The Socio-Economic Impacts of CSR
A Case Study of Swedish-related Companies and Corporate Social Responsibility in Vietnam

Master Thesis in Public Administration
School of Public Administration, Gothenburg University
Fall semester 2013/2014

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Abstract

This study was conducted as a minor field study in Vietnam between October and December 2013. In 2007, Vietnam was chosen as one of the countries that Sweden would phase out their development cooperation with by the end of 2013. The Swedish private business sector is seen as an important actor to continue the relationship with Vietnam and to contribute to socio-economic development after the development cooperation has been phased out. This is a reflection of the goals for the private business sector stated in the policy for global development. The policy further describes how Swedish companies through trade and investments contribute to development around the world by creating work opportunities, tax revenues and knowledge and technology transfers, a contribution that is understood to be strengthened when companies adhere to international corporate social responsibility standards (CSR), the OECD Guidelines for Multinational Enterprises and the UN Global Compact’s ten principles. Drawing from critical perspectives on CSR and development stressing that the Western driven CSR agenda is not necessarily consistent with local needs, and the importance of governments in providing an enabling environment for CSR efforts, the purpose of the thesis is to describe and to give a broader understanding of whether CSR can be understood as a meaningful tool in contributing to socio-economic development. The results of the study is based on interviews with key representatives from both Swedish companies and local actors in the Municipalities of Hanoi and Ho Chi Minh and implies that CSR has a potential to be a meaningful tool in contributing to development in this local context. However, the relationship between CSR and development is complex as CSR initiatives and activities are not only affected by the companies themselves, how they act and their motivations behind these acts, but also, by numerous factors linked to the local environment in which the companies operate, which lay beyond the direct control of the companies. The results call for continuing research on the impact of contextual factors on CSR efforts.

Keywords

Corporate social responsibility, OECD Guidelines, Global Compacts, code of conduct, stakeholder, legitimacy, enabling environment, moral outsourcing, Swedish-related company, socio-economic development, development cooperation, policy for global development, Vietnam
Acknowledgements

This study is conducted as a part of a Master Degree in Public Administration at the School of Public Administration at the University of Gothenburg. The study was made possible through a minor field study scholarship financed by the Swedish International Development Agency, SIDA. Thank you SIDA for giving us the opportunity to conduct this study.

After spending almost five months working on this thesis both in Sweden and Vietnam many people deserve recognition for their support to this effort. The authors, first of all, would like to thank all the participants for their hospitality and openness, for taking their time to meet us despite busy schedules and for giving us a valuable insight into their work – thank you! The authors would also like to express their gratitude to some special people, without whose support the study would not have been feasible. Thank you Iwona Sobis for supervising us during this time, thank you for your honest and sometimes harsh but useful comments and for always being available. Thank you Le Thanh Forsberg for proving us with valuable insights and comments, thank you for pointing us in the right direction when we sometimes got lost. Our gratitude and thanks also go to the staff at Business Sweden and the Embassy of Sweden in Hanoi for providing us with valuable contacts and information, and for inviting us to various events and useful seminars, to our friend Nina Qvist and to our friends at the Swedish Camp for making our stay in Hanoi unforgettable – you know who you are!

Last but not least, a special thanks to Thao Do Jörgensen for all your help and support and for your friendship.

Gothenburg, 07/01/2014

Anna Laurell and Jessica Moström Axelfelt
### List of abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
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<tr>
<td>BSCI</td>
<td>Business Sustainable Compliance Initiative</td>
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<tr>
<td>CoC</td>
<td>Codes of Conduct</td>
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<tr>
<td>CPV</td>
<td>Communist Party of Vietnam</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>EU</td>
<td>European Union</td>
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<td>FIA</td>
<td>Foreign Investment Agency</td>
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<tr>
<td>FLA</td>
<td>Fair Labor Association</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<tr>
<td>HCMC</td>
<td>Ho Chi Minh City</td>
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<tr>
<td>HEPZA</td>
<td>Ho Chi Minh Export Processing and Industrial Zone Authority</td>
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<tr>
<td>HIZA</td>
<td>Hanoi Industrial and Export Zones Authority</td>
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<tr>
<td>ILO</td>
<td>International Labor Organization</td>
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<tr>
<td>LDC</td>
<td>Less Developed Countries</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goal</td>
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<tr>
<td>MNC</td>
<td>Multinational Corporation</td>
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<tr>
<td>MPI</td>
<td>Ministry of Planning and Investment</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
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<tr>
<td>PGD</td>
<td>Policy for Global Development</td>
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<tr>
<td>SME</td>
<td>Small and Medium Sized Enterprises</td>
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<td>SIDA</td>
<td>Swedish International Development Cooperation Agency</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNGC</td>
<td>United Nations Global Compact</td>
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<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
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<tr>
<td>VCCI</td>
<td>Vietnam Chamber of Commerce and Industry</td>
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<td>VGCL</td>
<td>Vietnam General Confederation of Labor</td>
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<td>VIETRADE</td>
<td>Vietnam Trade Promotion Agency</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>VFF</td>
<td>Vietnam Fatherland Front</td>
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<tr>
<td>WBCSD</td>
<td>World Business Council for Sustainable Development</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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1. Introduction

1.1 Recent developments within the aid debate

During the last decade a new landscape of international development cooperation has emerged through the United Nations (UN) Millennium Declaration and the Rome and Paris Declarations. In 2000, 189 heads of state agreed on the Millennium Declaration with eight operative millennium goals, to be reached by 2015, which is now widely used to measure how the worldwide fight against poverty in the world is progressing (Odén and Wohlgemuth, 2007:4). This agreement raised the awareness of the need for a more effective development cooperation, which first led to the Rome Declaration in 2003 and culminated in the Paris Declaration on aid effectiveness in 2005. The Paris Declaration has five key features, ownership, harmonization, alignment, managing for results and mutual accountability, which should encourage developing countries to take control of their own development and at the same time contribute to better donor coordination and more effective development cooperation. The Millennium Declaration has had a great impact on the content of international development cooperation and the operationalization of the overall goal to alleviate poverty while the Paris Declaration has had a great impact on the methodology of development cooperation (Ibid.).

This progress has caused a change in the way of thinking about development cooperation. Former aid, in form of different types of economic assistance, has developed into mutual exchange between donors and recipient countries and is now customized to fit countries specific needs (Ibid.:4f). This shift has also shaped the Swedish development cooperation policies in practice. First, the Swedish international development policy was debated and renewed in early 2000 leading to the policy for global development (PGD) in 2003. Solidarity was confirmed to be the major underlying motive along with enlightened self-interest, which previously had been excluded from the development cooperation debate. The new emphasis of the PGD was on coherence and coordination with the overriding objective to contribute to an equitable and sustainable development by including a rights perspective and the perspective of the poor (Government Bill, 2002/03:122:19). Second, in 2004, the Swedish International Development Cooperation Agency (SIDA) was assisting nearly 121 countries. After being criticized for spreading its development cooperation in too many countries, in 2007 the Swedish government launched a country focus aiming to reduce
the number of recipient countries to increase effectiveness, efficiency and the quality of the aid (Odén and Wohlgemuth, 2007:9). Both these developments are seen as important steps to implement of the Paris Declaration (Odén and Wohlgemuth, 2009:7).

In addition, trade has become an important strategy for Sweden's development cooperation and the trade related development assistance has increased over the last few years (Björling, 2010:8). This strategy is also reflected in the PGD where the Swedish private business sector is understood to be a legitimate actor in development cooperation, for example creating employment opportunities and contributing to economic growth (Government Communication, 2007/8:89:24). With the PGD, the Swedish Government emphasizes the need for an improved climate for trade and investments in developing countries, which would be beneficial both for the local business and Swedish business interests, as well as the importance of social responsibility when doing business in developing countries. Corporate social responsibility (CSR) is not only seen as beneficial for developing countries, but also important to strengthen the image of Swedish companies’ as well as their competitiveness (Government Communication 2011/12:167:55).

1.2 Research problem, purpose and research questions

Swedish companies have during many years been engaged in business with the Southeast Asian countries. Especially Vietnam is an interesting example since, traditionally being a development aid recipient, the country has during the last decade gone through a remarkable economic and social development transforming Vietnam from a low-income country to a lower middle-income country (The World Bank, 2014). Still, there are socio-economic problems within the country with a significant gap between the growing middle class and the poor mainly living in rural areas of the country. In line with the shift in the way of thinking about international development cooperation, the Swedish development cooperation with Vietnam has undergone a dramatic change. In 2007, Vietnam was chosen as one of the countries that Sweden would phase out their bilateral development cooperation with. Following that decision, the Swedish development cooperation changed from traditional development assistance, to selective cooperation in 2009 and the phase out was finalized in the end of 2013. From the Swedish side there is a strong desire to continue to deepen and broaden the close relationship with Vietnam, which at the same time is requesting Swedish knowledge and technology, and a continuing close contact with Sweden (Mellander, 2013-11-
04). Hence, the Swedish Government, the Swedish Embassy in Hanoi as well as Swedish trade promotion agencies encourage Swedish companies to establish and invest in Vietnam. The establishment of Swedish companies in Vietnam is seen as an important step to continue the relationship with Vietnam and for Swedish actors to continue to contribute to socio-economic development after the development cooperation has been phased out (Embassy of Sweden Hanoi, 2011, Government Communication, 2007/8:89, Ministry of Foreign Affairs, 2009). In addition, Swedish businesses establishing and investing in the country are expected to act in line with Swedish Government’s perceptions of how companies can contribute to development through the principles of CSR, stated in the PGD. Today, more than 50 Swedish-related companies operate in Vietnam with different forms of activities, and these are generally well known for their high CSR standards both within their internal organization and their requirements on external partners such as suppliers and sub-contractors (Embassy of Sweden Hanoi, 2010). However, as previous research has shown, the Western CSR agenda is not necessarily consistent with local CSR priorities. CSR priorities differ from country to country and appear to depend on the perception of local development needs and social mores, which, according to Idemudia (2008), should guide the design and implementation of CSR programmes, rather than the transfer of policies and practices from abroad. Accordingly, as Idemudia points out, CSR practices do not take place in vacuum, such initiatives are undertaken within different social and economic as well as political contexts. Companies are also dependent on their stakeholders and according to Freeman et al. (2010:44ff) there is a clear link between stakeholders and legitimacy, meaning that it is necessary for the survival of a company that the company’s activities are seen as legitimate from the perspectives of the different stakeholders. Previous research also emphasizes the need to shift the focus from understanding CSR as only the responsibility of the private business sector to the reciprocal responsibilities of the government and the private business sector as well as the importance of governments in providing an enabling environment for CSR initiatives. However, most developing economies fall short of providing such an environment that is readily available in developing countries. Instead the environment of developing countries can present formidable challenges to CSR policies and practices (Idemudia, 2011).

Drawing from previous research emphasizing that the Western driven CSR agenda is not necessarily consistent with local priorities and the importance of governments in providing an enabling environment for CSR activities, the purpose of the thesis is to describe and give a broader understanding of whether the phenomenon of CSR can be understood as a meaningful tool in contributing to socio-economic development in the Municipalities of
Hanoi and Ho Chi Minh (HCMC). By conducting interviews with key representatives both from Swedish-related companies and local actors, we wonder, firstly, how Swedish-related companies comply with the CSR principles as stated in the PGD and how they experience the possibilities for conducting CSR in the local context. Secondly, we wonder how the local actors experience the Swedish-related companies CSR initiatives and activities. As foreign companies, establishing and investing in Vietnam, bring a set of global CSR principles that is to be translated into a local context by local actors the aim of this research is to map out the different actors understandings of CSR in this local context, which also allows for the possibility to draw conclusions about future prospects, opportunities and challenges, for Swedish-related companies to contribute to socio-economic development in Hanoi and HCMC. Hence, the following research questions seem to be of relevance:

- How do the Swedish-related companies comply with the CSR principles stated in the PGD?
- How do Swedish-related company representatives experience the possibilities, opportunities and challenges, for conducting CSR initiatives and activities in the Municipalities of Hanoi and HCMC?
- How do the local actors experience the Swedish-related companies’ CSR initiatives and activities?
- How do the different respondents understand the relationship between CSR and development?

It seems necessary to explain the major concepts used in this study: *Swedish-related company*, *CSR*, *stakeholders* and *socio-economic development*.

Many of the companies commonly considered as “Swedish” have complicated owner structures, with both Swedish and international owners. Other companies consider themselves to be Swedish and promote themselves as such abroad, despite being foreign owned, which for example is the case with IKEA. As Swedish companies are expected to live up to the CSR standards stated in the PGD, we interpret this to also include companies that promotes themselves as Swedish since they, when operating abroad, by foreigners, will be considered as Swedish and therefore should behave accordingly by living up to the standards. Consequently, this study will use the term *Swedish-related company*, which includes:

- companies that are publicly listed on the Swedish stock exchange (NASDAQ OMX Nordic),
- companies that are privately owned by Swedish citizens, or
- companies that are foreign owned but promote themselves as Swedish.

Regarding CSR, it is a phenomenon that has gained much attention especially during the last 10-15 years but there is no generally accepted definition so far. Attempts to define the concept have been made, for example by the European Commission (2011:6) defining CSR as “the responsibility of enterprises for the impacts of society”. Another attempt was made by the World Bank, according to them:

Corporate Social Responsibility is the commitment of business to contribute to sustainable economic development – working with employees, their families, and the local community and society at large to improve the quality of life, in ways that are both good for business and good for development (Ward, 2004:3).

In order to put CSR policies into practice many companies develop so-called Code of Conducts (CoCs), which are commonly based on the United Nations (UN) Declaration and core Conventions on Human Rights, the International Labour Organization’s (ILO) labor standards, the OECD Guidelines for Multinational Enterprises and/or UN Global Compact’s (UNGC) ten principles (see section 4.1.1 and 4.1.2). The CoCs commonly include minimum wages, occupational health and safety, environmental protection, collective bargaining, freedom of association and anti-corruption and are applied internally, on their own organization, and externally, on suppliers and sub-contractors (Magnusson and Norén, 2002).

Suppliers and sub-contractors along with other actors, such as local authorities, the local communities in which the companies operate, workers, civil society organizations (CSOs), trade unions, costumers, investors and shareholders, the companies’ stakeholders, defined by Freeman (1984:46) as: “any group or individual who can affect or is affected by” the companies’ operations. The stakeholders can be divided into primary and secondary stakeholders, where primary stakeholders and the company depend on each other while secondary stakeholders can influence, or be influenced by, the company but are not crucial for the company’s survival (Clarkson, 1995:106).

Regarding socio-economic development, this concept is understood as an improved standard of living, where an observed improvement of local economy makes it possible to sustain needs of local population. There is a widespread agreement in the development literature that socio-economic development includes production and accumulation as well as the distribution of the fruits of the production in a “relatively equitable manner” (Jaffee,
1998:3). Hence, socio-economic development pays attention to the gap between the rich and the poor in a society.

1.3 Limitations

Things change over time. This study, conducted in two Municipalities in Vietnam during a limited time period, between October and December 2013, aims at understanding the situation today from the perspectives of the respondents. Consequently, the study does not seek to understand or compare how it was before or what has been changed over the years. Thus, if the study would have been conducted earlier or is replicated in the future the result may differ. The study is based on interviews, aiming at mapping out the respondents’ understandings of the situation, meaning that it is not possible to draw conclusions about how things really are. In addition, the study will only account for the Swedish-related companies’ CSR initiatives and activities in the chosen Municipalities. Since some of the researched companies also operate in other parts of the world, where they may be more active than in Vietnam, the description of their CSR work will be limited. Last but not least, CSR usually concerns economic, social and environmental aspects of business activities, however, focusing on socio-economic development; environmental concerns are purposely left outside the scope of the study, which also affect the description of the companies’ CSR efforts.

