increasingly important role in the livelihoods of many local communities, especially in developing countries such as Vietnam (Chen, 2012; ILO, 2018). The street economy not only provides flexible and low-cost employment opportunities for workers excluded from the formal labor market, but also contributes to creating unique cultural experiences and attracting tourists (Williams & Lansky, 2013; Sirkeci, 2020). However, street economy also poses many challenges in terms of public space management, food safety and sustainability of livelihoods in the context of rapid urbanization and pressure from urban management policies (Eidse et al., 2016; Linh, 2022). Despite the extensive research on the economic and social role of the informal sector, there is a lack of research focusing on how tourist perceptions influence participation and consumption behavior in street economic activities, as well as the impact of this behavior on local livelihood sustainability (Baloglu & McCleary, 1999; Reisinger & Mavondo, 2005).

Blau's (1964) Social Exchange Theory (SET) has become a foundational theoretical framework in social and tourism research, helping to explain individuals' participation decisions based on the assessment of benefits and costs in social relationships (Cropanzano & Mitchell, 2005). In the tourism context, SET is used to understand how both local communities and tourists weigh the benefits (economic, cultural, social) and costs (social conflict, health risks, environmental damage) of interacting and participating in tourism activities (Ap, 1992; Williams, 2014). Particularly in informal economic activities such as street economy, tourists' perceptions of cultural value, uniqueness, convenience as well as risks related to food safety, personal security, and sanitation play a key role in determining their consumption behavior (Echtner & Ritchie, 1991; Henderson, 2020; Steel et al., 2022). Previous studies have shown that, although tourists often appreciate cultural experiences and the authenticity of informal services, concerns about risks can significantly reduce their participation (Baloglu & McCleary, 1999; Reisinger & Mavondo, 2005). However, most of the existing studies focus on individual aspects such as risk perception or experiential value without fully integrating tourist perceptions, consumption behavior in the informal economy and the long-term impact of this behavior on the livelihoods of local communities, especially in the context of rapidly developing cities and many changes in public space management policies (Linh, 2022; Pham, 2024). In addition, few studies have examined the moderating role of risk perception in the relationship between overall tourist perceptions and street economy participation in Vietnam, where the informal economy plays a particularly important role in the livelihoods of many vulnerable groups (ILO, 2023; OECD, 2025).

This research gap suggests the need for a comprehensive research model that incorporates positive perception factors, risk perception, tourist consumption behavior and the socio-economic impact of informal economic activities on local livelihood sustainability. This study aims to clarify: (1) the impact of tourist perceptions on their egagement in street

economic activities; (2) the impact of this participation on local livelihood sustainability; (3) the moderating role of risk perception in the relationship between tourist perceptions and egagement behavior. Thereby, the study will contribute to the knowledge of tourist consumption behavior in the informal economy and provide policy suggestions to promote sustainable tourism development while protecting the livelihoods of informal economic subjects in Vietnam. The structure of the research paper is divided into 5 sections including introduction, conceptual framework and hypothesis development, methodology, results and discussion, and implications and conclusion.

2. CONCEPTUAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

2.1 Informal economic activities and street economy

The concept of "informal economy" was first introduced by the International Labour Organization (ILO) in the early 1970s to describe economic activities that are not formally recognized, regulated or protected by the state, but play an essential role in the livelihoods of millions of workers, especially in developing countries (ILO, 1972). According to ILO (2018), the informal economy includes all activities that produce goods and services that are legal in nature but are not registered, regulated by law, and not included in the official statistical system. The main characteristics of this sector include the lack of employment contracts, non-payment of taxes, no social insurance, activities without a fixed business location, and a high dependence on manual labor and personal skills (Chen, 2008).

One reason the informal economy persists and thrives is that it provides flexible and low-cost livelihood opportunities for those who cannot access the formal economy, especially women, migrants, the poorly educated, or those excluded from the formal labor market (Williams & Lansky, 2013). In addition, the informal economy is able to respond quickly to market demands and often acts as an economic buffer in times of crisis. However, it is also important to distinguish between legality and formality, as many informal economic activities are not illegal, but simply not registered or monitored by regulatory agencies (Chen, 2006). This raises major questions about labor rights, food safety, taxation, and urban order.

