

Current Status of CSR in Viet Nam –Summary

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As a result of Viet Nam's open economic policy and national efforts in economic development, Viet Nam has achieved significant economic growth during the last ten years. The country's production and exports increased year on year, making the country a big exporter of apparel, footwear, seafood and wooden furniture, etc. These industries are labor intensive. Increased exports makes Vietnamese businesses more integrated into global supply chains whereas rules of trade, as well as binding practices are more commonly applied. Increased awareness of sustainability in economic development, pressure from customers on how products are made and changing roles of private sector in securing societal development all over the world make CSR an inevitable issue that can not be omitted by those who are striving to look for competitiveness both at national and individual business levels.

Meaning of CSR and the Code of Conduct (CoC)

The broad concept of Corporate Social Responsibility simply is defined as business responsiveness to stakeholders' legal, ethical, social and environmental expectation (UNIDO), whereas CoC is a voluntary tool where set of rules and requirements from a company, associations or standard organization are stipulated for compliance, and furthermore it is enforced by both internal and independent monitoring and audit. (Global Standard)

1. CSR tools/instruments used in Viet Nam

Different approaches as well as techniques and tools for CSR at enterprise level were taken to bring significant achievements in CSR performance at enterprises. They are also used to illustrate visible benefits and gains to businesses making CSR a worthy investment. Typical examples of approaches to specific CSR issues such as efforts to improve working conditions in the Viet Nam footwear industry by Viet Nam Chamber of Commerce and Industry(VCCI) and VCCI's Viet Nam Business Links Initiative (VBLI) and environmentally clean production by Vietnam Cleaner Production Center (VNCPC) were considered as successful cases for promoting CSR in the country.

A more comprehensive approach to CSR by collectively dealing with different factory- level subjects of quality, productivity, human resource management, Occupational Health and Safety (OHS), worker-manager communication and continuous improvement was taken by International Labour Organisation (ILO) with its program named WMFIP. The effort was to highlight a close linkage between CSR and business efficiency.

Development of a service market for consultancy and certification of management systems for quality (ISO 9000), environment (ISO 14000), labour and social responsibility (SA 8000) as well as prevailing social and labour auditing activities taken by sourcing agents of MNCs such as Nike, Adidas, Pentland, etc did greatly contribute to increased awareness of CSR prerequisite requirements for Vietnamese business firms and factories to be part of global supply chains.

However, built-in managerial structure for CSR implementation within Vietnamese companies is not commonly observed. It is mainly because of a lack of management capacity as well as specialized expertise required for the fields of CSR.

As observed, information, training and consultancy in various forms and methods are mostly applied for CSR related implementation and compliance. Local expertise is good enough to chair technically CSR specific tables. Skills for coordination, partnering and management of CSR projects/programs/initiatives were provided, coached and transferred by international experts.

2. CSR activities carried out in the past in Viet Nam

The government of Viet Nam has raised awareness of CSR among businesses and stakeholders putting it on high Agenda of Sustainable Development (Agenda 21). On the other hand, much effort of international development agencies in Viet Nam has been devoted for CSR promotion and implementation. As CSR is quite broad in term of understanding and implementation, in practice, CSR related initiatives and programs have been touching only some important aspects of CSR such as working conditions, OHS or environment. They also combined CSR requirements with other managerial activities within a business operation such as quality, productivity, human resource management depending on development objectives, available resources and expertise of implementing organizations and donors' funds.

3. How CSR is implemented in Viet Nam

CSR concept was introduced into Viet Nam mainly through implementation of the Code of Conducts (CoCs). These activities are customer-driven or to meet buyers' requirements before orders. Then gradually they witnessed benefits brought by increased quality and productivity, higher worker satisfaction, lower absenteeism, improved HR practices etc.

With continuously improved management capacity, Vietnamese companies gradually learn to apply management standards for quality, environment and social responsibility. In this process, they learnt that it is very important to observe local law and regulation as CoCs and international standards always refer to the local environmental and labour law for businesses to comply with. It is turned out that social and environmental requirements expressed in various CoCs by buyers in global supply chains are not really as high as obligations officially regulated in the Vietnamese legal documents. It is also because at the same time of business involvement into global supply chains, Vietnamese Government has made lot of comprehensive efforts to make the country internationally integrated and more relevant in term of institutional and conventional setting. The country has verified and adopted a number of ILO conventions related to labour issues as well as a signatory of environmental conventions, etc.

Eventually vaguely broad concept of CSR has emerged in Vietnamese management mindset. Nowadays, it is not difficult to find companies with established policies and management commitments toward socially and environmentally responsible business performance.

Although there are some thoughts that CSR in Viet Nam is still mostly customer-driven and outward, it is evidenced that the country and its private sector are improving socially responsible business performances. Whereas human rights and workers rights are observed by both improved legal enforcement and business ethical practices, environmental issues are more seriously taken by both business and government as well as stakeholders, sustainability is strategically considered when judging a business viability.

4. Main players regarding CSR both in public and private sectors

Over the past year, some organizations have actively participated in the promotion of CSR including:

- Government Ministries including Office for Sustainable Development of Ministry of Planning and Investment, Ministry of Invalids and Social Affairs, Viet Nam General Confederation of Labour
- Research institutions namely ILLSA, NILP
- VCCI and business associations of trade and industries in Vietnam like Vietnam Footwear and Leather Association (LEFASO), VITAS, VASEP, etc.
- Multinationals such as Nike, Adidas, Pentland
- Local business firms of labour intensive industries
- United Nation organizations such as ILO, UNIDO, UNDP, etc.
- International Development agencies GTZ, SIDA, IBLF
- NGOs and NPOs for social development and environmental protection such as Action Aid International, Care International

5. Proposed links and cooperation

- Active participation in the Viet Nam Agenda 21- The Government's Strategic Orientation for Sustainable Development in Viet Nam
- Cooperation with VCCI's Business Office for Sustainable Development for improvement of OHS practices at enterprise level
- Cooperation with VCCI and UN in Viet Nam for promoting Global Compact principles in Vietnam.
- Cooperation with VGCL to promote understanding of good practices in labour related issues.
- Project development in collaboration with CSR related Business Development Service Providers as mentioned in the appendix 6 to improve the social and environmental performance at enterprises level.