1.4 Disposition

In this introductory chapter, the research problem has been introduced along with the purpose, the research questions and a clarification of relevant concepts. In the following chapter, the research method will be presented, starting with a description of the research units, the methods of sampling and how the interviews were conducted, which is followed by source criticism and ethical considerations. The third chapter introduces the theoretical framework of the study, deliberately not separating previous research and theory since different perspectives on CSR, drawn from previous research will be used as a theoretical framework to discuss the empirical findings. Chapter four further describes the PGD and the goals for the private business sector and investments in developing countries in order to provide an understanding of what can be expected of the Swedish-related companies, ending with a description of
Swedish development cooperation with Vietnam. Chapter five provides a short introduction to Vietnam, focusing on the political system and FDIs. Chapter four and five account for the research background and the institutional context in which the study takes place. Chapter six presents the empirical findings where the understanding of CSR, from the perspectives of the respondents, will be mapped out. The chapter is organized according to themes raised during the interviews relating to the research questions. These themes will be further discussed in the light of the theoretical framework and local context in the following chapter seven aiming at answering the research questions. Chapter eight presents the conclusions and implications of the result of the study, ending with recommendations for future research.
2. Research Method

This study was conducted as a minor field study in Vietnam between October and December 2013. In order to answer the research question, respondent interviews were carried out in the Municipalities of Hanoi and HCMC. This chapter accounts for the research methods and critical reflections regarding these. The chapter ends with source criticism and ethical considerations.

Qualitative research is, according to Denzin and Lincoln (2011:3), about collecting, analyzing and interpreting data by for example observing what people say and do. Since the aim of the study is to map out the different actors’ understandings of CSR in a local context we chose a qualitative approach by conducting interviews. The qualitative interview is, according to Kvale (1996:1), defined as an interview that “attempts to understand the world from the subjects’ point of view, to unfold meanings of peoples’ experiences, to uncover their lived world prior to scientific explanation”. This approach makes it possible to map out the interviewees’ different understandings – to learn about the phenomena of CSR from their perspectives. As a result of choosing this approach the study will not be able to contribute with generalizable knowledge, we can only draw conclusions about the respondents’ understandings of the phenomenon of CSR providing an idea of the different views that exist in the local context, which can be further developed in future quantitative studies examining for example how common these views are.

Due to the fact that there is a lack of knowledge both concerning the Swedish-related companies’ understandings of possibilities for conducting CSR in the Municipalities of Hanoi and HCMC and the local actors’ understandings of Swedish-related companies contribution to development, this study takes an inductive approach. By starting from the collected empirical data this approach allows the visualization of patterns and themes from which it can be possible to draw conclusions. Different theoretical perspectives on CSR and development will be used to analyze and interpret these patterns and themes.
2.1 Research units and methods of sampling

The research units of the study are key representatives from both Swedish-related companies and local actors, with whom semi-structured interviews were conducted. In order to identify Swedish-related companies active in Vietnam we started from a list of about 80 companies provided by the Swedish Embassy in Hanoi. The list was updated with information provided by Business Sweden in Hanoi, a few phone calls and by searching the companies’ web pages. After the update, about 50 Swedish-related companies remained, most of them located either in the Municipality of Hanoi or the Municipality of HCMC. In order to limit the scope of the study, to make the study feasible within the limited timeframe and for convenience, only these Municipalities where studied and companies located elsewhere were removed from the list. The purpose of conducting interviews in both Hanoi and HCMC was not to compare the findings from these municipalities; instead, they were chosen to select a wider sample.

The Swedish-related companies in Vietnam are typically engaged in one of three types of activates:

- Producing: exporting to the global markets and sometimes also sell their products in Vietnam
- Outsourcing: buying from local suppliers to import to Sweden and the global markets
- Importing: selling products imported from the global markets or their services in Vietnam

For the purpose of the study, originally, we contacted companies that have their own production or outsource production to local suppliers, since they usually employ many people and have a high presence in the local communities. In addition, some of the companies having their own production also buy raw materials, components and services from domestic companies. However, as some of the well-known Swedish-related companies do not have their own production or even outsource production but instead sell their products or services in Vietnam, we chose to also approach these companies. The study does not intend to compare the company representatives’ answers according to the companies’ sizes or activities in Vietnam, instead it aims to understand how Swedish-related companies comply with the CSR principles and how they experience the possibilities for working with CSR in Vietnam. Therefore, we found it useful to include a wide range of companies with different types of activities and thereby possibly different experiences. Moreover, small businesses, such as
family businesses, were also removed from the list since they are too small to be visible in the local communities meaning that the local actors would therefore not be able to answer questions about them, which was necessary for the purpose of the study. After this selection, about 20 companies remained on the list. We approached these companies by calling them but, in some cases, we first had to send them an email explaining the purpose of the study before we could book an interview. In the end, seven company representatives representing six companies were interviewed (see Table 1 below). Astra Zeneca, Electrolux, Birgma Hong Kong Co. Ltd (purchaser to Biltema), Nilson Group, Tetra Pak and H&M declined our request for an interview referring either to their policy not to do interviews or to extensive reorganizations within the companies. The remaining companies never responded to our request to participate in this study. In addition, a few companies recommended us to talk to their staff at their head offices in Sweden, but since we are interested in their understandings of working in a local context it was important for us to talk to staff members with actual work experience in Vietnam. The fact that only 6 of about 20 companies participated can be seen as a limitation, however, after conducting these interviews we experienced theoretical saturation in the answers; the respondents’ answers showed many similarities and they emphasized greatly on the same opportunities and challenges for working with CSR in Vietnam. Hence, it is not necessarily the case that a larger sample would have provided us with new insights.

In addition, representatives from trade promotion agencies, Business Sweden - the Swedish Trade and Invest Council, the former Swedish Trade Council, which has been merged with Invest Sweden and is today Business Sweden, Swedish CENTEC Vietnam facilitating Vietnamese-Swedish partnerships, the Nordic and the European Chambers of Commerce and the Swedish Embassy in Hanoi were interviewed. Working closely with Swedish-related companies, we believed that, their experiences of the companies’ CSR initiatives and activities as well as their understandings of the local context and of how Swedish-related companies can contribute to development could provide important insights to the study. These representatives were interviewed foremost as respondents regarding their own experiences and understandings but partly also as informants having knowledge about Swedish-related companies in Vietnam. From this group 8 interviews were conducted with 9 respondents.
Table 1: Swedish-related companies included in the study

<table>
<thead>
<tr>
<th>Company name</th>
<th>Activities</th>
<th>Number of employees</th>
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<tbody>
<tr>
<td>Company X</td>
<td>A larger industrial company. They have their own production and buy components from local suppliers.</td>
<td>About 750 in Vietnam, 420 in Hanoi Employing an unknown number of suppliers and sub-suppliers</td>
</tr>
<tr>
<td>Altas Copco</td>
<td>Offer technical consultancy and sell products on the local market, mostly to foreign companies. The company is divided into four divisions: compressor equipment, construction technique, mining and rock excavation and industrial equipment.</td>
<td>75 in Vietnam</td>
</tr>
<tr>
<td>Ericsson Vietnam Co., Ltd</td>
<td>Telecommunications, sell on the local market.</td>
<td>About 400 in Vietnam</td>
</tr>
<tr>
<td>IKEA Trading (Hong Kong) Ltd.</td>
<td>Home furnishing products: textile, toys, nature fiber, flat-line, ceramics, plastic and solid wood, buying from local suppliers.</td>
<td>About 90 at their office in HCMC Employing about 40 suppliers with their sub-suppliers that in turn employ more than 250 000 people</td>
</tr>
<tr>
<td>New Wave Group Vietnam</td>
<td>Garment, textile, shoe, gift and home furnishing products, buying from local suppliers.</td>
<td>29 at their office in HCMC Employing an unknown number of suppliers and sub-suppliers</td>
</tr>
<tr>
<td>NITECO Vietnam</td>
<td>IT outsourcing, provide services to customers in e.g. Sweden, Denmark and Australia.</td>
<td>About 130 at their office in Hanoi</td>
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</table>

Foreign companies, among them Swedish-related companies, establishing and investing in Vietnam bring a set of international CSR principles that is to be translated into a local context by local actors. Thus, when conducting a field study, it is possible not only to interview company representatives working in the local context but also to complement this view by interviewing their local stakeholders as well as other relevant actors working with CSR and CSR-related issues. As they have knowledge about Swedish-related companies, the companies included in the study or Swedish-related companies in general, this allows us to gain an understanding of what these principles mean in a local context.

When defining the Swedish-related companies’ stakeholders we exclude shareholders, investors and customers, since they are generally not local actors. Instead we focus on the local stakeholders including: the local governments, the trade union, suppliers and workers together with other relevant organizations, such as CSOs working with CSR or CSR-related issues, actors that can be understood to represent the local perspective. Because of the difficulties in approaching suppliers and workers and the limited timeframe of the study, the trade union and the CSOs were chosen not only to represent themselves, but also as a proxy to represent these groups. When asking the trade union and the CSOs about their understanding of the situation of the suppliers and workers they are used as secondary sources, which means they might tell another story than the suppliers and workers would do. In order to mitigate this problem we contacted organizations working closely with factories. In addition, their views were complemented by interviews with a few suppliers and workers.
The respondents representing the local perspective, local stakeholders and relevant actors working with CSR or CSR-related issues, were divided into six categories: local governments - relevant ministries and departments (8 interviews, 8 respondents), civil society organizations (7 interviews, 10 respondents), the trade union (1 interview, 3 respondents), suppliers (5 interviews, 5 respondents), workers (2 interviews, 3 respondents) and others, consisting of Vietnam Chamber of Commerce and Industry (VCCI) and OneStep, a local CSR consultancy company (4 interviews, 5 respondents). A further description of these categories is presented in Table 2 below, for a full list of interviewees see Appendix 1. In total, 26 interviews with 34 respondents were conducted with respondents representing the local perspective.

Table 2: Description of the categories of respondents representing the local perspective

<table>
<thead>
<tr>
<th>Category</th>
<th>Description*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local governments -- relevant ministries and departments</td>
<td>Ministry of Industry and Trade - Vietnam Trade Promotion Agency (VIETRADE) Ho Chi Minh City Department of Planning and Investment Hanoi Authority for Planning and Investment Ministry of Planning and Investment (MPI) - Foreign Investment Agency (FIA) Ho Chi Minh Export Processing &amp; Industrial Zone Authority (HEPZA) Hanoi Industrial and Export Zones Authority (HIZA)</td>
</tr>
<tr>
<td>The trade union</td>
<td>Vietnam General Confederation of Labor (VGCL)</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Factories supplying, among others, Swedish buyers. These companies have to implement the buyers CoCs. We met with representatives from two Swedish owned factories, a French owned factory and one Vietnamese government owned enterprise.</td>
</tr>
<tr>
<td>Workers</td>
<td>People working at the supplier factories. We met with three workers from two factories.</td>
</tr>
<tr>
<td>Others</td>
<td>Vietnam Chamber of Commerce and Industry (VCCI) OneStep, a local CSR consultancy firm</td>
</tr>
</tbody>
</table>

* For a more detailed description see Appendix 2

For these interviews a strategic method of snowball sampling was used, i.e. when finishing one interview the respondent was always asked to identify other people/organizations that could be suitable to approach. The first respondents were identified by searching on the internet for CSOs working with CSR and local government authorities working with foreign companies or foreign direct investments (FDIs). This method made it possible to identify key persons, which we believe would not have been possible using another method of sampling since it would have been impossible to identify these persons in advance. We approached these respondents initially by calling them, however, no meetings were booked over the phone instead we had to email them so they could find the right person for us to meet. Two interviews were conducted via Skype after we had returned to Sweden since we could not
meet in person during our stay in Vietnam. Regarding the local government authorities the process turned out to be more complicated than expected. It was difficult to find correct contact details and to indentify key persons working at the authorities we had been recommended to approach. Therefore, we went directly to their offices where they turned out to be very helpful, immediately finding relevant persons for us to talk to.

A crucial decision that needed to be made, regards how many respondents to interview. We continued to conduct interviews until a theoretical saturation was reached. This means that we considered the study to be completed when no new aspects of CSR were revealed (Esaiasson, et al. 2007:190f, 309). At the same time, we experienced that the respondents eventually only referred us to persons whom we already met, thus we felt that we could not move forward and that the key persons had already been reached.

2.2 Conducting the interviews

The study is based on semi-structured interviews, conducted with the use of an interview guide that consists of “a sequence of themes to be covered as well as suggested questions” (Kvale, 1996:124) (for the themes see Table 3 below, for the complete interview guides see Appendix 3-7). At the same time we were open to change the sequence and form of the questions “in order to follow up the answers given and stories told” and enable the interviewees to talk without hindrance (Ibid.). This method also allows unexpected answers and for them to be further developed (Esaiasson, et al. 2007:283). How a study is designed, according to Esaiasson et al. (2007:97f), has a great impact on the internal validity, for the result of the study and for what conclusions that may be drawn. In order to achieve internal validity we chose a method appropriate for the purpose of the study and strived to achieve coherence between the theoretical and the operational level, by identifying relevant themes for the interview guides from the theoretical framework, which was also used to analyze the empirical data, discuss the results and to draw conclusions.
Table 3: Operationalization, how the interview guides relate to the research questions

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Interview guide, themes</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do the Swedish-related companies comply with the CSR principles stated in the PGD?</td>
<td>CSR Awareness about the PGD goals for the private business sector and investments in developing countries, compliance with UNGC and OECD guidelines and how the companies work with CSR (CoCs/initiatives/activities)</td>
<td>Company key representatives and trade promotion agencies representatives</td>
</tr>
<tr>
<td>How do Swedish-related company representatives experience the possibilities, opportunities and challenges, for conducting CSR initiatives and activities in the Municipalities?</td>
<td>Enabling environment Regarding the companies experience working with CSR initiatives and activities in the municipalities and the cooperation with the local government</td>
<td>Company key representatives and trade promotion agencies representatives</td>
</tr>
<tr>
<td>How do the local actors experience the Swedish-related companies CSR initiatives and activities?</td>
<td>CSR About how the representatives representing the local perspective understand Swedish-related companies CSR initiatives and activities, for example what they find positive and negative</td>
<td>Local stakeholders and relevant actors working with CSR or CSR-related issues.</td>
</tr>
<tr>
<td>How do the different respondents understand the relationship between CSR and development?</td>
<td>CSR and development Socio-economic needs and how Swedish-related companies can help to meet these needs</td>
<td>All</td>
</tr>
</tbody>
</table>

The first interview was conducted as a pilot interview in order to get an indication of how long the interviews would be and to test the interview guide. This interview lasted approximately 45 minutes; therefore one hour was allocated to each interview. The interviews lasted from 30 minutes and sometimes up to 2 hours. After the first few interviews the interview guides was further developed, as we became more familiar with the subject. While carrying out the interviews we took the advantage of being two researchers conducting this study. Both of us participated during all interviews where one was primarily responsible for leading the interview and focusing on the respondents observing their body language and tone of voice, while the other took as detailed notes as possible.

The interviews started with a briefing in which the purpose of the study was introduced and we asked for permission to take notes. Following, a few questions about the interviewees’ background and about the activities of their organization was asked in order to make contact and to try to make the interviewee feel more comfortable in the interview situation before questions requiring more reflection were asked. Most of the interviews took place at the interviewees’ offices or in a few cases at a café and in one case at the interviewee’s home. The interviews were conducted in three languages: 27 in English, 9 in Swedish and 4 in Vietnamese with the assistance of an interpreter. The interviews conducted in Swedish had to be translated into English, which implies some difficulties for the study; the wording will not be exactly the same translated into English and important details may be lost in translation and there is as well a risk of interpreting the interviews based on our own preconceptions. Since most of the interviews were conducted in English, there is also a risk of
drawing parallels when translating the interviews carried out in Swedish to concepts discussed in the interviews conducted in English, which might not be correct. We attempted to stay aware of these problems when transcribing the interviews to avert this possible bias. In addition, regarding the interviews conducted with the assistance of an interpreter we could not control if the translation was relevant to the questions asked and the answers given, which could have influenced the result of the study. To avert this danger we worked closely with our interpreter, who was well aware about the purpose of the study and what we wanted to achieve with the interviews.

When preparing the study before leaving Sweden we planned to record the interviews, however once talking to researchers in Vietnam we were advised not to record the interviews since that would make the interviewees, especially the Vietnamese authorities and CSOs, uncomfortable in the interview situation. In addition, when conducting the pilot interview with a Swedish-related company representative we also got to experience this being informed that we would receive different answers with and without the recorder. Therefore we decided not to record any of the interviews. By only taking notes there is a risk of missing out of some of the important information since it is not possible to write down everything said. It is also more difficult to get the exact quotes. We handled this by immediately transcribing the interviews after each interview while having the answers fresh in mind. While transcribing the interviews together, we discussed and complemented the content of the interview and when having different opinions regarding the meaning of something the respondent said the interviewee was again contacted to reduce the risk of misunderstandings.