One of the most common and easily recognizable manifestations of the informal economic sector in Asian cities, including Vietnam, is the street economy. Street economy is not only a convergence of many types of informal businesses such as street vendors, mobile stalls, and small retail services, but also a vivid manifestation of the relationship between urban areas, labor, and public space (Yatmo, 2008). The street economy can be seen as a specific branch of the informal economic sector, characterized by the use of public spaces for trading, often without licenses, small-scale operations, but with high customer reach and low costs. Street economy activities, especially street vending, roadside stalls, flea markets and mobile businesses play an important role in urban life and the livelihoods of many people around the world, including both developed and developing countries. The definition of street economy encompasses all exchanges of goods and services that take place in public spaces like streets, corners, and squares (Sirkeci, 2020). Like other economic sectors, it has both registered and unregistered components. Furthermore, driven by the tension between limitless human needs and finite resources, street economy includes both legitimate and illegitimate social and economic activities. Essentially, street economy covers all economic, social, cultural, and artistic activities performed on the street. With the rise of globalization and digitalization, this concept has expanded to include virtual streets alongside real-world locations (Sirkeci, 2020). Interestingly, contrary to predictions from the last century that this very small-scale street trade would disappear, it has actually become more widespread and influential.

2.2 Tourist perception

Tourist perception is understood as the way tourists feel, evaluate and form impressions about a destination, service or travel experience. This perception is formed not only through direct experience but also through indirect information such as media, social networks, recommendations or images from before the trip. According to Beerli & Martín (2004), tourist perception is a synthesis of rational and emotional perception, strongly influencing travel behavior such as satisfaction, spending level, and the ability to return to the destination.

One of the common approaches in studying perception is to divide it into two main components: cognitive perception and affective perception. Cognitive perception is related to factors such as infrastructure, safety, service quality, while affective perception is related to satisfaction, feeling of friendliness, or liking. Echtner & Ritchie (1991) also pointed out that tourist perception includes not only tangible factors (services, amenities) but also intangible factors such as atmosphere, cultural identity or emotional experience at the destination. In addition, cultural factors (cultural perception) also play an important role in forming perceptions. Tourists from different cultures may have different evaluations of the same tourism phenomenon. For example, a street food district may be perceived by Western visitors as unique and authentic but may also be perceived as unhygienic or messy by some (Choi et al., 2011). This suggests that perceptions are not completely objective but depend on the cultural context, expectations, and personal experiences of each tourist.

Another connotation that needs to be emphasized is risk perception, which is the level of concern that tourists feel regarding factors such as food safety, crime, or fraud. Especially with informal economic activities such as street vendors or roadside services, risk perception can strongly influence tourists' consumption decisions, despite low prices and attractive experiences. Research has shown that risk perception is one of the main factors that determine whether tourists dare to access and spend on informal services (Baloglu & McCleary, 1999). Perception is also influenced by the gap

between expected image and actual experience (image vs experience gap). Tourists often come to a destination based on their initial image through social media, tourism promotion and then form a real feeling when they come into contact with local life. If the actual experience is positive, the perception will enhance and increase the intention to return, if negative, it can lead to disappointment and poor evaluation of the destination.

It can be seen that tourist perception is a multidimensional concept and has a strong impact on travel behavior. In the context of research on the informal economy especially activities such as street vending, street food, or unregistered retail services, tourists' perceptions play a central role in determining the attractiveness, acceptability, and sustainability of these activities in the urban environment and local tourism industry.

2.3 Local livelihood

Local livelihood is a concept that describes how people in a particular area earn a living, maintain income and ensure basic needs through local economic, social and environmental activities. According to Ellis (2000), livelihood is considered as the sum of assets, capabilities, activities and strategies that people use to survive. In the context of rapid urbanization and tourism development in developing countries like Vietnam, local livelihoods are both highly flexible and vulnerable to changes in policies, urban spaces, and market demand.

Livelihoods are not only associated with formal jobs in the state or enterprise sector, but also include informal economic activities such as small traders, street vendors, freelancers, family services, small-scale agriculture, traditional handicrafts, etc. Especially in large cities like Hanoi or Ho Chi Minh City, millions of people rely on street vendors, mobile carts, temporary markets and flexible forms of labor. These forms of livelihood not only provide income for low-income groups but also contribute to cultural diversity and local identity. According to Scoones (1998), a livelihood is considered sustainable if it can withstand and recover from shocks, maintain or enhance its capabilities and assets, while not undermining natural resources or the livelihood opportunities of others. However, in reality, many local livelihoods, especially in the informal sector, are increasingly under pressure from urbanization, sidewalk cleaning policies, the development of the platform economy and climate change. Workers often lack access to public services, are not protected by law, and are vulnerable to marginalization without appropriate support mechanisms. In the context of tourism development, local livelihoods can also take advantage of revenue from tourists through providing food services, traditional products, freelance guides, or local experiences (Tao & Wall, 2009). However, not all have equal access to the tourism market. Street vendors, traditional market traders or artisans often lack marketing knowledge, communication skills, or do not have a favorable position in the tourism space redesigned by urban authorities.