Moreover, two interviewees were interviewed twice; Robert Yap representing Atlas Copco due to the restricted timeframe during the first interview, and Peter Cederholm representing Business Sweden, since we needed to follow up the first interview, where he was interviewed together with Mikael Johansson from the Embassy of Sweden, with more questions regarding his knowledge of Swedish-related companies in Vietnam. Most of the interviews, however, were conducted with one interviewee, but in some cases, such as the one mentioned above, the interview was conducted as a group interview with two, or as in one case, the interview with VGCL, with three interviewees. During these interviews the interviewees might influence each other’s answers, so the result might differ from the result of an individual interview. In this case, however, we experienced that the interviewees had different areas of responsibility and knowledge, and therefore, provided different and complementing insights.
In addition, when conducting interviews another issue to take into consideration is the problem of strategic answers meaning that the researchers only get to hear what the interviewees want them to hear (Halvorsen, 1992:89; McCracken, 1988:39). In order to handle this problem we were meticulous in explaining who we are, the purpose of the study and stayed aware of the roles we were to be given by the different respondents, being students from Sweden, a country with good reputation due to Sweden’s long history of development cooperation with Vietnam. Following McCracken's (1988:39) advice, we also avoided asking leading questions and asked the key questions more than once but in different ways. It is important to note however that this problem cannot be completely adverted.

2.3 Source criticism

In order to evaluate the authenticity and determine the credibility of answers given and written material, the sources used in this study have been critically reviewed inspired by Thurén’s (2005), four source-critical criteria: authenticity - the source must be what it purports to be, dependency - the source should not be a copy of another source, time - the time that have passed between an event and the sources description of it should be taken into consideration, and tendency - the source should not give a false picture of the reality or be biased. For example, well-known and established sources were used from the beginning, therefore, the empirical material can be seen as genuine, in the sense that they are reliable and actually are what they purports to be. However, regarding our statistical data, it was difficult to find reliable statistics in Vietnam. Therefore, the statistics used in this report have been carefully compared with well-known and reliable sources, which stand a critical evaluation according to the authenticity and the tendency criteria. In addition, it is important to bear in mind that the interviewees might have given us biased answers. By interviewing numerous respondents from different groups we did not strictly have to rely on the answers given by one single respondent, instead the study allowed us to control information provided with different actors. It is, however, important to keep these problems in mind when drawing conclusions.

2.4 Ethical considerations

To improve our ability to take important ethical considerations into account when conducting the study, we turned to the Research Council of Sweden’s ethical research guidelines, usually
summarized in four principal demands: giving information, collecting consent, keeping confidentiality and restricting the use to the research purpose (Vetenskapsrådet, no date:5ff). Taking these demands into account we, firstly, informed the interviewees about the purpose of the study and emphasized that their participation was completely voluntary. Secondly, all respondents were asked if we could publish their name, title and name of workplace in the thesis and were at the same time offered to be anonymous. Moreover, the interviewees were all offered to take part of their quotations that we were planning to use before actually using them. Thirdly, regarding confidentiality, all personal information beyond name, title and workplace was kept safe and was not shared with any external parties. Finally, the use of collected data was restricted to the research purpose and will not be used for other purposes.

When conducting research a conflict exists between the ethical demand for the protection of the individual, that individuals participating in the research should be protected from harm, and demand for high reliability (Kvale, 1996:115). In the study, two respondents were kept anonymous by their own choice and we kept the workers and one supplier representative anonymous in order to make sure that they would not be harmed from participating. This of course affects the reliability of the study. However, since the study aims at mapping out different actors’ understandings it is not necessary to show which worker or supplier that said what, only to gain an understanding of their respective perspectives. In addition, it is important to emphasize that the study does not intend to portray any of the participants in a bad light or criticize their actions, thus, when analyzing and discussing the empirical findings, we chose not to discuss individual companies per se but to keep the discussion on an overall level.

Last but not least we found it of importance to take into consideration how we handle our role as researchers (Vetenskapsrådet, 2011:43). Of course, the study is not driven by any private interests, but is conducted objectively per se, however, our prior knowledge and preconceptions regarding the subject could have affected how we conducted the analysis, since different interpreters could find different meanings in the same text or interview (Kvale, 1996:210). Following, we might have missed out on some important parts or put too much emphasis on less significant information. By being as detailed as possible regarding how the interviews and analysis were conducted and as clear as possible when presenting the empirical findings we hope that the readers can form their own opinion about the data and our use of these findings in the analysis and when drawing conclusions.
3. Theoretical framework

This chapter presents the theoretical framework that will be used to analyze and interpret the data in order to answer the research questions. A short introduction to CSR introduces the chapter, which is followed by a description of different theoretical approaches. First, the conventional views, the business and management approach and the stakeholder perspective, are described followed by a description of more critical perspectives. The chapter ends with an account for a critical view of CSR and development inspired by Idemudia (2008). In this chapter, we deliberately chose not to differentiate between previous research and theory. Instead, different and sometimes conflicting perspectives on CSR identified in previous research will be used to analyze and interpret the empirical data in order to gain a broader understanding of the phenomenon of CSR. Hence, theory will be used as theoretical tools allowing us to grasp the respondents' understandings of CSR with relevant concepts and to identify relevant themes that will be used to answer the research questions and to draw conclusions.

Traditionally business activities are organized and conducted for the purpose of making money for their owners and those who have invested in the company, the so-called shareholders. However, the emerging concept of CSR is founded on the premise that companies not only have a responsibility towards their shareholders but also to their stakeholders, which are affected by their activities. These stakeholders include suppliers and customers as well as employees and the environment. In other words, the concept of CSR implies that companies also have a responsibility for their environmental, economic and social impacts on the communities in which they operate (Katamba, et al. 2012). CSR has come to be increasingly important as a business strategy to provide financial returns for the companies. Today most business organizations have a top-management commitment and clear frameworks for their CSR initiatives.

3.1 Theoretical approaches to CSR

Looking from a business perspective, CSR is in itself a contested phenomenon that has gained much academic attention during the last half-century. Beginning with the work of Bowen
(1953) and Carrol (1979) many academics working within the field of business management have approached CSR as a business strategy, emphasizing that CSR should be perceived as an integral part of business activities (Katamba, et al. 2012; Sharp Paine, 2000; Stoner, et al. 2003; Kotler and Armstrong, 2006; Porter and Kramer, 2006). These researchers all link CSR to the competitiveness of a company concluding that CSR can be profitable from a business perspective, by making profit for the shareholders. In addition, some quantitative studies have investigated if companies with formulated CoCs perform better financially than companies without (Webley and More, 2003; Shen and Chang, 2008). In line with this research and arguments for integrating CSR in modern business and management, CSR has become a compelling business approach and tool.

Researchers within the business and management literature on CSR have mainly been focusing on business organizations as the object of their studies and while some researchers continue on this track others have also included the companies’ stakeholders as a part of their analysis. From this stakeholder’s perspective, the concept of CSR can be understood in a different way. This research is founded on the premise that companies do not operate in vacuum but are responsible to their stakeholders as well shareholders, which has come to lie at the very heart of the CSR agenda, driven by international actors such as the UN and OECD. With this research, economic theories about the “business case” for CSR have been complemented by various theories including stakeholder theory and legitimacy theory, which touch upon a central question on the CSR agenda, to whom are the companies responsible?

The concept of stakeholder theory was proposed by Freeman (1984:46) defining a stakeholder as “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. According to Clarkson (1995:106) stakeholders typically consist of two categories, primary stakeholders defined as “one without whose continuing participation the corporation cannot survive […]” including:

Shareholders and investors, employees, customers and suppliers, together with what is defined as the public stakeholder group: the governments and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and obligations may be due (Clarkson, 1995:106).

Secondary stakeholders are defined as “those affected by the organization, or who affect or influence the direction of the firm, but who are not directly involved in the company’s transactions” such as the general public, communities, business support groups, media and
activist groups (Clarkson, 1995:106). According to this perspective companies are involved in series of connections with stakeholders that managers have to manage since the stakeholders’ perceptions of the values created by the companies are seen as essential of the survival of the companies (Moir, 2001:8; Freeman, et al. 2010:24). For example, “the local community grants the firm the right to build facilities and, in turn, it benefits from the tax base and economic and social contributions of the firm” (Freeman, et al. 2010:25). Therefore, central to the stakeholder theory is the interaction between the company and its stakeholders.

Carrol (1991:42) identifies four components of CSR that can be understood in a pyramid shaped figure, which tries to explain why companies engage in CSR. The pyramid combines economic reasons for engaging in CSR with a stakeholder perspective (see Figure 1 below). Economic performance is the foundation that undergirds everything else, however it is not the only explanation. At the same time, companies are expected to obey the law, society’s manifestation of acceptable and unacceptable behavior. Business behavior is also expected to be ethical and at its most basic level entail doing what is right and never cause harm to the stakeholders. At the top of the pyramid comes the philanthropic responsibilities of the companies, meaning that companies are expected to be good corporate citizens and therefore, contribute to “financial and human resources to the community and to improve the quality of life” (Carrol, 1991:42). The four levels of the pyramid indicate the relative importance of the four components respectively.

**Figure 1: The pyramid of CSR**

According to Freeman (2010:44ff) there is a clear link between stakeholders and legitimacy. He argues that it is necessary for the success and survival of a company that the
company activities are seen as legitimate from the perspective of the stakeholders. Therefore, even though the company does not always agree with the demands and expectations of the stakeholders it can be beneficial for a company to invest time and resources on the stakeholders in order to gain legitimacy. Within the CSR literature, legitimacy has been defined by Suchman (1995:574) as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions”. Suchman (1995:586) also points out that “legitimacy management rests heavily on communication”, that there is a need for meaningful communication with the society in order for a company to obtain legitimacy. This legitimacy theory founded on the premise that legitimacy can be seen as a key reason why companies undertake CSR initiatives and thereby use CSR initiatives as a form of influence or publicity (Lindblom, 1994). Thus, by informing its stakeholders about the organization’s good intentions to contribute to development and to avoid causing any harm from its operations companies strive to improve performance (Ibid.). Companies can also use communication to distract attention away from issues of concern (Ibid.).

Based on the above discussion, it is clear that the stakeholder theory and the legitimacy theory can be regarded as overlapping and complementary theories. The stakeholder theory can provide an understanding of companies’ relationships with different stakeholders, while the legitimacy theory can give a further understanding of the strategies a company can use in order to legitimize the business activities towards their stakeholders. These theories combined can be used to identify implicit and explicit expectations about how companies should act on the basis of different stakeholder views.

3.1.1 Critical perspectives

Despite being widely accepted within the business and management literature and among practitioners (se for example Holliday, et al. 2002; PricewaterhouseCooper, 2008), the “business case” as a driver for CSR activities has been heavily criticized by a number of scholars. Fox (2004:31) claims that even though business face a series of external and internal drivers that together can generate a “business case” for CSR initiatives, “the attempt to demonstrate a general business case for CSR as an undifferentiated whole has been misleading and counterproductive”. The business case for particular actions differs along with various factors such as the company’s visibility, size, ownership structure, location and the structural environment in which it operates. As Fox (2004:31) points out:
At one extreme, a company operating in an area of high unemployment, weak trade union representation, under-resourced or corrupt labor inspectors, without an active civil society or media presence and supplying low-profile companies within long, complex supply chains, is likely to see limited business benefit from paying decent wages or investing in reasonable working conditions.

In addition, Fox argues that certain drivers are underestimated in the “business case” literature. As many of the case studies relate to business organizations that operate within strong regulatory frameworks, adherence to legislation is often taken for granted and not critically problematized. In many developing countries where legislation is weak, adherence is effectively voluntary (Ibid.:32). Hence, the business case for CSR only seems to offer a limited understanding of the drivers for CSR in developing countries. This criticism is shared by a number of scholars such as Idemudia (2008; 2011) and Utting (2003).

In line with this critique, other scholars argue that research within the frameworks of the stakeholder and the legitimacy theory rather seems to discuss the reputation and the legitimacy of the companies as a driver for engaging in CSR activities and for communicating these activities, than the actual responsibility of the business organizations (Jensen and Sandström, 2012). According to Jensen and Sandström, the strive for reputation and legitimacy does not necessarily have anything to do with the actual responsibility of the companies. For example, many companies clearly state in their policies or CoCs that their workers, should be paid according to the minimum wages regulated by law in the host countries. Although, as employers in many cases are aware of the fact that these wages are not enough to live on, referring to the legally regulated minimum wages is seen as a way to shirk their responsibilities (Ibid.:25). Jensen and Sandström explains this behavior by claiming that modern organizations are characterized by organizational processes that in fact hinder people from taking responsibility. When rules, routines and standards form the basis for decisions this is understood as a way to organize away moral responsibility (Ibid.:24). Hence, by following the established routine, to rely on the minimum wages regulated by law in the host country, the company is seen to have organized away their moral responsibility to pay fair wages. Moreover, the communication efforts of CSR activities are mainly directed towards stakeholders in the North, shareholders and consumers, where the company headquarters are usually based, and tend to overlook the stakeholders in the local communities abroad where companies operate (Idemudia, 2008).
3.2 Emphasizing the CSR-development nexus

The question whether business organizations do or do not contribute to development in less developed countries (LDCs) has been debated for years. Idemudia (2008) presents and critically evaluate different views of the relationship between CSR and development, which form the basis of this section and the theoretical framework of this thesis.

Proponents of the economic development school of thought often emphasize potential and actual benefit for the LDCs that occur from the establishment of multinational corporations (MNCs). FDI, employment, taxation and transfer of knowledge and technology are often seen as potential benefits (Idemudia, 2008). In contrast to this view, advocates of the “dependencia theory” critically argue that the form of development that MNCs promote disadvantage the people in the LDCs in favor for the people in the developed countries. They argue that by enshrining dependency LDCs are less likely to attain the same level of development that exists in the North (Wallerstein, 1974; Vernon, 1977; Evans, 1979 cited in Idemudia, 2008). With the re-conceptualization of development, the shift from a focus on economic growth to include social and environmental dimensions and concepts such as human development and sustainable development during the last decades, this debate has re-emerged within in the CSR discourse. In this context when businesses are seen as sources of development, CSR can no longer be seen as only means “by which business can mitigate the impact of the negative externalities that arise from its operations but also as means to contribute to sustainable development” (Idemudia, 2008:92). Even though, initially, CSR did not set out be a contribution to development it is now intertwined with the global issue of poverty reduction and development (Blowfield, 2004; 2005). As Vives (2004:46) points out “CSR by its very nature is development done by the private sector, and it perfectly complements the development effects of governments and multilateral development institutions”.

The shift in the CSR discourse towards more emphasizes on the linkage between CSR and development, calls for, as stated by Idemudia (2008), the management and business, and the stakeholder literature to be complemented by contributions from other disciplines such as the field of development studies. In this context Idemudia identifies three theoretical perspectives that have emerged during the last 10 years, the voluntary initiative perspective, the accountability school of thought and the enabling environment view, each offering insights of how CSR best can achieve development responsibilities.
The voluntary initiative perspective argues that government legislation should be limited to help to create conditions and incentives to encourage business good behavior and that voluntary initiatives best contribute to development (Idemudia, 2008:93). Creativity and leadership will, according to this view lead to a more positive impact than government regulation and legislation, which are seen to interfere with corporate freedom and hurt corporate profit and will therefore undermine efficiency and voluntary initiatives (Blowfield, 2004; Utting, 2005). The advocates for this perspective range from governments (e.g. the Swedish Government, see Ministry of Foreign Affairs, 2013a), business organizations such as the World Business Council for Sustainable Development (WBCSD).

The accountability school of thought stands in contrast to the voluntary initiative perspective founded on the premise that the logic of capitalist production and profitability structurally constrains CSR and that businesses will choose profitability over meaningful contributions to development (Welford, 2002; Frynas, 2005; Blowfield and Frynas, 2005; Idemudia, 2008). Following, voluntary CSR will not likely contribute to poverty reduction and development and are, therefore, seen foremost as a form of public relations. Scholars talk about “greenwashing” regarding environmental issues and “bluewashing” when companies through initiatives such as the UNGC seek affiliation with the UN (Jenkins and Newell, 2013). As a solution, the proponents of this school believe that binding regulations should hold business organizations accountable for their operations overseas in order for CSR to contribute to development. Thus, according to Frynas (no date:2): “The focus on voluntary, market-driven approaches to CSR has tended to underplay the role of public policy in securing responsible business behavior”. This view is shared by a number of scholars including Cuesta González and Valor Martínez (2004) as well as CSOs and has been criticized for failing to distinguish between regulations and their actual enforcements (Idemudia, 2008:29).

The third perspective is described by Idemudia (2008) as the enabling environment view, which calls for a need to integrate the voluntary approach with government regulation (Utting, 2003; Fox, 2004). At the heart of this perspective lies the idea of the enabling environment, which implies, according to Fox, et al. (2002:1): “a policy environment that encourages (or mandates) business activity that minimizes environmental and/or social costs and impacts while at the same time maintaining or maximizing economic gains”. Following, this perspective argues that the absence or presence of an enabling environment will significantly influence CSR activities. The public sector therefore plays an important role in
creating an enabling environment, not only for conventional mandating capacity, but also as a facilitator, partner and endorser (see Box 1 below).

Box 1: Public sector roles in strengthening CSR

| Mandating – laws, regulations and penalties and associated public sector institutions that relate to the control of some aspect of business investment or operations. |
| Facilitating – setting clear overall policy frameworks and positions to guide business investment in CSR; development of non-binding guidance and labels or codes for application in the marketplace; laws and regulations that facilitate and incentivize business investment in CSR by mandating transparency or disclosure on various issues; tax incentives; investment in awareness raising and research; facilitating processes of stakeholder dialogue. |
| Partnering – combining public resources with those of business and other actors to leverage complementary skills and resources to tackle issues within the CSR agenda – whether as participants, convenors or catalysts. |
| Endorsing – showing public political support for particular kinds of CSR practice in the marketplace, or for individual companies; endorsing specific metrics, indicators, guidelines and standards or award schemes, and ‘leading by example’, for example through public procurement practices. |


The enabling environment perspective has been criticized for failing to see the issues of mal-development and structural determinants that can undermine the ability of the government to ensure an enabling environment. As stated by Idemudia (2008:94) “it is common for governments in developing countries to lower environmental standards and taxes as incentives to attract FDI, both which have ramifications for CRS practices and their impact on development”.

Even though these perspectives each provide important insight on the CSR and development nexus, Idemudia (2008:95) argues that, these perspectives tend to neglect a number of critical issues:

1. The complexity and absence of consensual definitions of the concepts of “CSR” and “development”
2. The overemphasizes on corporate responsibility to the detriment of reciprocal responsibility and the importance of local context
3. Limited analytical focus in the research agenda

Firstly, various interpretations of development, as for example economic, social or human development, means that analyzes will have different expectations of CSR reaching different, sometimes contradicting, conclusions (Ibid.). Moreover, the absence of a consensual definition on CSR implies that scholars instead conjure up a definition of CSR that suits the aim of their studies and, therefore fails to consider the diverse concerns underpinning CSR.
(Blowfield and Frynas, 2005). Idemudia (2008:101) proposes the use of a distinction between business affirmative duties, “to contribute to development”, and its negative injunction duties as e.g., “to avoid contributing to underdevelopment via its operations or correcting developmental problems directly due to its operations” first made by Simon, et al. (1972). While “affirmative duties require the pursuit of moral and social good […] negative injunction duties entails avoiding and correcting social injury cases by the corporation” (Idemudia, 2008:100). Meeting the negative injunction duties is according to Simon, et al. (1972, cited in Idemudia, 2008:100), central to CSR obligations, by being the moral minimum all corporations must observe, while the commitment to promote affirmative duties can be expected in a varying degree. This distinction, can according to Idemudia (2008:101) “delimit the potential developmental benefits that can be expected from CSR”.

Secondly, because CSR has been analyzed mainly in terms of the responsibility of the corporations towards their stakeholders, the issues of reciprocal responsibility have largely been overlooked (Idemudia, 2008:97). In the context of developing countries, government failure has been acknowledged in the literature to increase the demand for business responsibility. For example, in oil MNC literature it is common to read that MNCs take on responsibility that should be within the domain of the government due to government failure (see for example Frynas, 2005; Eweje, 2006). However, according to Idemudia (2008:97f) the “delineation of responsibility between government and business is […] actually far more complex than is assumed in such studies” since specific local contexts make the boundary between business and government responsibilities fine. Thus, the focus on the responsibility of the corporation could have been appropriate when “do no harm” was the priority of the CSR agenda but with the shift in the CSR agenda to “demonstrate development” the issues of reciprocal responsibility can no longer be ignored (Ibid.). Besides, because of the complicated nature of issues of development, key institutions and factors “that affect developmental processes are way beyond the immediate control of businesses” (Frynas 2005, cited in Idemudia, 2008:98). However, analysts “often seem to fail to realise that insisting on the social responsibilities of business in no way replaces or displaces the social responsibilities of other stakeholders” such as the government (Solomon and Martin, 2004, cited in Idemudia, 2008:97). In addition, analyzes often fail to adequately problematize the specific context of developing countries, how this context affects what constitutes CSR and the impact on CSR activities from a local context perspective (Idemudia, 2008; 2011; Reed and Reed, 2004; Fox, 2004). Also, the role the companies play or are expected to play have an impact on what can be expected from the contribution of CSR on development (Idemudia, 2008:98).
Thirdly, the last shortcoming of exiting analyzes identified by Idemudia is the tendency to focus on outcomes, whether CSR meets its objectives, to the determent of the process of CSR and actual impacts of such initiatives for the intended beneficiaries. Thus the mainstream outcome-focus where success or failure is measured with regard to compliance with international standards such as the UNGC principles and the OECD guidelines, gives us very little knowledge about the CSR consequences for the intended beneficiaries, in whose name CSR is being conducted (Blowfield, 2005). Additionally, this mainstream research provides very little knowledge of how the CSR agenda is determined, enforced and made locally relevant (Newell, 2005). Hamann (2006) further argues that there is a tension between the universal expectations of CSR and the local opportunities and challenges as well as realities and priorities. This has occurred since the mainstream agenda has largely been driven by actors in the North thus mainly reflected the concerns and priorities of Western societies (Idemudia, 2011; Fox, 2004; Fox, et al. 2002). Fox et al. (2002) also argue that there are few mechanisms through which Southern actors are enabled to inform and influence the CSR policies and practices. Moreover, a research by the WBCSD (1999; 2000) suggested that CSR priorities differs from country to country and seems to depend on the perceptions of local needs. Therefore, the question: what CSR means in different local context remains unanswered. On the basis of these considerations scholars have called for a Southern CSR agenda (Idemudia, 2008; 2011; Fox, 2004; Fox, et al. 2002), where “local ethical [...] and social mores should guide the design and implementation of CSR rather, then the transfer of policies and practice’s from abroad” (Idemudia, 2011:5).

In summary, this critique to the mainstream CSR literature provides us with a better understanding of how to look into CSR and development. The definition of CSR and development, the reciprocal responsibility of the government and the private business sector, the local context in which CSR initiatives takes place and the actual impact of CSR for the intended beneficiaries are all factors that affects the outcome of a study of CSR and development. These critical aspects have been used to identify the research gap, that have left the question: how is international CSR standards perceived in a local context, that have been identified by, among others, Blowfield (2005), Idemudia (2008; 2011), from which this study proceeds and will be used to analyze and discuss the empirical findings of the study.
4. The Swedish policy for global development and Swedish development cooperation with Vietnam

In this chapter the PGD and the goals for the private business sector are further described in order to provide an understanding of what it is that can be expected from the Swedish-related companies according to the Swedish Government. The chapter ends with an historical overview of the Swedish development cooperation with Vietnam, in the context of the socio-economic situation, to provide a background and the institutional context of the study.

The basic objective of Swedish aid, to raise the living standard of the poor, was first established in the Government Bill 1962:100. This Bill has often been referred to as the Swedish “bible of development cooperation” and since then Swedish aid policy has changed little (Odén and Wohlgemuth, 2007). However, over the years, Swedish aid has been investigated, debated and evaluated, which has resulted in new government papers and policy directives. The development policy was last debated and renewed in early 2000, when the result of the Globkom investigation from 2001 led to the Government Bill 2002/03:122: “Shared responsibility: Sweden’s policy for global development”, which was approved by the Swedish Parliament in 2003 (Ibid). The aim of the PGD was to formulate a holistic approach to development and it laid out a framework for a cohesive and coordinated policy for contributing to equitable and sustainable development in the world. This objective should apply to all policy areas of the government and contribute to the fulfillment of the Millennium Development Goals (MDGs) (Government Bill 2002/03:122). Underlying the PGD is the notion that development is not dependent on one factor such as aid, but rather a number of interacting factors (Ibid.:17). With the PGD the basic objective of Swedish aid was changed for the first time since 1962 to "help create opportunities for poor people to improve their lives". Two perspectives were confirmed to permeate all parts of the policy, a rights perspective based on international human rights conventions and the perspectives of the poor (Ibid.:1). Solidarity was confirmed to be the major underlying motive for aid together with enlightened self-interest (Ibid.:19), which previously had been excluded from the aid debate. The enlightened self-interest implies that the government recognizes that Sweden has self-interest in assisting less developed countries, as poverty is a global challenge with consequences that affect all parts of the world. The Bill emphasizes the importance of a closer collaboration with actors in all sectors of society, including public authorities at national
level, local authorities and CSOs as well as the private business sector and the trade union
movement. Regarding the private business sector, the Bill suggests a closer collaboration for
example on “what enterprises can do to contribute to achievement of the Millennium
Development Goals and on issues relating to corporate social and environmental
responsibility” (Ibid.:55).

4.1 The Swedish private business sector and development

Trade has become an increasingly important strategy for Sweden's development cooperation; the trade related aid has increased over the last years (Björling, 2010:8), which is a reflection of the PGD where the private business sector is seen as a legitimate actor in development cooperation. Over the years, the PGD has been revised in several government communications to the parliament. The communications 2007/08:89, which lays out specific targets for the private business sector and 2011/12:167, which further describes the role of the private business sector in development and specifies what can be expected by Swedish companies, are the most relevant for this study.

The Government Communication 2007/8:89 states: “Through trade and investment, Swedish companies help to generate economic growth by way of increased employment, technology and knowledge transfer, and higher tax revenues” (Government Communication, 2007/8:89:24). In this communication the Swedish Government also emphasizes the need for an improved climate for trade and investments in developing countries, which would be beneficial for both local business and Swedish business interests. In order to contribute to this, the Government sets up a goal that specifies a variety of measures that the government needs to undertake in order to boost trade and investment in developing countries (see Box 2 below). Among these is the measure to promote universal standards, such as the UNGC principles and the OECD guidelines (for a further explanation of these concepts see section 4.1.1 and 4.1.2), since companies contributions to development are seen to be “strengthened where companies support and strive responsibly to adhere to international principles and guidelines governing areas such as basic working conditions, human rights, the environment, gender equality and the fight against corruption” (Government Communication, 2007/8:89:24). The Government Communication 2011/12:167 reassert these notions and takes this one step further by stressing that the government expects Swedish companies to act responsibly regardless of where they operate, by living up to international standards and
principles formulated for companies in the OECD guidelines and the UNGC principles. By, conducting their business activities based on these CSR principles, companies contribute to socio-economic development (Government Communication 2011/12:167:55).

Box 2: Goals for the private business sector and investments in developing countries

| Goal: A better trade and investment climate in developing countries that benefits both local business development and Swedish business interests |
| To contribute to the achievement of this objective, the Government intends, inter alia, to: |
| - prioritise initiatives aimed at strengthening political and judicial frameworks in developing countries and to intensify the fight against corruption. |
| - stimulate Swedish trade with developing countries within and through cooperation between the Swedish Trade Council, Swefund, the National Board of Trade, ISA, Sida and others. |
| - encourage observance of corporate social and environmental responsibility by promoting fuller knowledge of the principles embodied in the UN Global Compact and the OECD guidelines for multinational enterprises |
| - promote closer cooperation between policy areas to make full use of the initiative, experience and expertise of Swedish enterprises |
| - improve conditions for cooperation between government-sponsored development cooperation and the Swedish business sector, without however departing from the Swedish principle of non-tied aid. |
| - press for adoption by the EU of simpler and more development-friendly rules of origin. |

Source: Government Communication, 2007/8:89:25

4.1.1 OECD Guidelines for Multinational Enterprises

The OECD guidelines are non-binding recommendations for responsible business addressed to multinational enterprises. The guidelines are consistent with applicable laws and internationally recognized principles and standards, aiming at promoting positive contributions by multinational enterprises to economic, social and environmental sustainable development worldwide (OECD, 2011:3). The guidelines’ recommendations express shared values of the governments of about 40 countries from which “a large share of international direct investment originates and which are home to many of the largest multinational enterprises” (Ibid). The recommendation include areas such as: human rights, including for example article 23 in the Declaration of Human Rights stating that everyone has “the right to just and favorable conditions of work” and the right to “just and favorable remuneration ensuring for himself and his family and existence worthy of human dignity” (United Nations, no date), employment and industrial relations, environment, information disclosure,
combating bribery and corruption, consumer interests, science and technology, competition and taxation (OECD, 2011, for an overview of the guidelines see Appendix 8). Even though the guidelines are voluntary, the Swedish Government expects Swedish companies to follow them.

4.1.2 UN Global Compact Principles

The UNGC is a global UN strategic policy initiative based on ten principles in human rights, labor, environment and anti-corruption derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption, specially designed to apply to businesses. The framework asks companies to commit to align their operations and strategies with the principles and by doing so, “business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere” (UNGC, 2013a, for the detailed guidelines see Appendix 9). As of today, 163 Swedish businesses are aligned with the principles (UNGC, 2013b).

4.2 The Swedish development cooperation with Vietnam

The Swedish development cooperation with Vietnam has a long history; Sweden started to provide humanitarian assistance to Vietnam in 1967. In 1969, the diplomatic relations between Sweden and Vietnam formed as the Swedish Embassy was established in Hanoi. A large program of official development cooperation started soon thereafter (McGillivray, et al. 2012:5). Over the years, Sweden has been involved in many areas, “from the early years in health, humanitarian support, and forestry to research, human rights and democracy and anti-corruption in the later years” (Ibid.:3). In the 1970s, Sweden was the second largest ODA donor to Vietnam after the United States, the largest in the 1980s and the fourth largest in the 1990s (McGillivray, et al. 2012:18, for an overview of Swedish development assistance to Vietnam from 1975-2013 see Chart 1 below). In the early mid-1980s, Vietnam still experienced slow economic growth in the aftermath of the war. Economic targets were not reached and income poverty was high. In late 1986 an economic reform strategy, Doi Moi (“renovation”) was adopted, which enabled a transition into a market economy (Ibid.:34). As
the main donor, during the early years of Doi Moi Sweden played an important role supporting the reform.

Chart 1: Swedish development assistance to Vietnam, 1975 to 2013

Because of its over 40 years long support, Sweden enjoys a special relationship with the Government of Vietnam, which by Vietnamese officials have been described as “being supportive, influential, flexible and non-judgmental” (McGillivray, et al. 2012:72). This relationship has paved the way for Sweden, in the later years, to be involved in issues that are considered as sensitive in Vietnam, such as democracy, corruption and human rights (Sida, 2013). Vietnam was however in 2007 chosen as one of the countries that Sweden would phase out the bilateral development cooperation with. By this time, Vietnam had joined the World Trade Organization (WTO), shown an impressive economic growth along with poverty reduction and emerged as a lower middle-income country (McGillivray, et al. 2012:35; The World Bank, 2014). Vietnam’s rank on the Human Development Index (HDI), “an average measure of basic human development achievements in a country” (UNDP, 2013:4), improved every year since the 1970s and it was foreseen that Vietnam would reach most of the MDGs by 2015 (Sida, 2013). Following that decision, in 2009 Sweden changed its modality of development cooperation from traditional development aid to selective cooperation. Under the selective cooperation, catalytic support was given to partnerships between actors in Sweden and Vietnam, so called partner-driven cooperation (Ministry of Foreign Affairs, 2009:1). Between 2009 and 2013 support was also given to certain strategic initiatives targeting the promotion of human rights and democracy, including initiatives fighting corruption. Measure was also taken to contribute to a favorable investment and business climate, including creating a stable, democratic political environment by strengthening governmental institutions and the rule of law (Ibid.).
At the end of 2013, the phase out of the Swedish bilateral development cooperation was finalized (Sida, 2013). Sweden will however continue to support the multilateral development cooperation in Vietnam via international actors such as EU and UN (Mellander, 2013-11-04). From the Swedish side there is a strong desire to continue to deepen and broaden the close relationship with Vietnam, which is requesting Swedish knowledge, technology, and continuing close contact with Sweden. Despite the positive socio-economic development in Vietnam during the last years, a large gap in income equality still remains between the rich and the poor and urban and rural areas (McGillivray, et al. 2012:39). Hence, the establishment of Swedish companies in Vietnam is seen as an important step to continue the good relationship with Vietnam as well as for Swedish actors to continue to contribute to socio-economic development in Vietnam after the ODA has been phased out.
5. About Vietnam – the background information

Before continuing to the empirical findings it seems necessary to provide a short description of the context in which the study takes place. The chapter starts with a description of the political system and FDIs and ends with an account for the problem of the widespread corruption.