2.4 Landscape of informal economic activities in Vietnam

In Vietnam, the informal economy plays a central role in both rural and urban livelihoods, absorbing a significant share of the workforce that lacks access to formal employment structures. According to the OECD Economic Surveys in Viet Nam (2025), informal employment accounted for approximately 68.5% of the total labor force in 2021, equivalent to around 33.6 million people. According to the most recent data from the General Statistics Office of Vietnam, the rate of informal employment nationwide reached 64.47%, corresponding to 33.4 million labors. This high proportion reflects the country's continuing reliance on informal labor, particularly in sectors such as agriculture, small-scale services, and urban micro-entrepreneurship (OECD, 2025). While informal employment spans across both rural and urban settings, the characteristics of informality differ significantly between regions. In rural areas, informal labor is often concentrated in agriculture or family-based businesses, while in urban centers, it manifests in forms such as household businesses, unregistered vendors, or mobile service providers. The Vietnam GSO and the ILO jointly emphasize that the informal sector in Vietnam remains a buffer zone for low-skilled workers and internal migrants, particularly in times of economic uncertainty (ILO, 2021).

A considerable share of Vietnam's GDP is generated by informal economic activities. Based on MIMIC model estimations, the informal sector contributed between 15% and 27% of national GDP from 1995 to 2015 (Le et al., 2019). More recent estimated statistics suggest that this figure may reach 15–27% of GDP, especially when taking into account household-based enterprises that operate outside the formal registration system (Hoa, 2019). Gender and spatial inequalities also define Vietnam's informal economic landscape. In 2021, informal employment was more prevalent among men (71.6%) than women (65%), although women engaged in informal activities often faced greater vulnerabilities such as lower wages, unpaid family work, or lack of social protection (ILO, 2023). Regionally, informal employment tends to be higher in rural areas, where access to formal employment and legal business frameworks is limited, whereas urban informal workers, especially in large cities like Hanoi and Ho Chi Minh City, are more involved in street vending, mobile services, and other informal trade (OECD, 2025). Another significant component of the informal economy is the prevalence of household businesses that operate outside the formal enterprise registration system. As of 2023, there are approximately 5.2 million non-agricultural household businesses in Vietnam, many of which are unregistered and employ both family members and informal workers (VCCI, 2023). These businesses contribute significantly to local economies, yet remain vulnerable due to their lack of access to credit, legal protection, and official recognition.

In Vietnam, informal workers typically have low educational levels and limited technical skills, leading them to

engage in low-paid, low-skilled occupations, with incomes often falling below the regional minimum wage (Anh et al., 2015). The informal economy is highly diverse, comprising several key segments with shared challenges such as lack of legal protection, income instability, and limited access to social services. Street vendors and unregistered household businesses (over 3 million) are prevalent in urban areas, operating with minimal capital and often facing legal uncertainties. The rise of the gig economy has created a new group of freelance workers like ride-hailing drivers and online freelancers, who remain unprotected by labor laws. In rural areas, small-scale farmers engage in subsistence or local market production, facing risks from climate change and market fluctuations. Meanwhile, construction day laborers, domestic workers, and informal manufacturers work in precarious, often unregulated conditions, with limited access to technology, contracts, or social insurance. These segments illustrate the structural vulnerability of Vietnam's informal workforce and underscore the need for inclusive policies to improve legal recognition, protection, and livelihood sustainability (Linh, 2024).

Within this broader context, street economies encompassing street vending, roadside stalls, and mobile businesses stand out as some of the most visible and dynamic expressions of the informal economy in urban Vietnam. These activities are not only deeply embedded in the socio-economic fabric of cities but also reflect key characteristics of informality: low entry barriers, lack of regulation, spatial flexibility, and legal precarity. As such, street economies represent both a microcosm and a magnified lens through which to examine the challenges and potentials of Vietnam's informal economy at large. In Vietnam, street economies, especially street vending, roadside stalls, flea markets, and mobile businesses, play an important role in urban life and the livelihoods of Vietnamese people. According to Truong (2017), many street vendors in Hanoi migrate from rural areas due to reduced agricultural land, difficulties in agricultural production, or limited non-agricultural jobs. They choose street vending as a quick income solution, although the income from this activity for many people is still very low.

The spatial aspect is also important: small markets, alley markets, and alleys become havens for informal economic activities. A study of informal markets in alleys in Hanoi shows that from 2008 to 2017, the number of informal markets increased from 112 to 213, mainly concentrated in the center or the outskirts of the center, where public management is most strict (Pham, 2024). In these alleys, vendors often develop close relationships with local residents, using public space flexibly while enduring legal uncertainty.

One of the major challenges facing street economies is the instability caused by urban management policies and practices. For example, the Hanoi government has launched sidewalk reclamation campaigns or "sidewalk campaigns" with the aim of returning space to pedestrians and beautifying the streets. However, as many studies have shown, these campaigns often lead to conflicts, negatively impact the income of street vendors, and often lack sustainable alternatives for them (Eidse et al., 2016). Despite operating in such unfavorable conditions, vendors still demonstrate flexibility and strong survival strategies. The study "Street vending - a perpetual hustle: How street vendors in Hanoi's Walking Street negotiate their existence" shows that vendors in the walking street around Hoan Kiem Lake use many ways to negotiate with local authorities, choose the right location to sell at the right time, or change the method of selling such as fixed or mobile depending on the implementation situation (Linh, 2022).