Vietnam is a communist one-party state where the only allowed party, the Communist Party of Vietnam (CPV), also leads the highly influential pro-government umbrella group of “mass-movements”, the Vietnam Fatherland Front (VFF), which among other things organizes and controls the trade union (Central Intelligence Agency, 2013). The Prime Minister heads the government while the president is the head of the state. The Government together with the President exercises the executive political power while the National Assembly exercises the legislative power. The National Assembly is, according to the Constitution, the highest organ of state power and the representative organ of the people, however have long lacked significant political influence. In reality, the overall political power is largely centralized among the three leaders: the President, the Prime Minister and the Communist Party Secretary General (Nguyen, no date: 1, Central Intelligence Agency, 2013).

Vietnam is divided into 58 provinces and 5 municipalities that have about the same status as the provinces, but are to a greater extent centrally controlled by the government. The provinces and municipalities are divided into districts, which in turn are divided into communes in rural areas or wards in urban areas (Tria Kerkvliet and Marr, 2004). Each province or municipality have a popularly elected council similar to the National Assembly, the People’s Council, that is accountable to the local people as well as the superior state organs, and a local executive organs, the People’s Committees, with the same structure being repeated also at the lower levels (see Figure 2 above). In addition, each municipality or
province has a number of departments that matches the ministries and ministry equivalent bodies (Utrikespolitiska Institutet, 2011).

The management of FDIs in Vietnam is shared among authorities on all levels. On the national level the relevant ministry is the Ministry of Planning and Investment and on the municipal/provincial level relevant authorities are the departments of planning and investment and the industrial zone authorities. The openness following *Doi Moi* resulted in an increased integration into the world economy and Vietnam became a member of the Association of Southeast Asian Nations (ASEAN) in 1995, the Asia-Pacific Economic Cooperation (APEC) in 1998 and the WTO in 2007 (Tran and Yoon, 2008:82, Kokko, et al. 2003:44). Today, FDIs in Vietnam are located throughout the country however mainly concentrated in some key industrial urban areas, 30 percent of the registered FDI in Vietnam is located in HCMC in the South and almost 20 percent in Hanoi in the North (Foreign Investment Agency, 2013a). The six poorest provinces, all in the north, only receive a few percent of total FDI (Ibid.; Kokko, et al. 2003:49).

The widespread corruption in Vietnam has a negative impact on the socio-economic development, experienced in all levels of the society (Norad, 2011:12). Some of the most corrupt sectors are the public administration, judiciary, police, education, and environment and land management (Martini, 2012:3f). The high level of corruption may be seen as one of the factors causing and sustaining the gap between the rich and the poor. In addition, the generally low wages and the widespread corruption in the public sector contributes to a situation where civil servants complement their low income with bribes in order to provide for their families (Jong, et al. 2010: 325).
6. Empirical findings

This chapter presents the results of the analysis of the interviews aiming at mapping out different understandings of CSR from the perspectives of the respondents. The chapter begins with a short introduction to Swedish-related companies in Vietnam, which is followed by a presentation of relevant themes that have been raised during the interviews. The chapter is organized according to the research questions, however, the purpose of the chapter is not to answer the research question but instead to be responsive to the interview answers and highlight themes that have been raised. These themes will be further discussed in the following chapter aiming at answering the research question using the theoretical framework. In order to process the empirical data we thoroughly went through the transcribed interviews and sorted out relevant themes from each interview answer, relating to the research questions. From the raised themes we were able to identify certain trends among the respondents’ answers, which also will be presented below.

Today, more than 50 Swedish-related companies operate in Vietnam with different forms of activities. The establishment of Swedish companies mainly occurred in three waves following three significant economic events (Cederholm, interview, 2013-11-05). The first wave came in the early 1990s following the Doi Moi economic reforms. Company X, Atlas Copco, Ericsson and IKEA were established in Vietnam during this period. The second wave came in the late 1990s, following Vietnam’s membership in ASEAN. New Wave Group was established in the end of this period. The third wave came after 2007 and Vietnam’s membership in WTO, NITECO was established during this period.

The Swedish-related companies are mainly located in the Municipalities of Hanoi and HCMC following the pattern of total FDI in Vietnam (see chapter 5, Foreign Investment Agency 2013b). Hanoi is considered to be the political center of Vietnam while HCMC is the economical center (Nguyen, interview, 2013-10-25; Nghiem, interview, 2013-11-13). Hence, many companies, including Swedish-related companies, chose to locate their country head offices in Hanoi and the main part of their activities in the South where it is considered easier to do business (Yap, interview, 2013-11-01; Steinbach, interview, 2013-11-08).
6.1 Swedish-related companies and CSR in Vietnam

“Swedish companies are generally active CSR-players. In my experience, Swedish companies are very serious when it comes to CSR” (Nguyen, interview, 2013-10-25). In Vietnam, Swedish companies are well known for being active in CSR and for their high CSR standards. They are also recognized and appreciated for being at the forefront not only in areas such as working conditions, environment and anti-corruption but also when it comes to product quality, safety, and modern technology (Nguyen, interview, 2013-11-14; Vu, interview, 2013-10-18). This view is commonly shared among the respondents:

Many Swedish companies have good business manners and high CSR standards, which facilitates growth and contributes to development in the right way. Swedish companies have higher standards than many other foreign companies; they follow the international standards and certifications no matter where they operate. In my opinion, Swedish companies are generally ethically aware (Cederholm, interview, 2013-11-05).

In Table 5 below, an overview of the companies’ compliance with international CSR standards, according to the representatives own descriptions and understandings of their CSR initiatives and activities, is presented, Following, each company’s CSR initiatives and activities will be briefly described.

Table 4: Compliance with international CSR standards and principles

<table>
<thead>
<tr>
<th>Company</th>
<th>UN Global Compact (UNGC)</th>
<th>OECD*</th>
<th>CSR initiatives/activities/CoCs**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company X</td>
<td>Member since 2000</td>
<td>Follows the guidelines distinctly</td>
<td>Supplier Code of Conduct, based on among others OECD guidelines, relevant ILO conventions regarding health and safety. Participates in various charity projects and events.</td>
</tr>
<tr>
<td>Atlas Copco</td>
<td>Member since 2008</td>
<td>Follows the guidelines distinctly</td>
<td>Business Code of Practice, based on UN International Bill on Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, OECD guidelines and UNGC principles. Supports various charity projects and events.</td>
</tr>
<tr>
<td>Ericsson Vietnam Co., Ltd</td>
<td>Member since 2000</td>
<td>Follows the guidelines partly</td>
<td>Code of Conduct, based on UNGC as well as a Code of Business Ethics.</td>
</tr>
<tr>
<td>IKEA Trading (Hong Kong) Ltd.</td>
<td>Member since 2004</td>
<td>Follows the guidelines partly</td>
<td>Code of Conduct – IWAY, based on UN Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work and the Rio Declaration on Environment and Development. Supports various charity projects and events.</td>
</tr>
<tr>
<td>New Wave Group Vietnam</td>
<td>Non-member</td>
<td>Follows the guidelines partly</td>
<td>Member of the Business Sustainable Compliance Initiative (BSCI), with a common Code of Conduct for all members, based on international standards such as the UN Conventions on Human Rights and relevant ILO Conventions.</td>
</tr>
</tbody>
</table>
**According to this definition companies following the guidelines distinctly base their CoCs on the OECD guidelines along with other international CSR standards. Companies follow the guidelines partly do not specifically refer to the guidelines in their business operations.**

**This column refers only the companies’ initiatives and activities in the Municipalities of Hanoi and HCMC. Focusing on socio-economic development, the description excludes environmental aspects of the companies CSR work.**

### 6.1.1 Company X

Company X is a larger heavy industrial company with its own production in Vietnam. The company also buys components from local suppliers. Company X, follow the UNGC principles and the OECD guidelines in their operations, both in their own factories and in their cooperation with suppliers, which is manifested in their supplier CoC. Anonymous 1 (Interview, 2013-10-21) believes that “fairness” should be the guiding principle for the company’s operations. Regarding the company’s CSR work, they mean that the work against corruption must be one of the main priorities in Vietnam because:

> Corruption overshadows everything else; it does not only affect how business is conducted, that many customers expects bribes in order for a contract to be signed, but also when it comes to CSR. For example, when the environment authorities come to inspect the factories, they expect bribes… You could pay them to make them compromise their principles and not to pay attention to real problems […] The same with the labor inspection… This is very problematic (Ibid.).

In the factories, working conditions, especially the workers safety and security are highly prioritized, “we want our workers to come to work safe and go home safe… Our workers often have big families to provide for and an employment at Company X shall provide a security for the workers as well as their families” (Ibid.). The company also works closely with their suppliers and provides training, expertise and audits to improve the working conditions and skills in order to ensure product quality, which is clearly visible in the factories: “At the factories, there is a distinguished difference in the working environment between the departments producing for us and departments producing for other clients, regarding for example safety procedures” (Ibid). In addition, Company X also participates in various charity projects and arranges different training programs and activities for students.
6.1.2 Atlas Copco

Atlas Copco in Vietnam is a technical consultancy company that sells their products on the local market, mainly to foreign companies. They also have customer service centers in two provinces in Vietnam (Yap, interview, 2013-11-01). Atlas Copco bases their operations on their business code of practice and put a lot of effort in their CSR work and their commitment to sustainable production:

> CSR is not only about business, it is about responsibility in the local communities where you operate… You want your business to grow but this should not take place at the expense of the local communities. CSR is one of the keys for sustainable productivity (Ibid.).

In 2013, Atlas Copco was ranked as one of the world’s most ethical companies. Since the company does not have any production in Vietnam their CSR work is mainly focused around their workshops – their customer service centers, regarding the working conditions:

> For us, safety always comes first… if a worker gets hurt, it means that we have not trained them enough. A problem in the safety is also a problem in the productivity; we have to provide accurate training for our employees (Ibid.).

Another priority for Atlas Copco is their staff, they try to take good care of the staff by paying fair wages and arrange sports and charity events, which “creates a sense of belonging, a value that attracts people to stay in the company” (Yap, interview, 2013-11-07). Instead of paying the minimum wages regulated by law, Atlas Copco hires a third party to provide analyzes of wages and living costs and base the wage levels on these results, which means that their wages are set higher than the minimum wages. The company also conducts internal CSR audits and provides CSR training for the staff. In addition, Atlas Copco provides scholarships to the ten most promising students at Hanoi University of Mining and Geology and supports local charity projects, for example an orphanage in HCMC and medical projects: “Alone one single company cannot do very much… but we do what we can to help the less privileged in the local communities” (Ibid.).

6.1.3 Ericsson Co., Ltd

Ericsson does not have any production in Vietnam but provides telecommunication equipment and services to the local market. Ericsson bases their activities in Vietnam, like everywhere in the world where they operate, on their CoC and their code of business ethics.
They are members of several CSR and sustainability related benchmarks, including the UNGC:

Ericsson has very strict policies regarding CSR, especially when working in less developed countries – you have to take responsibility for your own impact and local development issues, such as not to support child labor or corruption (Steinbach, interview, 2013-11-08).

Working in Vietnam, Steinbach believes that the work against corruption is one of their main CSR responsibilities:

There is corruption on all levels in the society… Ericsson has a zero tolerance when it comes to corruption, but when working with sub-contractors, for example when purchasing material, cars or drivers it can be difficult to control them (Ibid.).

Moreover, taking good care of their staff is another priority. Ericsson, for example, provides yearly raises, bonuses to their key workers and offer personal and professional development and career training. Also, by being active in a wide range of sectors, good employees have the opportunity to be transferred to other more challenging units:

In my experience, western companies, generally, manage their staff in a good way. When it comes to Ericsson, we, comparatively, might not have the best wages, but we provide a good working environment with good benefits to work in… for us, CSR is a business strategy, not only to attract customers but also to attract skilled staff (Ibid.).

6.1.4 IKEA Trading (Hong Kong) Ltd.

“In order to have sustainable business, you have to work actively with sustainability” (Kielak, interview, 2013-11-11). For IKEA sustainability is the foundation of their operations. In Vietnam, IKEA buys a wide range of different products from numerous suppliers. IKEA’s partnerships with their suppliers are based on their CoC, called IWAY. In order for a business contract to be signed the suppliers have to meet about 90 percent of the IWAY standard, the IWAY- Must standard, they then have 12 months to implement the remaining requirements: “Suppliers must meet the IWAY standard. Potential new customers are assessed in order to see if they have potential live up to our requirements” (Ibid.). For IKEA, their suppliers are seen as partners to grow with: “Step by step we want to be a better company and we want our suppliers to be better too” (Ibid.). “We form relationships with our suppliers, we grow together, it is a win-win partnership” (Chin, interview, 2013-11-11). This relationship is very important for IKEA since they do not own any factories in Vietnam and if the needs of the
customers can be met depends on the possibilities of their suppliers. Therefore, IKEA provides guidance, training, experience and capacity support to their suppliers in order to help them implement the IWAY. They also regularly audit their suppliers:

We audit our suppliers, but since we have so many suppliers and they in turn engage a large number of sub-suppliers, we cannot do everything on our own. Thus, the suppliers have to audit their sub-suppliers so that the whole supply chain can be traced (Kielak, interview, 2013-11-11).

Engaging the suppliers in the audits also helps to change their mindset when it comes to CSR: “They become more aware and committed to the IWAY” (Ibid.).

As a significant part of IKEA’s outsourced production in Vietnam involves natural resources mainly natural fibers their CSR work in Vietnam focus heavily on sustainable use of natural recourses and it is important for IKEA to trace the whole supply chain (Ibid.). IKEA also engage in charity projects, they support among other things an orphanage and have built a library at a school. They also offer a comprehensive leadership-training program Asia Pacific for local potentials (Ibid.; Chin, interview, 2013-11-11).

6.1.5 New Wave Group Vietnam

New Wave Group is a growth company that develops, designs and acquires brands and products in the sectors of gifts, home furnishing and corporate promo. In Vietnam, the company buys products from local suppliers. Working closely with their suppliers, New Wave Group base their cooperation on their CoC, including some basic social and environmental requirements, which their suppliers have to follow (Nguyen, interview, 2012-11-05). In Vietnam, their CSR and quality controllers regularly audit the factories. When it comes to the audits, the CSR responsible, for example, sends requirements to the factories, such as chemical tests that the suppliers have to conduct and report back. They also try to make sure that the suppliers follow the labor law, regarding minimum wages and overtime etcetera, but Nguyen sees some problem regarding this:

When the workers receive the minimum wages, they cannot live on it, it is not enough… as long as the factories follow the law, we are not involved in how they pay their workers… Regarding overtime, the factories find ways to go around the law, which is difficult to control (Ibid.).
6.1.6 NITECO Vietnam

NITECO in Vietnam offers a range of IT outsourcing services to customers abroad. Their main CSR initiatives and activities involve their responsibility towards their staff and the local society in which they operate (Niklasson, interview, 2013-11-13). Regarding their staff, NITECO arrange different activities, offer training and personal development and make sure to pay their staff decent wages: “The IT sector is generally well paid, but when you find the right people you need to pay them accordingly in order to keep them” (Ibid.). When it comes to their responsibility towards the society, NITECO support local CSOs helping children in crisis in Vietnam. For Niklasson it is important to involve their employees and clients in activities, such as charity events helping for example Vietnamese street children: “Involving the staff is not only about the activity to collect money it is also a way to change the attitude of people towards charity”, which previously among his staff mainly has been understood as something that only westerners do (Ibid.).

In addition, corruption is one of the biggest problem NITECO faces in Vietnam, both the external corruption in the society at large, and the internal corruption. The company works very hard not to engage in corruption but “the internal corruption is sometimes very difficult to detect… purchasers for example fabricate receipts in order to obtain some money to their own pockets” (Ibid.).

Summing up, from the statements above we can see that the respondents express a strong CSR engagement. Most of the companies are members of the UNGC and base their operations on international CSR-related standards. NITECO is the exception in this regard, which could possibly be explained by it being a relatively new and small company not working with industrial production or natural resources. The companies having their own production or employing suppliers base their operations on CoCs based on these CSR standards. Moreover, IKEA and New Wave Group use audits as a tool to control the suppliers’ compliance with the CoCs. Company X on the other hand uses audits primarily as a mean to control the quality of the products. We can also see that companies not having their own industrial production or working with suppliers, Ericsson and NITECO, have a different view on CSR mainly focusing on human resource management offering a favorable and invigorative working climate, while the heavy industrial companies, Atlas Copco and Company X, emphasize safety at the workplace as an important CSR priority. Regarding wages, NITECO, Atlas Copco and Ericsson, for different reasons, set higher wages than the minimum wages.
regulated by law. IKEA and New Wave Group instead leave the responsibility to pay the workers to their suppliers. Thus, from the interviews we can see that companies that are relatively small in Vietnam, such as NITECO and Atlas Copco, pay higher wages than the bigger companies, such IKEA and New Wave Group, employing local suppliers.

Most of the respondents also express a will to do good for the society by supporting the local communities. This will is manifested in the companies’ engagements in a wide range of charities as well as in their efforts to provide training and scholarships to local students. In addition, it is important to note that none of the interviewed respondents are aware of the PGD goals for the private business sector. Instead, drivers for conducting CSR are identified as economic reasons, for example to attract customers and also staff, and the will to do the right thing by doing something good for the society and environment.

6.2 Conducting CSR in Vietnam – opportunities and challenges?

This subchapter will account for the respondents representing the Swedish-related companies’ and the trade promotion agencies’ understandings of the opportunities and challenges for conducting CSR in Vietnam and starts with a short description of the business environment, the context, in which the CSR initiatives and activities takes place. When referring to ”Swedish-related companies” or ”companies” in this chapter, we are referring only to the companies participating in the study; we do not claim to generalize the results to all Swedish-related companies in Vietnam. The same applies for “authorities”, “CSOs”, “suppliers” and “workers”, when referring to these actors we are only referring to the ones we actually have interviewed.

“The procedure for establishing a company in Vietnam is very complicated” (Cederholm, interview, 2013-10-09). In order for Swedish-related companies to engage in CSR in Vietnam they first of all have to be established in the country. However, just as expressed by Cederholm, among the trade promotion agencies there is a general view that the process to establish a business in Vietnam is very complicated, due to bureaucracy, intricate regulations and difficult relationship with the local authorities:

Vietnamese authorities say they want companies to establish here, but they sometimes seem reluctant to allow it. There are different views whether the Vietnamese government really wants to attract FDIs
or not… it is a split issue. This may be due to different agendas and interpretations, for example on ministry level (Ottosson, interview, 2013-11-12).

These experienced difficulties in establishing a business in Vietnam, Cederholm (Interview, 2013-11-05) believes, may hinder many Swedish-related companies from making major investments in Vietnam. Instead, the companies only establish representative offices, where they, by law, only are allowed to promote their business and not to conduct revenue-generating activities or enter into contracts with domestic companies and organizations. Ottosson (Interview, 2013-11-12) adds that the companies with representative offices do not pay tax:

The Vietnamese authorities want to control certain sectors and do not want foreign companies to establish in Vietnam. Instead, some companies establish representative offices that do not pay tax […]. One example is the pharmaceutical industry; it is very hard for pharmaceutical companies to establish something more than a representative office here. One pharmaceutical company has over 200 employed, but it is only a representative office…

The respondents further describe how the difficult relationship with the authorities and the bureaucracy causes many problems for companies, which persists after the establishment of a sales business or production. Cederholm (Interview, 2013-11-05) gives one example of how this turns out in practice: “[…] the relationship with the authorities… companies need to have big administrative units… maybe ten times bigger than in Sweden because of all the paperwork you need to have in order for the authorities”. The Swedish-related companies’ representatives share this view: “The contact with the government is very complicated, they trouble us […] they always try to find something to complain on. It is difficult” (Nguyen, interview, 2013-11-05).

The discussion above provides an understanding of the context in which the companies CSR activities and initiatives takes place. Following, the opportunities and challenges for working with CSR in Vietnam, experienced by the respondents will be further described. During the interviews with the company representatives, when talking about CSR and its opportunities and challenges most of the respondents see the opportunities as limited and instead emphasize experienced challenges. These challenges can be organized into four themes, after which the following section will be organized:

- The complex legislation, the poor compliance and the weak law enforcement,
- the difficulties in working with CoCs,
- corruption and;
the weak role of the trade union

Starting with the difficulties regarding the law, several of the respondents emphasize that the Vietnamese legislation is very complicated and sometimes also contradictory since many laws and regulations cover the same things (for example Niklasson, interview, 2012-11-13). Working with CSR and CSR-related issues, such as working conditions, wages and environment the complicated legislation makes it very difficult for companies to comply with the different laws and regulations: “The laws are not clear - companies need help to understand the law and how to follow it” (Le, interview, 2013-11-07). Thus, the complicated laws makes it difficult for both foreign and domestic companies to comply (Nguyen, interview, 2013-11-12). This problem, goes hand in hand with the weak law enforcement and complicates the Swedish-related companies’ relationship with their suppliers:

About 80 percent of our CoC is already covered by laws […] there is a need for clearer laws since they are sometimes difficult to interpret. Today the law is not followed, the law enforcement is weak […] if they [the suppliers] would follow the laws, there would be less problems (Kielak, interview, 2013-11-11).

Since 80 percent of the CoC requirements are covered by the national legislation, if the suppliers would follow the laws the Swedish-related companies could focus on, as in IKEA’s case, the 20 percent of the requirements that is not already regulated by law.

Moving on to the second theme, the difficulties in working with CoCs, both company representatives and the trade promotion agencies’ representatives points out some experienced difficulties regarding the implementation of the CoCs in the supplier factories, these can be summarized into three main problems: the lack of knowledge and understanding, the cost of implementation and the need to conduct audits. Firstly, many respondents experience a lack of knowledge of CSR and why it is important to implement CoCs, which complicates the implementation process:

It is not always easy to work with suppliers and CoCs. It is impossible to find suppliers whom can meet all our requirements from the beginning. There is a knowledge gap, and the awareness of CoC and CSR is not always good […] IKEA has to work with them, to change their mindsets […] if they want to work with us they have to meet IKEA’s criteria – but it is a long process (Kielak, interview 2013-11-11).

The lack of knowledge is also understood to affect the suppliers’ attitude towards the CoC:
The problem [regarding the poor implementation of the CoCs] is that the factory management, do not take it seriously; they do not think it is important. It is about their attitude towards it. Companies [suppliers] think they will have pay lot of money for the implementation of the CoC, so the perceived cost of implementing CoCs might be one of the reasons for the poor implementation (Nguyen, interview, 2013-12-04).

This lead to the second problem with the CoC: the cost of implementation, which makes it difficult for the Swedish-related companies to find suitable suppliers that are willing to invest. The cost of implementation and the lack of knowledge together constitute a twofold problem; when the suppliers do not understand why CSR is important to implement they see no reason for investing:

The suppliers see it as a cost… as additional requirements […] IKEA wants to support the suppliers but everyone needs to be a part of the process. IKEA cannot handle this alone, it is about ‘mindset and commitment’ […] When the suppliers understand [the importance of the CoCs] they will also understand that it is worth the investment (Kielak, interview, 2013-11-11).

However, some of the respondents begin to see a change in the suppliers attitudes towards CSR and the CoCs emphasizing that some suppliers start to think about sustainability and see things they like in the CoCs and even start to develop their own (Kielak, interview, 2013-11-11). Mai (Interview, 2013-10-30) also adds that supplier start to understand that if they want to compete for orders from the MNCs they have to comply with the international CSR standards. Regarding the third problem raised with the CoC, the Swedish-related companies experience a need to conduct audits in the factories in order to make sure that suppliers comply with the requirements:

It is difficult to get their commitment to be owners. IKEA wants their suppliers to take over ownership of the implementation of the IWAY standards in their own factories. As soon as they understand the benefits of the standard instead of doing it for IKEA they start doing it for themselves, which makes it much easier to achieve good and stable results. However, we have to check compliance – it is important, in this part of the world […] but we do not want to be the police – we want to develop sustainable partnerships with the suppliers (Kielak, interview 2013-11-11).

Another company representative expresses the same problem: "If we do not visit the factory, we will not know what is happening there […] they will not tell you about the problems in the factory” (Nguyen, interview, 2013-11-05). However, checking compliance can be tricky, meaning that companies have to be very creative:
Transparency is important… working hour records are not always right… then we have to investigate. The employees are not allowed to work 7 days a week, and no more than 60 hours a week. For example we can look at the electricity bill to see if that is true… the energy use should be lower on a Sunday (Kielak, interview, 2013-11-11).

Regarding the third theme: *corruption*, all Swedish-related company representatives and the trade promotion agencies’ representatives emphasize the issue of the widespread corruption as one of the main challenges for conducting CSR in Vietnam: “Corruption is a part of the society” (Ottosson, interview, 2013-11-12) and “is very systematic, the whole system is built on corruption” (Niklasson, interview, 2013-11-13). Most of the interviewed company representatives stressed that they have strict zero tolerance policies against corruption, in line with international CSR standards. However, the widespread corruption makes it difficult for companies to comply with these policies:

Every employee must be registered at the social insurance department at the district level – you get frustrated when you have to go back and forth seven times in one day to fix small inaccuracies in the paper work pointed out by the department staff, being aware that if you would have paid from the beginning you would have got it right the first time (Niklasson, interview, 2013-11-13).

One company’s representative, working in sales and production, highlights how corruption also makes it difficult to compete for orders on the local market:

It is difficult to get contracts and large orders in Vietnam because many buyers expect companies to compete for them… those who pay the most get the orders. It is difficult to compete with other companies who are willing to pay (Anonymous 1, interview, 2013-10-21).

Additionally, one company representative also sees how corruption gets in the way of charity work:

Different authorities have contacted us regarding charity projects […] Most of the times we have to say no because we have very strict policies regarding charity, and we want to know where the money goes. The money usually disappears on the way. Instead of giving money to the authorities we ask what the projects aim to do, and we will get it done on our terms and pays for it. It is a way for us to make sure that the money actually goes where it is suppose to go […] Sometimes the authorities do not want our help when we want to do it on our terms […] one might ask if the money ever was supposed to go to charity… (Anonymous 1, interview, 2013-10-21).
Regarding the last theme raised during the interviews, the trade union, that by law has to be represented at all workplaces employing more than five workers, it is considered problematic that it is not independent:

In Vietnam the trade union is a governmental body. It has a weak role in intervening or protecting the workers, especially in private and foreign companies […] Local trade unions usually do not have a representative from the workers, in many cases it is made up by the management board; the boss, and the government (Nguyen, interview, 2013-12-04).

Summing up, in this subchapter, the opportunities and challenges for conducting CSR in Vietnam have been mapped out from the perspectives of the interviewed representatives from the Swedish-related companies and the trade promotion agencies. First, we have seen how the companies CSR initiatives and activities takes place in a difficult business environment. We have also seen how the respondents identify a number of challenges linked to contextual factors: the complicated legislation, the poor compliance and the weak law enforcement, the difficulties in working with CoCs, corruption and the weak role of the trade union.

6.3 Local perspectives on Swedish CSR initiatives and activities

This subchapter will account for how the respondents representing the local perspective, local stakeholders and relevant actors working with CSR, experience the Swedish-related companies’ CSR initiatives and activities.

We want companies from Northern Europe, including Swedish companies, to establish here because they have a good conscious. The usually try to do good and stay on a long-term basis and not short-term as companies from some Asian countries… which are also the companies that most often violates the law… Swedish companies generally follow the law (Anonymous 2, interview, 2013-11-20).

“Swedish companies are very good, they offer good working conditions compared to companies from other countries” (Nguyen, interview, 2013-11-14). As these two quotes, both from local government representatives, show Swedish-related companies generally have a good reputation among the local authorities. During these interviews the opinion that Swedish companies are very prominent when it comes to CSR in comparison to companies from many
other countries were usually raised. One trade union representative stated that in his experience, Swedish-related companies provide good working conditions and follow the law:

There are a large number of labor disputes in Vietnam, over 80 percent of these strikes occur in the FDI sector. It often takes place at companies coming from Taiwan, Korea, China and Japan. There are very few, almost no strikes at the Swedish companies, since these companies usually follow the law and provide very good working conditions (Le, interview, 2013-11-19).

This view is also shared by some of the suppliers stressing that the requirements from Swedish-related companies like IKEA differs a lot from the requirements of companies from other countries: “IKEA have very high requirements, but the buyer from France only wanted to see a pilot product [...] when the product lived up to the quality standards they placed an order without further requirements” (Carlsson, interview, 2013-11-07). Swedish-related companies are also recognized for putting a lot of effort into improving the working conditions in their supply chain by, for example, working together with CSOs, such as BSCI and Better Work and local CSR consulting companies. This according to Weiss (Interview, 2013-12-12) shows the companies’ good intentions. Weiss also describes a gradual shift, where some companies start to see CSR as something normal, something companies should do, which means that, for them, their reputation is not the only driver for engaging in CSR. This shows that companies are starting to recognize their responsibilities (Ibid.). However, Weiss together with other respondents still believes that reputation and expectations from home are the main drivers for engaging in CSR (Ibid.; Beranek, interview, 2013-10-23).

Regarding the CoCs the respondents have many different opinions and raise both advantages and more critical aspects. Generally, the opinion is that Swedish-related companies’ CSR efforts and CoCs are beneficial for Vietnam and the problems identified do in general not regard the concept of CoCs but rather how they are implemented and what they include and exclude. The following section begins with a description of raised advantages followed by a description of the more critical aspects.

“CoC are usually a good standard, it is good for the workers to ensure their rights, benefits, health and safety” (Nguyen, interview, 2013-11-12). Suppliers and workers describing how Swedish-related companies’ CoCs have changed their working environments also share this view:

Our workshop is cleaner and safer… However generating a lot of paper work for the managers, the CoCs are good for the workers… The procedures in the factory are clearer and it is easier for new
employees to learn our system… and the storage is better organized (Worker 1, interview, 2013-11-29).

“Company X really prioritizes their workers safety… safety comes first then quality” (Worker 3, interview, 2013-11-29). Other respondents also emphasize potential spillover effects, when the buyers CoCs are implemented in the supplier factories: “CoCs can make a real change to the better in the factories and help to change the mindset of the factory managers… to make them understand how important CSR is for sustainable production and long-term profits” (Kieu, interview, 2013-11-06).

While, acknowledging these possibilities the respondents also highlight some more critical aspects of the CoCs. Firstly, regarding previously mentioned potential spillover effects, Anonymous 4 (Interview, 2013-11-29), a local factory manager describes:

The workshop [a department within the factory] where we produce for Company X is very different from the other workshops in the factory. There, we have invested more in machines and modern technology to produce high quality products. The working conditions are also different in this workshop; the workers have protection helmets and glasses, which workers do not have in other parts of the factory.

This quote can highlight a positive change, that working conditions have improved, but on the other hand it can be used to show how, even though this supplier have been working with Company X since 2006, the safety procedures not have been implemented in other parts of the factory. Hence, the potential spillover effect can be questioned.

Secondly, CoCs are, in many cases, seen as something coming from abroad that is forced upon the suppliers as something they have to do to compete for orders from foreign buyers:

CoCs could mean so much more but the way it is introduced is more like this: ‘This is what we expect of you, you need to follow this and we will send an auditor to check that you do so… and if you do not comply you might get a second chance, but failing again - you are out’ (Beranek, interview, 2013-10-23).