Another important aspect is ensuring food hygiene and safety, especially for food/pathway and street food vendors. Research in Can Tho city with 400 vendors showed that compliance with hygiene standards is closely related to education level, participation in food hygiene training, business capital and business area size. Fixed vendors are often easier to meet than mobile vendors (Huynh-Van et al., 2022). Besides, culturally and socially, street economies are not only about economic livelihoods but also play a role in preserving culture, traditional cuisine and creating a sense of local community. Huynh (2023) research shows that street vending helps low-income people survive, while providing cheap food options for consumers and contributing to the preservation of local culinary traditions.

2.5 Hypothesis development

One of the popular and relevant theories to analyze the relationship between tourists and local people in the context of tourism and the informal economy is Social Exchange Theory (SET) by Blau (1964). According to Blau (1964), SET suggests that individuals make decisions to engage in social relationships based on a comparison of benefits and costs. In the context of tourism, Ap (1992) applied SET to explain why local people support or oppose tourism development based on their perceptions of what they receive from tourists. Similarly, tourists also choose activities and services based on whether they feel they are worth it both in terms of experience and cost. This is especially true when considering the interaction between tourists and informal economic forms such as street vendors, street food, and sidewalk services.

Tourists' perception of informal economic activities, especially street economies such as street vendors, traditional markets, and sidewalk restaurants, plays a key role in promoting their consumption behavior and level of participation in these activities. When tourists appreciate the attractiveness, uniqueness, and safety of informal services, they will tend to interact more positively, leading to actual consumption behavior. According to Social Exchange Theory (Blau, 1964; Ap, 1992), tourists often make decisions to participate in an experience based on a comparison between the benefits received and the risks or costs incurred. In the case of street economies, if tourists feel that this activity brings a unique cultural experience, authentic value and reasonable costs, they will easily choose to participate. Linh (2021) study

in Vietnam showed that positive perceptions, especially cultural authenticity and convenience, were considered significant predictors of consumption at street vendors and street food. In addition, a survey by Steel et al. (2022) in Southeast Asia also confirmed that the majority of international tourists rated street economies as cultural highlights worth experiencing. This is important in the context of informal economic activities in Vietnam that are often overlooked in mainstream tourism development strategies. Thus, if positive perceptions can promote consumption behavior, then enhancing tourists' image and feelings about street economies will be a strategic direction in sustainable tourism development. Based on these agurements, the author proposed the following hypothesis:

H1: Tourist perception positively influences street economies engagement.

When tourists actively participate and consume in informal economic activities, this will have a positive impact on the livelihoods of local people, especially vulnerable groups of workers operating in the informal sector. This relationship can be understood in two ways: (1) economically, increased consumption by tourists creates a direct source of income for street vendors and small service providers; (2) socially, the presence of regular tourists helps strengthen the position of these activities in urban spaces, thereby creating conditions for sustainable livelihoods.

According to the ILO (2023), in Vietnam, up to 56.2% of the total non-agricultural workforce operates in the informal economic sector – including street vendors, mobile food stalls, motorbike repair... In particular, tourist areas such as Hanoi, Hoi An and Ho Chi Minh City have witnessed an increasing dependence on tourist flows to sustain small businesses. A case study by Steel et al. (2022) in Hanoi's Old Quarter shows that, after the COVID-19 pandemic, many street vendors who had lost their income have gradually restored their livelihoods thanks to the recovery of tourism and the return of international tourists. In addition, tourism activities also help traditional street economy forms such as selling folk dishes, handicrafts, and local fruits not only survive but also develop in terms of market and image. This means that tourist engagement is not only limited to consumer behavior, but also acts as an indirect support mechanism for community livelihoods. Based on these agurements, the author proposed the following hypothesis:

H2: Street economies engagement positively influences local livelihood sustainability.

Even if tourists have positive perceptions, they may still hesitate or refuse to participate in street economy activities if they perceive a high level of risk. In tourism consumer behavior theory, risk perception is often considered a moderating factor that can weaken the relationship between attitudes and behavior (Reisinger & Mavondo, 2005). In the context of the informal economy, tourists often worry about food safety, environmental sanitation, personal security, or fraud. Studies in Bangkok, Manila, and Ho Chi Minh City (Henderson, 2020; Eidse et al., 2016) have noted that although tourists are interested in experiencing street food, they are still hesitant if they see signs of hygiene or if the selling location is too makeshift. This suggests that a positive perception of the culture or experience is not enough to motivate behavior if the perception of risk remains high. In addition, Baloglu & McCleary (1999) developed a model that shows that perceived risk significantly reduces the intention to participate in a particular tourist destination or activity. In practice, this means that even if street economies are perceived as authentic or local, tourists may still refuse if they feel unsafe. Based on these agurements, the author proposed the following hypothesis:

H3: Risk perception moderates the relationship between tourist perception and street economies engagement.