The problem raised here is that “companies conduct audits to check compliance but the suppliers do not really understand why CoCs are important” (Nghiem, interview, 2013-11-13). Indeed, many of the respondents point to the fact that there is a widespread lack of knowledge regarding CSR and why it is needed and that the mindset, therefore, is different in Vietnam: “Generally in Vietnam CSR is something new, it is seen as charity, something that Westerners do, it is not about responsibility, the mindset is different here” (Ibid), and:
“Suppliers comply with the CoCs because the foreign companies want them to do so, but they do not understand why or how” (Nguyen, interview, 2013-11-06). Two CSO representatives express similar concerns:

Some managers only see the short-term profit and do not want to spend money to implement the CSR standards. They do not want to invest in working conditions. The managers need to understand why CSR is important… The buyers have to engage in a dialogue and take responsibility for this (Anonymous 3, interview, 2013-11-07).

Audits are like a test, say an English test. You can get a good grade on the written test even if you do not speak English – then what is the point? This is the case with the CoCs, it is just about complying […] when the auditors come, so that the buyers are happy, otherwise it is just business as usual until there is a problem… It is not a participatory process and the suppliers lack real understanding (Nghiem, interview, 2013-11-13).

Hence, conducting audits is not understood to be enough:

Auditors are like the police, suppliers are forced to comply with the rules, so they fix the problems and make everything good when the auditor comes, but when the auditors leave, things go back to normal. So, there is no real CSR, it is a grandstand. There is no sustainability; it is done for the buyer not for the factories, not for sustainability (Kieu, interview, 2013-11-06)

In addition, there is also a possibility that the auditors may be corrupt. According to Carlsson (Interview, 2013-11-07), in his experience, some auditors may for example expect a gift before approving one factory, which is a problem for sustainable implementation of the CoCs.

In order for the suppliers to increase their knowledge about CSR and why it is important the interviewed CSOs all suggest that the buyers should support them during the implementation process, help to build capacity and engage in a dialogue to develop a mutual understanding of CSR and what it means in a local context: “Factories do not have CSR departments, they lack resources and skills… therefore, they need assistance and training” (Nguyen, interview, 2013-11-06). Nguyen (Interview, 2013-10-25) adds: “98 percent of the Vietnamese companies are small and medium sized enterprises (SMEs), they lack resources and need support in capacity building to learn and to implement the CoCs”. This criticism is directed towards foreign companies in general, however, during the interviews some of the respondents emphasized how this also applies for Swedish companies. In contrast, other respondents, including the suppliers meant that they did receive training from their Swedish buyer, IKEA, during the implementation process (Nhuong, interview, 2013-11-29).
Anonymous 4 (Interview, 2013-11-29) also told us that their factory every year receive training from Company X focusing on the workers safety and product quality.

Thirdly, many of the respondents also raise the cost of implementing the CoCs as a main issue. As Nhuong (Interview, 2013-11-29) described, her factory did receive training to implement the CoCs but she considered the cost to be the main obstacle for implementation:

It is not only about the cost to change the work environment in the factory, it is also the cost to supervise the suppliers, to make sure that they also live up to the IWAY requirements... It is also difficult and takes time… It is very costly.

Other respondents agree: “In order to live up to the IWAY standard, factories might have to prepare up to one year before they can deliver the first product, this is very costly” (Carlsson, interview, 2013-11-07). Several respondents also stressed the need for financial assistance to implement the requirements:

It is difficult for factories to finance the requirements. Factories often have old and bad machinery and do not have enough money to buy new. New machineries would improve working conditions and make production more efficient, but the factories need help to finance this change (Le, interview, 2013-11-07).

Fourthly, many local factories supply a number of foreign buyers. Most of these buyers have their own CoCs, which the factories have to implement: “Different buyers come with different CoCs and other requirements. This is both confusing and expensive for the suppliers to implement” (Kieu, interview, 2013-11-06). As a consequence, in Beranek’s words:

Vietnamese companies are often struggling with a variety of different CoCs. There are usually small differences between different buyers different CoCs but they cost a lot of money. Suppliers with different buyers, for example a textile producer producing for, let say, brand A, B and C, have to deal e.g. with the fact that they [the buyers] have different opinions regarding where fire extinguishers should be placed. One buyer wants it on the left hand side and the other instead wants it on the right hand side… This is definitely not supportive to a sustainable up-take of good practices by local enterprises and might bring them also in conflict national regulations (Beranek, interview, 2013-10-23).

Fifthly, many foreign companies, including Swedish-related companies, only engage with some of their suppliers on a short-term basis, to cover order peaks. This is seen as problematic both because of the cost to implement the CoCs and the efforts needed to prepare
for the production, including training the staff (Nhuong, interview, 2013-11-29) and leads to a situation where the CoCs are not implemented in a sustainable way:

A problem is also the short-term investments; big companies employ Vietnamese companies on a short-term basis. Then the suppliers do not implement the CoCs for real, it is just during the time the investors are there. When they leave, so does the CoCs, it is not sustainable (Nguyen, interview, 2013-11-06).

The CoCs are kind of forgotten when the buyer leaves… when a new buyer comes most likely they bring a new, slightly different set of requirements […] This is not really how one can change corporate behavior and substantially improve things […] In this way, there is still rather poor corporate responsibility understanding seen in the long-term (Beranek, interview, 2013-10-23).

Sixthly, the Swedish-related companies’ CoCs are generally very strict regarding overtime (for example Nhuong, interview, 2013-11-29). According to the respondents, this both has advantages and disadvantages. Worker 1 (Interview, 2013-11-29) describes how the rules regarding overtime changed when the factory started the cooperation with IKEA: “After IKEA came, we do not work overtime anymore, now we have more stable working hours. We do earn less then we used to do, but since we do not work overtime we have more time to spend with our families”. Carlsson (Interview, 2013-11-07) adds:

Because the workers cannot work overtime, it is difficult to cover order peaks. Also, IKEA does not like short-term contracts, so you cannot hire extra staff during these peaks. Since the orders come and go unevenly, it is difficult to handle this […] Another problem is that many workers come to work for a few months, to save money and then go back home. They want the extra hours and if you cannot offer overtime, it can be difficult to attract workers.

Lastly, the CoCs tend to be rather vague on several issues such as wages, collective bargaining and freedom of association, which are considered as sensitive, but nevertheless remain of high importance (Beranek, interview, 2013-10-23; Nghiem, interview, 2013-11-13). This is confirmed by some of the suppliers stating that neither Company X nor IKEA have any requirements regarding the wages except that the suppliers pay the minimum wages regulated by law (Anonymous 4, interview, 2013-11-29; Nhuong, interview, 2013-11-29). Additionally, as pointed out by Beranek the price the buyers pay for the products seems to be more important for the buyers than making sure that the workers earn decent wages:

There is a high competition between the suppliers and foreign companies choose the cheapest alternatives and impose their CoCs on the suppliers. Paying realistic living wages however seems not to be the top priority in many cases (Beranek, interview, 2013-10-23).
In line with this way of reasoning, many respondents emphasize that even if many Swedish-related companies do pay the minimum wages regulated by law this is a problem since: “The minimum wage is too low, it is not enough to live on. Companies blame the law, saying that it is not their responsibility... they just follow the law” (Nghiem, interview, 2013-11-13).

Regarding collective bargaining, freedom of association and other rights that workers have, because of the weak role of the trade union foreign companies in general, including Swedish-related companies, are criticized for not doing enough to make sure that these rights are fulfilled when the trade union fails to express the interests of the workers.

Moreover, another criticism that has been directed towards MNCs, which also applies for Swedish-related companies, is the outsourcing of not only the production, but also other services: “Agents and brokers are employed as middle hands as service providers for example providing raw material” (Beranek, interview, 2013-10-23) this makes the supply chain very difficult to control. Carlsson (Interview, 2013-11-07) also mean that the use of middle hands is a way for the companies to “outsource” corruption, for example when dealing with the customs that often demand unofficial taxes: “The customs officers are very corrupt; it is very difficult to get your products out of the country without paying bribes. Hence, many companies employ middle hands so they themselves do not have to deal with the corruption”. In addition, some companies also hire middle hands to take care of their paperwork that needs approval from the authorities, another situation where corruption frequently occur for the same reason (Steinbach, interview, 2013-11-08). This behavior can be understood to be a way for companies to outsource their responsibilities, but according to Beranek (Interview, 2013-10-23) “[...]outsourcing responsibilities should mean that someone else is taking it over, but nobody does. It is the companies’ very responsibility and it cannot be outsourced”.

Summing up, this subchapter has accounted for the respondents’ representing the local perspective understandings of the Swedish-related companies CSR efforts mainly focusing on the CoCs. Generally, many of the respondents see the potential benefits CSR and the CoCs can bring and the problems identified regarding CoCs do, in general, not regard the concept of CoC but rather how they are implemented and what they do or do not include. In addition, the local government officials emphasize the benefits with Swedish-related companies’ CSR efforts, while CSOs, suppliers, workers and other local actors working with CSR, also question these efforts and see potential for improvement. This difference could possibly be explained by the fact that the authorities do not work very close with foreign companies or
local suppliers and are, therefore, not as familiar with the problems. The CSOs in turn, and local actors working with CSR, work closely with foreign companies and local suppliers, and probably direct most of their resources towards the factories experiencing the most problems.

6.4 Understandings of CSR and development

After conducting the interviews we can see that the respondents have many different, and sometimes conflicting, understandings of CSR and development. This subchapter will describe these understandings by presenting relevant themes and different views on these themes.

Foreign investors contribute to development with technology transfer and capital from other countries and by creating job opportunities. FDI helps to increase the export and contribute to the state budget. Foreign companies also affect domestic companies’ effectiveness by technology transfer and training (Nguyen, interview, 2013-11-20).

"The economic situation in Vietnam has improved over the last 10 years… however, Vietnam is still a developing country, it is important to attract foreign investments to improve the economy" (Dang, interview, 2013-10-18). This view is shared by many of the local government representatives emphasizing that investments are foreign companies’ main contribution to development in Vietnam. Investments are not only seen to strengthen the local economy, but also to improve the infrastructure: “[…] there is a need of more investments to build the infrastructure, which is most urgent… Vietnam needs roads, schools, hospitals and other public goods” (Ibid.), “foreign investments are important for all sectors to contribute to welfare and to improve the standard of living” (Nguyen, interview, 2013-10-25). An example of this is that some industrial parks North of Hanoi have developed into smaller cities, where foreign companies have help to build houses for workers, schools, shops etcetera (Nguyen, interview, 2013-11-14). Bin Duong province, one neighboring province to HCMC, is another example where an industrial park has developed into a city: “Before foreign companies came the area was very poor. Today it is a city with a capacity of 10 million people, the city is also getting their own subway” (Carlsson, interview, 2013-11-07). The FDIs, however, are unequally distributed over the country:

Many foreign companies invest in Hanoi and HCMC because they know that the infrastructure is good. It is hard to invest in the middle of the country, the weather is one obstacle but the main
obstacle is the lack of infrastructure. The North and the South are richer parts than the middle of Vietnam, and to reach a more even development more investments are needed in the middle parts of the country (Dang, interview, 2013-10-18).

FDIs also contribute to a significant part of Vietnam’s tax revenues and to Vietnam’s total export:

Tax revenues from FDIs are very important for Vietnam; it stands for a large part of the total tax revenues, about 25 percent and for more than 50 percent of Vietnam’s total export. The figures tell us exactly how important the FDIs are for Vietnam’s economy (Vu, interview, 2013-11-15).

The understanding of the importance of paying tax is also recognized by some of the Swedish-related company representatives: “by paying tax to generate revenues to the state companies can contribute to development” (Steinbach, interview, 2013-11-08). However, as mentioned above, some Swedish-related companies only establish representative offices in Vietnam. Whether it is about the difficulties in establishing a business in Vietnam (see subchapter 6.2) or if it is a deliberate choice, the impact is the same – the companies escape paying taxes. Even if companies establish more than a representative office and try to pay taxes, the bureaucracy and corruption makes it complicated: “You cannot pay tax unless you get your papers in order… if you do not get it right – they will fine you… but they do not want to accept your papers… this makes it difficult to pay tax” (Niklasson, interview, 2013-11-13). To complicate the situation even more the government reduces taxes as an incentive for foreign companies to establish in the country (Vu, interview, 2013-11-15). Thus, these factors together limit the companies’ possibility to contribute to the tax revenues.

Another contribution emphasized by the local government representatives is the creation of work opportunities (Dang, interview, 2013-10-18; Nguyen, interview, 2013-11-08), a view that is also shared by the trade union: “FDIs are very important for Vietnam’s economy, the foreign companies employs about 15 million of the Vietnamese workforce of 50 million people” (Le, interview, 2013-11-19). Another aspect of the creation of work opportunities raised by Nguyen (Interview, 2013-11-08) is that “when foreign companies come here they employ local construction companies, and create, also in that way work opportunities”. Some of the Swedish-related companies and trade promotion agencies also see this positive influence (for example Niklasson, interview, 2013-11-13). Many CSOs however, have a more critical understanding of this:

[...] then we have the statement that foreign companies create jobs, which is indeed the fact over the past years but does not necessarily means that those jobs are the only “good” jobs. At the
same time, incentives given to FDIs become a competitive disadvantage for national private SMEs (Beranek, interview, 2013-10-23).

Beranek is referring to the regulations regarding for example taxes and land use that are rather favorable for foreign companies: “To attract foreign companies the state provides incentives for them to establish, by reducing tax, provide cheap land and prepare infrastructure such as electricity and roads” (Vu, interview, 2013-11-15). Hence, while foreign companies create work opportunities their presence also contributes to competition often lost by domestic companies. Another issue raised during the interviews is the work opportunities created only during limited time periods:

When IKEA came we knew that we would have a stable workflow, big companies place big orders and more people can be employed… but the problem is that many of these big companies place one huge order and then we have to hurry up to produce… we have to employ more people… but once the order is delivered the buyer is gone… this short-term thinking is no good” (Worker 1, interview, 2013-11-29).

When asking Swedish-related company representatives how they consider their companies to contribute to development in the municipalities of Hanoi and HCMC their answers usually have two things in common: contributions to charities, by for example raising money to CSOs, orphanages and medical projects in order to support local communities, and knowledge transfers. When it comes to knowledge transfers most of the respondents see its importance for development. The company representatives emphasize how their companies provide training for their staff and offer students education opportunities and scholarships. Carlsson (Interview, 2013-11-07) also sees potential spillover effect when it comes to these types of training. By working for foreign companies, workers obtain skills that can be used to develop domestic companies: “Workers come from poorer parts of the country and start to work for foreign companies in the cities, after a while they are promoted… then they quit and go back to their hometowns and use their newly developed skills” (Ibid.). Steinbach (Interview, 2013-11-08) also sees potential spillover effects emphasizing how Ericsson’s employees “[...] get the opportunity to develop language and other skills enabling them to compete on the global market in the future”. In addition to knowledge transfers, Anonymous 4 (Interview, 2013-11-29) mean that Company X also contributed with technology transfer at their factory. In order for the factory to live up Company X’s high quality standards, they had to invest in new technology and modern machines, which also has given the factory a good reputation that has been useful to attract new customers. The local government representatives
also stress the importance of knowledge and technology transfers (for example Nguyen, interview, 2013-11-20), especially for the largest sector in the country, the agricultural sector: “Vietnam is an agricultural economy, we have the ingredients but we need investments in the manufacturing process, we need technical knowledge and modern technology, especially green technology” (Dang, interview, 2013-10-18). To this Mai (Interview, 2013-10-13) adds how technology can give Vietnam a comparative advantage: “Due to the high competition between the Asian countries Vietnam is starting to lose its comparative advantage with cheap labor, instead by investments from foreign companies in human resources, education and training, and technology Vietnam can gain a comparative advantage in technology”. However, while being desirable, modern technology does not come without problems: “Swedish and European companies have a comparative advantage when it comes to technology, but their modern technology is hard to implement here, we do not have enough skills, who will take care of it? Swedish companies, especially, are very good in technology” (Anonymous 2, interview, 2013-11-20). This quote shows how technology and knowledge can be seen as mutually dependent. With modern technology comes the need for knowledge and since the workforce in Vietnam is comparatively low skilled the Swedish-related companies training initiatives are very appreciated: “We need to improve the standard of the education in Vietnam and many Swedish companies help to train the students and improve their skills” (Nguyen, interview, 2013-11-08). In addition, many Swedish-related companies help to improve management skills in Vietnamese companies: “The Vietnamese companies learn from Swedish companies and from Swedish management culture. Management in Sweden is usually very good and they have a lot of experience” (Nguyen, interview, 2013-11-14).