Based on the above hypotheses, the study proposed the research model as below:

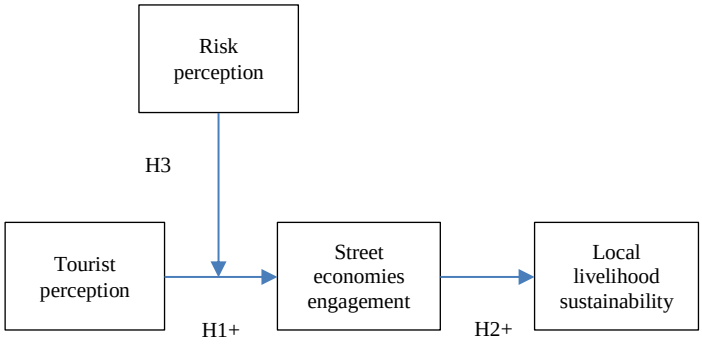

Figure 1. Research model

3. METHODOLOGY

3.1 Research approach and measures

This study uses a quantitative approach to explore and examine the relationship between the following factors tourist perception, street economies engagement and their impcts on local livelihood sustainability as well as the moderating role of risk perception. This approach allows the researchers to test the proposed hypotheses based on theoretical foundations and previous empirical studies through statistical analysis.

The scales used in the study are built on previous research works that have been tested for reliability and validity in the field of tourism and the informal economy. Specifically, the variable Tourist perception (TP) measures how tourists evaluate street economy activities, including perceptions of the attractiveness, safety, convenience and cultural value of the experience. This scale with 4 items is referenced from the study of Echtner & Ritchie (1991), for example "I think that street vendor experiences provide an authentic look at local culture". The variable Street economies engagement (SE) with 6 items reflects the level of tourists' participation and consumption of services in street economies, built on the scale

of Harrigan et al. (2017), for example, "I often buy food or goods from street stalls during my trip". In addition, the Risk perception (RP) variable aims to measure tourists' perceptions of potential risks such as hygiene, food safety or fraud when accessing informal economic activities. This scale with 5 items is based on the research of Reisinger & Mavondo (2005), for instance, "I am concerned about food safety when eating at street vendors". Finally, the Local livelihood sustainability (LS) variable was used to assess tourists' perceptions of the positive impact of consumption participation on local livelihoods. The scale with 4 items was developed based on the studies of Liu et al. (2022) focusing on assessing economic, social, environmental and cultural aspects to comprehensively reflect the level of livelihood sustainability in the tourism context, such as "I believe that local consumption by tourists increases local income".

3.2 Sample and data collection

Research data will be collected through a structured survey with questions designed on a 5-point Likert scale, ranging from "1-Strongly disagree" to "5-Strongly agree". The target population for this study includes tourists who have engaged with street economy activities during their visits to urban or cultural destinations. To ensure representativeness across key demographic groups, a stratified sampling method was employed based on two strata: gender (male/female) and nationality (domestic/international tourists). This stratification guarantees balanced participation of different gender groups and nationality categories, which are considered important factors influencing tourist perceptions and behaviors. Within each stratum, a convenience sampling method was applied to select respondents based on accessibility and willingness to participate. This approach facilitated efficient data collection while maintaining diversity in other characteristics such as age, travel experience, and education level.

Data were collected through a structured questionnaire distributed both online and offline over a period of two months. Offline surveys were conducted at popular tourist spots known for street economies, such as markets, food stalls, and cultural festivals, where tourists commonly interact with street vendors. Online surveys were distributed through travel-related social media groups and forums to reach a broader audience. A total of 350 questionnaires were administered, out of which 325 valid responses were retained after data cleaning, yielding a response rate of approximately 93%. The sample includes tourists of diverse demographics in terms of age, gender, nationality, and travel type... This sample size is sufficient for conducting robust quantitative analysis such as Structural Equation Modeling (SEM) through SmartPLS3, which require an adequate number of observations to ensure statistical power and reliability.

4. RESULTS AND DISCUSSION

4.1 Descriptive statistic results

The study sample consisted of 325 participants, evenly distributed according to the main criteria to ensure representativeness and suitability with the survey objectives shown in Table 1 below. The proportion of men was 54.8% (178 people), slightly higher than that of women at 45.2% (147 people). This difference reflects the tendency of men to participate in surveys or tourism activities more proactively. However, this distribution is still quite balanced and ensures that the views of both genders are reflected in the study.

The age group from 25 to 40 years old accounts for the largest proportion with 44% (143 people), showing that this is the main age group in tourism activities today, they are often the labor force with stable income, have high demand for experience and spending on tourism. The group under 25 years old accounts for 28.3% (92 people), usually students or young people who love to explore. The group over 40 years old accounts for 27.7% (90 people), is the group with great spending potential and tends to choose vacation trips or cultural tourism. Besides, the majority of the survey sample (65.5%, equivalent to 213 people) had a university degree or higher, which ensured the ability to receive and understand the questions in the survey, and also showed that the sample group had relatively good knowledge and awareness of issues related to tourism and informal economic activities.

Table 1: Demographics of respondents

Demographics		**Frequency**	**Percent (%)**
Gender	Male	178	54.8
	Female	147	45.2
Age	< 25 years old	92	28.3
	25 to 40 years old	143	44.0
	> 40 years old	90	27.7
Nationality	Domestic	198	60.9
	International	127	39.1
Types of tourism	Leisure tourism	138	42.5
	Discovery tourism	103	31.7
	Cultural tourism	84	25.8
Educational level	High school and below	112	34.5
	Undergraduate and above	213	65.5
Total		**325**	**100**

In terms of tourism characteristics, domestic tourists accounted for the majority with 60.9% (198 people), while international tourists accounted for 39.1% (127 people). This

is consistent with the reality of Vietnam tourism, where domestic tourists always account for the majority, especially in the context of fluctuations due to the pandemic and economic factors that have caused a decline in international visitors. This diversity helps the study accurately reflect the perceptions and behaviors of both different groups of tourists. Leisure tourism is the most popular type of tourism with 42.5% (138 people), followed by discovery tourism with 31.7% (103 people), and cultural tourism with 25.8% (84 people). This distribution shows the diverse needs of tourists, and reflects the development trend of Vietnam's tourism industry with island destinations and resorts increasingly attracting more visitors. In addition, the significant presence of adventure and cultural tourists also shows an interest in local cultural experiences and values.

4.2 Scale reliability and validity assessment

Table 2 presents the evaluation of construct reliability and convergent validity for four latent variables: Tourist perception (TP), Street economies engagement (SE), Risk perception (RP), and Local livelihood sustainability (LS). All constructs exhibit strong internal consistency, as reflected in Cronbach's Alpha values ranging from 0.870 (RP) to 0.946 (SE). These values exceed the widely accepted threshold of 0.70, confirming high reliability (Nunnally & Bernstein, 1994). Similarly, rho_A value which is a more accurate reliability estimate in PLS-SEM are all above 0.88, with the highest value being 0.946 for SE. These values surpass the acceptable cutoff of 0.70 and support the robustness of the construct measures (Dijkstra & Henseler, 2015). In terms of Composite Reliability (CR), all constructs score between 0.907 and 0.957, exceeding the minimum recommended threshold of 0.70, as proposed by Hair et al. (2019). This indicates a consistently high level of internal consistency across the observed variables measuring each latent construct.

Furthermore, the Average Variance Extracted (AVE) which indicates the proportion of variance captured by a construct relative to measurement error ranging from 0.663 (RP) to 0.788 (SE). All AVE values exceed the critical value of 0.50, suggesting that each construct explains more than 50% of the variance in its indicators, thereby demonstrating adequate convergent validity (Fornell & Larcker, 1981).

Table 2: Construct reliability and convergent validity

Construct	Cronbach's Alpha	rho_A	Composite Reliability	AVE
TP	0.901	0.905	0.931	0.771
SE	0.946	0.946	0.957	0.788
RP	0.870	0.882	0.907	0.663
LS	0.880	0.883	0.917	0.735

Source: Author's analysis by SmartPLS3

Table 3 presents the evaluation of discriminant validity using the Fornell-Larcker Criterion and the Heterotrait-Monotrait Ratio (HTMT), which are widely recognized in PLS-SEM analysis. According to Fornell & Larcker (1981), discriminant validity is confirmed when the square root of the AVE (diagonal values) of each construct is greater than its correlations with other constructs (off-diagonal values). As shown, the diagonal values for LS (0.857), RP (0.814), SE (0.888), and TP (0.878) all exceed the respective inter-construct correlations in their rows and columns. This indicates that each construct shares more variance with its own indicators than with other constructs, confirming discriminant validity under the Fornell-Larcker criterion.

Regarding the HTMT criterion, which offers a stricter test, values should not exceed 0.90 for conceptually distinct constructs, or 0.85 for more conservative assessments (Henseler et al., 2015). In this study, all HTMT values fall below the 0.85 threshold, with the highest being 0.669 (between LS and RP), indicating strong discriminant validity. Together, these results confirm that the constructs (LS, RP, SE, and TP) are empirically distinct and suitable for use in the structural model.

Table 3: Heterotrait-Monotrait ratio (HTMT) and Fornell-Larcker criterion

	Fornell-Larcker Criterion				**Heterotrait-Monotrait Ratio (HTMT)**			
	LS	RP	SE	TP	LS	RP	SE	TP
LS	0.857							
RP	0.587	0.814			0.669			
SE	0.573	0.549	0.888		0.625	0.605		
TP	0.582	0.530	0.947	0.878	0.652	0.599	0.620	

Source: Author's analysis by SmartPLS3

4.3 Structural measurement assessment and PLS-SEM result

To examine the moderating effect of risk perception on the relationship between tourist perception and street economies

engagement, the author creates a proxy variable named as "Moderating effect 1". Table 4 presents the results of the structural model analysis, examining the relationships among the constructs: Tourist Perception (TP), Street Economies Engagement (SE), Local Livelihood Sustainability (LS), and the moderating role of Risk Perception (RP).

Firstly, the path coefficient from TP to SE is 0.931 with a t-value of 53.059 and a p-value of 0.000, indicating a highly significant positive effect. This supports Hypothesis H1, confirming that tourist perceptions significantly and positively influence their engagement with street economies. The extremely high standardized coefficient also suggests that perception plays a central role in driving this form of informal economic participation.

Table 4: Construct reliability and convergent validity

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
TP → SE	0.931	0.931	0.018	53.059	0.000
SE → LS	0.573	0.580	0.055	10.397	0.000
RP → SE	0.064	0.064	0.027	2.379	0.018
Moderating Effect 1 → SE	0.027	0.026	0.011	2.361	0.027
TP → SE	0.931	0.931	0.018	53.059	0.000
Adjusted R2: LS: 0.326; SE: 0.901					

Source: Author's analysis by SmartPLS3

Secondly, the relationship between SE and LS is also statistically significant, with a path coefficient of 0.573, a t-value of 10.397, and a p-value of 0.000. This result supports Hypothesis H2, indicating that greater engagement in street economies leads to improved perceptions of livelihood sustainability among local communities.

Thirdly, the direct effect of RP on SE is significant but relatively small ($\beta = 0.064$, $t = 2.379$, $p = 0.018$), and the moderating effect (Moderating Effect 1 → SE) is also statistically significant ($\beta = 0.027$, $t = 2.361$, $p = 0.027$). This provides support for Hypothesis H3, suggesting that risk perception plays a moderating role albeit modest on the relationship between tourist perception and engagement with street economies.

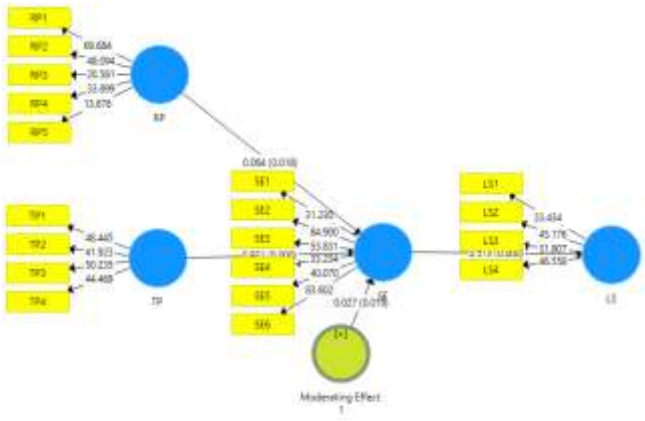

Figure 2. PLS bootstrapping model

Furthermore, the adjusted R^2 values indicate good explanatory power for the model: SE (0.901) and LS (0.326). This means that tourist perception, risk perception, and their interaction together explain 90.1% of the variance in street economy engagement, while SE accounts for 32.6% of the variance in livelihood sustainability.

4.4 Discussion of results

The results of the SEM analysis show that the relationship between tourist perceptions and the level of participation in street economic activities is very strong and statistically significant ($\beta = 0.931$, $p < 0.001$). This result supports the argument of Social Exchange Theory (Blau, 1964; Ap, 1992) that tourists will choose to participate in tourism activities if they feel that the benefits they gain outweigh the potential risks or costs. In the context of the informal economy in Vietnam such as street vendors, traditional markets, or street food stalls, factors such as authenticity, convenience, and reasonable prices have become the driving forces to attract tourists. This study is also in agreement with Linh (2021) and Steel et al. (2022), who emphasized the positive role of cultural awareness and experience in promoting tourism consumption behavior in the Southeast Asian region.

The relationship between tourist participation and local livelihood sustainability was also confirmed with a high level of significance ($\beta = 0.573$, $p < 0.001$). This reflects that tourist consumption in informal economic activities not only brings direct economic benefits, but also contributes to strengthening social status and ensuring the long-term viability of these activities. This is especially true in the context of more than 56% of non-agricultural workers in Vietnam working in the informal economic sector (ILO, 2023). Research by Steel et al. (2022) in Hanoi also shows that the recovery of international tourism has helped many small businesses recover after the pandemic. Thus, tourists are not only consumers but also part of the local livelihood support system.

The moderating relationship of perceived risk was also found to be statistically significant (β = 0.027, p = 0.027), although the magnitude of the effect was relatively small. This suggests that even if tourists in Hanoi and Ho Chi Minh city have risk perceptions (in terms of hygiene, personal safety or fraud), they may not still be hesitant or refuse to participate. This result is opposite to studies by Reisinger & Mavondo (2005), Henderson (2020) and Eidse et al. (2016), which emphasize that risk is an important factor that weakens the relationship between attitudes and behavior in tourism. For destinations such as Ho Chi Minh City or Hanoi, improving the hygiene environment, regional security and transaction transparency will play an important role in promoting sustainable consumption behavior.

5. IMPLICATIONS AND CONCLUSION

This study contributes to the existing literature on tourism and informal economic activities by applying Social Exchange Theory (SET) to explain the mechanisms through which tourists' perceptions influence their engagement in street economies, and how such engagement impacts local livelihood sustainability. While SET has traditionally been used to understand resident-tourist interactions, this research expands its application to tourist behavior toward informal economic services, such as street vendors and sidewalk markets, which are often overlooked in mainstream tourism research. Moreover, the study integrates risk perception as a moderating factor, offering a more nuanced understanding of the decision-making process of tourists in contexts where informal activities are perceived as both attractive and risky. By empirically validating this model in the Vietnamese context, the research contributes to filling the gap in the limited body of knowledge about street economies in Southeast Asian tourism settings.

The results of this study provide several valuable practical implications for various stakeholders involved in tourism planning, management, and participation in Vietnam, especially in relation to the informal economy and street-based economic activities.

For tourism practitioners and destination managers, the findings highlight the vital importance of shaping positive tourist perceptions toward street economies. In practice, this involves developing strategic communication campaigns that emphasize the cultural authenticity, affordability, uniqueness, and experiential richness offered by street vendors, local markets, and sidewalk eateries. Visual storytelling through tourism brochures, videos, and digital platforms can showcase these informal settings as vibrant, culturally immersive experiences that reflect the local way of life. Furthermore, destination managers should collaborate with local street vendors and informal workers to co-create and promote authentic narratives that resonate with both domestic and international tourists. Equally important is the investment in infrastructure and public amenities such as clean seating areas, signage, trash bins, and lighting, which can reduce perceived risks related to hygiene and safety. Encouraging vendors to adopt basic service professionalism and customer-oriented behavior through training programs can further enhance tourist satisfaction and repeat visits.

For local governments and tourism policymakers, the study offers critical insights into the need to reconsider the traditional dichotomy between the formal and informal economy. Rather than pursuing aggressive urban policies that seek to eliminate or marginalize street economies in the name of modernization or urban aesthetics, local authorities should recognize and legitimize the contribution of these informal actors to the urban tourism experience and local employment. This includes providing legal frameworks, micro-financing, licensing support, and training opportunities to street vendors to operate more sustainably and safely, while still retaining their flexibility and informal charm. Cities such as Hanoi and Ho Chi Minh City, which rely heavily on tourism flows, can greatly benefit from integrating informal economy actors into official tourism planning, especially when designing cultural routes, night markets, or food tourism corridors. Additionally, risk communication such as issuing food safety certifications or public sanitation guidelines can help address tourist concerns without displacing informal businesses.

For local entrepreneurs, informal vendors, and service providers, the study underlines the increasing importance of meeting tourists' expectations around cleanliness, trustworthiness, and safety. In an era where online reviews and word-of-mouth significantly influence traveler choices, street vendors must pay greater attention to food hygiene practices, transparent pricing, and respectful customer interactions. Creating consistent standards in food preparation, displaying prices clearly, and offering small conveniences such as napkins or clean seating areas can leave a lasting positive impression. Vendors should also explore the use of digital platforms, such as Google Maps, Facebook, or TripAdvisor…, to improve visibility and reputation among tourists. Participation in capacity-building programs organized by local authorities or tourism associations can help vendors understand visitor expectations, improve customer service skills, and strengthen their long-term economic resilience.

Despite its contributions, this study has several limitations. Firstly, it relies on cross-sectional data, which limits the ability to infer causality over time. Future research could adopt longitudinal designs to track changes in tourist behavior across different seasons or stages of destination development. Secondly, the sample is primarily collected from urban tourist destinations in Vietnam, which may limit generalizability to rural or less-developed areas. Further studies should expand to different geographical contexts to enhance external validity. Lastly, while this research focuses on street economies broadly, future studies might disaggregate different types of informal activities (e.g., food vendors vs. craft sellers) to explore whether tourists perceive and engage with them differently.

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7. REFERENCES

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