Representatives from Swedish-related companies working closely with suppliers also emphasize how their high CSR standards contribute to development by creating spillover effects. This was for example raised during the interview with the representatives from IKEA: “By working with IKEA and implementing the IWAY other potential buyers will know that the supplier lives up to IKEA’s high standards. Hence, complying with the CoCs is a way to attract new buyers” (Kielak, interview, 2013-11-11). One of the trade promotion agency representatives identifies another potential spillover effect, that Swedish-related companies influence the local managers’ mindsets:

The Swedish companies have changed some of the Vietnamese companies’ ways of thinking, but just a little bit. This is because Swedish companies they know what they should and should not do. However, changing the Vietnamese mindset is difficult […] but they start to recognize what is right and wrong. Workers will quit if the employees exploit them in production with low wages and bad
working conditions. Now in some factories, they only work half Saturday and have Sunday off… before they used to work every day (Nguyen, interview, 2013-12-04).

Ngiem (interview, 2013-11-13) takes this one step further and sees that there is a potential for spillover effects not only among the suppliers but in the society at large: “Companies advanced requirements and standards could work as a catalyst; to eventually help to raise the prevailing domestic standards”.

While acknowledging the potential spillover effects and positive contributions to development some of the respondents emphasize two main problems that stands in the way for a sustainable implementation. First, some respondents share the view that suppliers need support to understand and implement the CoCs in order for CSR to contribute to development and that conducting audits is not enough:

Many companies, including Swedish companies, often have CoCs… like garment companies that source from Vietnamese suppliers. They have teams of compliance people that go around the world to do audits. They come with their lists, check their lists, and tell the managers what needs to be improved… That is not sustainable (Frisenberg, interview, 2013-11-15).

Thus, “why should the suppliers change when they do not understand the consequences and the long-term benefits for themselves…” (Beranek, interview, 2013-10-23). Instead, many respondents stress the need to really engage with the suppliers:

[…] it is necessary to help the suppliers with training about the CoC requirements. Many companies send experts from their head offices to help to develop sustainable CSR practices and to help to improve CSR implementation. This goes beyond only conducting audits and checking compliance and is more sustainable (Mai, interview, 2013-10-30).

Despite this insight, many, including Swedish-related companies, are criticized for not providing the support the suppliers need in order for the implementation of CSR to be sustainable. If the suppliers cannot comply with CoCs after a short time the buyers usually withdraw instead of investing more time and effort to help the supplier:

They should engage more. There is a need for a closer collaboration, more close work with the suppliers. In many cases, if the suppliers do not comply after a year, they are out. This is short-term thinking. The suppliers lack knowledge in how to do it. If you invest, you will get something back that is long-term thinking (Frisenberg, interview, 2013-11-15).

However, engaging with the suppliers does not simply mean that foreign companies should explain their requirements for the suppliers, as “a one size fits all” policy that forced upon the
suppliers. Instead, voices from the CSOs emphasize how “CSR in order to contribute to development must be a participatory process” (Nghiem, interview, 2013-11-13),

Suppliers still lack deeper knowledge regarding CSR, CoCs are accepted but long-term benefits remain unclear, so an active partnership would be required to work with the suppliers to increase the understanding and integration of CSR… there is a need for long-term commitments and trustful partnerships (Beranek, interview, 2013-10-23).

The other problem raised is the difficulties with the buyers different CoCs that is both costly and time consuming for the suppliers (Kieu, interview, 2013-11-06; Nhuong, interview, 2013-11-29). To improve the situation Nguyen (Interview, 2013-11-06) suggests a more flexible implementation of the CoCs where the buyers have to adopt these to the local context, make sure that they do not stand in conflict with national regulations and engage in a dialogue with, not only the suppliers, but also the other buyers (Nguyen, interview, 2013-11-06).

Besides the difficulties with the CoCs, the respondents have identified a number of other challenges that can constrain the positive spillover effects from CSR initiatives and activities: the minimum wages, the price companies pay for the products they buy from local suppliers, the trade union and corruption. First, regarding the minimum wages and the payments for the products, representatives from the CSOs emphasize the need for companies to start paying fair wages: “Companies focus too much on productivity and profit for their shareholders and less about the supply chain and the value their employees bring in” (Mai, interview, 2013-10-30). Thus, “companies need to evaluate what they bring in and make sure to pay the right and fair price” (Beranek, interview, 2013-10-23). Ultimately, by not paying enough for the products and by paying unfairly low wages some companies can be understood to contribute to a situation where the workers are kept in poverty.

Second, the lack of an independent trade union; a way for the workers to organize themselves and to express their true interests, is also seen as an obstacle for development. According to Beranek (Interview, 2013-10-23) and Dang (Interview, 2013-10-25) companies should therefore listen more carefully to their workers and create mechanisms for permanent dialogues between the workers and the managers. This could be accomplished with the assistance of CSOs such as FLA and Better Work or other organizations having knowledge and offering technical support for labor relations at the workplace (Ibid.).

Third, regarding corruption, Nghiem (Interview, 2013-11-13) points out that: "Companies see corruption as one of the main obstacles for conducting business in Vietnam, so they should try to do something about it like engaging in multi-stakeholder dialogues and
put pressure on the government”. Nguyen (Interview, 2013-10-25) also emphasizes that: “Companies must work actively against corruption. The private businesses sector has to work together with the government to fight corruption”. Mai (Interview, 2013-10-30) describes how the relationship between the government and the private sector has changed, resulting in an increased room for maneuver for the private sector: “Before the government paid little attention to the voice of the private sector. Today this has changed, the private sector is getting a stronger voice”. In addition, Selin (Interview, 2013-11-13) also stresses the role of the government in fighting corruption: “[…] the government has to simplify the procedures, then, there will be fewer occasions to accept bribes […].”

**Summing up**, in this subchapter different understandings of how CSR can contribute to development have been mapped out. Some of these understandings lie near each other while others are further apart and sometimes even stand against each other. One the one hand, there is the understanding that companies contribute to development by buying from local producers, investing and creating work opportunities and paying tax. The local authorities and the company representatives generally share this view. On the other hand, from the perspective of the CSOs, the view is sometimes the opposite, that companies by paying too low wages and not paying sufficiently for the products instead contributes to a situation where the workers are kept in poverty, which ultimately can be interpreted as constraining development.
7. Discussion

Building on the previous chapter this chapter aims at, one by one, answering the research questions in the light of the theoretical framework, in order to reach the purpose of the study: to describe and to give a broader understanding of whether the phenomenon of CSR can be understood as a meaningful tool in contributing to socio-economic sustainable development in the Municipalities of Hanoi and HCMC.

7.1 The Swedish-related companies compliance with the PGD CSR principles

The first subchapter of the previous chapter accounted for the company representatives own descriptions and understandings of their CSR initiatives and activities. This subchapter takes those descriptions one-step further with the aim of answering the first research question: how do the Swedish-related companies comply with the CSR principles as stated in the PGD? The analysis is based on the company representatives’ own reasoning’s presented in subchapters 6.1 Swedish-related companies and CSR in Vietnam and 6.2 Conducting CSR in Vietnam – opportunities and challenges? along with the respondents’ representing the local perspective experiences of the Swedish-related companies CSR initiatives and activities presented in subchapter 6.3 Local perspectives on Swedish CSR initiatives and activities.

As stated in the Government Communication 2011/12:167, the Swedish Government expects Swedish companies to act responsibly regardless of where they operate, by living up to international CSR standards: the OECD guidelines and the UNGC principles. Above we have seen that most of the interviewed companies are members of the UNGC and base their operations on international CSR-related standards, either the UNGC principles and OECD guidelines or similar standards. We have also seen that the companies having their own production or employing local suppliers base their operations on CoCs inspired by these standards. After conducting the interviews with not only Swedish-related company representatives, but also with their suppliers, workers, the local authorities and CSOs, we can conduct a more comprehensive analysis of how the interviewed companies and Swedish-related companies in general comply with these principles. This is however only a general overview highlighting some visible trends that does not seek to generalize the result to all Swedish-related companies in Vietnam, or to provide a detailed assessment of how Swedish-
related companies comply. Seven of the OECD guidelines’ ten principles: general policies, information disclosure, human rights, employment and industrial relations, combating bribery, bribe solicitation and extortion, science and technology and taxation, together with three of the UNGC’s four covered areas: human rights, labor and anti-corruption, which are the most relevant for the study, forms the basis of the analysis (for a more detailed description of the OECD guidelines and the UNGC see Appendix 8 and 9, and for an overview of the following analysis see Appendix 10).

Regarding the OECD guidelines’ principle general policies, the respondents have described how most of the Swedish-related companies encourage local capacity building, either they offer training programs or scholarships for students or professional development and career training for their staff. Hence, companies seem to comply with this aspect of this principle. When approaching the companies, some of them, for different reasons chose not to participate in the study, which implies that they did not want to share information regarding their CSR initiatives and activities with us. In addition, staff from one of the participating company facilitated the contacts to their suppliers, while others were more reluctant and did not, for unknown reason, want us to meet their suppliers. This lack of openness implies a deficient compliance with the OECD information disclosure principle. About the human rights principle, included in both the OECD guidelines and the UNGC, article 23 in the Declaration of Human Rights states that everyone has “the right to just and favorable conditions of work” and the right to “just and favorable remuneration ensuring for himself and his family and existence worthy of human dignity” (United Nations, no date). While putting a lot of effort into providing favorable working conditions some of the Swedish-related companies, according to the respondents, fail to make sure the workers are paid fair wages relying on the minimum wages regulated by law or on the suppliers to handle these payments. Hence, we see a lack of compliance also with this principle. Regarding what is called employment and industrial relations in the OECD guidelines and labor in the UNGC, several respondents stressed that child labor and forced labor do not occur at Swedish-related companies’ factories in Vietnam. However, as problematized by relying too much on the trade union, Swedish-related companies are criticized for not doing enough to assure the workers’ rights. Thus, we also see a weak compliance with this principle. About combating bribery, bribe solicitation and extortion and anti-corruption, the problem of corruption has been emphasized as a major obstacle for conducting business in Vietnam by almost all of the respondents. Swedish-related companies are criticized for not working actively enough against corruption and for employing middle hands to not have to engage in corruption
themselves. Regarding corruption the company representatives also point to the fact that it is difficult for them to control the supply chain and their middle hands. As a result, we also see a poor compliance with this principle. About science and technology both respondents representing the companies and respondents representing the local perspectives emphasize that the companies contribute with transfers of modern technology as well as knowledge. Consequently, according to the respondents, the companies in general do comply with this principle. When it comes to taxation, two issues have been raised in the previous chapter. First, there is the issue that many companies, for different reasons – either due to the difficulties in establishing in Vietnam or by deliberate choice, only establish representative offices in Vietnam where they escape paying tax. Second, the corruption and complicated bureaucracy is understood to make it hard to pay tax. Hence, some companies do not pay tax, which means that there is for different reasons a lack of compliance with this principle.

From the above discussion we can see, on one hand how companies by using CoCs are making an effort to incorporate international CSR standards into their business operations. On the other we can see how many companies fail to fully comply with these standards. Consequently, we see a gap between theory and practice where the CoCs are one thing but the actual impact can be somewhat different.

Jensen and Sandström (2012:25ff) believe that modern organizations, including private companies, are characterized by organizational processes that in fact hinder people from taking responsibility. As rules, routines and standards, such as CoCs, form the basis for decisions; companies can be understood to organize away their moral responsibilities, “hiding” behind their CoCs (Jensen and Sandström, 2012:25ff). This we believe can be the case, for example with the minimum wages, when companies refer to their CoCs or policies when they pay, or expect their suppliers to pay, minimum wages, knowing that they are not enough for the workers to live on. When the CoCs guide the companies’ operations, based on Jensen and Sandströms way of reasoning, the companies’ moral responsibility, to pay decent wages can be understood to be organized away. The same understanding is applicable to the problem with the trade union. Additionally, when companies have a zero tolerance policy towards corruption but at the same time employ middle hands to deal with it, this is also a way to organize away responsibility. The problem remains and the engagement in corruption is simply “outsourced”. While Jensen and Sandström refer to organizational processes hindering people from actually taking responsibility, we see the phenomenon of outsourced corruption as something beyond what can be explained by this way of reasoning. Hence, to outsource corruption is in our interpretation a deliberate action to outsource their moral
responsibility not to engage in corruption, an action of what we suggest to call "moral outsourcing".

Looking from a legitimacy and stakeholder perspective on CSR, according to Freeman et al. (2010:24) the stakeholders perception of values created by the company are essential for its survival, in other words, it is necessary for the success of a company that their activities are seen as legitimate from the perspective of the stakeholders. To this Suchman (1995:586) adds that “legitimacy rests heavily on communication”, meaning that communication is an important tool for companies to gain legitimacy, by informing the stakeholders about their CSR initiatives and activities. Hence, in line with Freeman’s and Schuman’s ways of reasoning, CoCs can be seen as a way to communicate CSR initiatives and activities to the company’s stakeholders, to shareholders and the consumers by for example being available at the company’s website. Thus, the CoC can be understood as a tool for companies to gain legitimacy and ultimately to increase their profitability, by presenting themselves as responsible and attractive companies for potential customers and investors.

This analysis can also be connected to Lindblom's (1994) understanding of the possible use of CSR as a form of influence or publicity, a PR tool or advertisement and Jenkins and Newell (2013) understanding of CSR as a form of “bluewashing”. The problem however, is how the CSR efforts are communicated and how they are implemented can be quite different. Moreover, based on Lindblom's (1994) suggestion, that communicating CSR also can be a strategy for companies to distract attention away from issues of concern, it can be interpreted as some companies by communicating their CoCs and CSR ambitions strive to highlight areas in which they are prominent and distract attention away from other areas where they know that their actions may be questioned. For example that they avoid dealing with some issues that are regarded as "sensitive" such as the minimum wages and corruption along with the problem that many companies for different reasons escape paying tax.

In addition, we can also see how Swedish-related companies try to gain legitimacy from the local communities by, for example, contributing to local capacity building through scholarships and training, knowledge and technology transfers, in some cases paying tax (also bribes) and engaging in various charity projects. The local authorities grant the companies the right to operate and to build faculties and, in turn, they benefit from the economic and social contributions of the company. Thus, according to Freeman and Suchman, the authorities’ perceptions of the values created by the company can from their perspective make the companies’ operations legitimate; they are granted the right to operate. However, as some of the companies do not pay decent wages, it can be interpreted as, these companies overlook
their workers as stakeholders, whose perception of values should be taken into consideration, focusing on other stakeholders, considered more influential such as authorities, investors and consumers. As stated by Fox (2004:31) when “operating in an area of high unemployment, weak trade union representation, under-resourced or corrupt labor inspections” why would the companies benefit from paying decent wages or investing to improve working conditions?

While Fox’s statement is a correct description of the local context we have been studying, we have seen how companies do invest in working conditions but, at the same time, how most of them do not pay decent wages. How could this then be explained? In our interpretation, as some of the Swedish-related company respondents see a relationship between working conditions, productivity and quality, where working conditions is understood to lead to better productivity and higher quality, companies see a potential benefit from investing in the working conditions. This is not understood to be the case with the wages. The representatives from the companies that pay more than the minimum wages employ relatively few people for quite skilled jobs and their representatives explain how offering decent wages is a way to attract and keep the staff. Thus, the competition for skilled workers becomes in our understanding an incentive for companies to pay more. Regarding companies employing numerous of low skilled workers at suppliers’ factories, the same competition does not apply and they thereby lack incentives to pay more.

When answering this research question, Jensen and Sandström can help us to interpret how companies act while Freeman, Suchman, Lindblom, Fox, and Jenkins and Newell provide insights to help us understand why they act as they do. In sum, the deficient compliance with the OECD guidelines and the UNGC principles may be due to a prioritized interest to make profit where a lot of effort are made to make their actions seen as legitimate for consumers and investors. Nevertheless, we also see a will to adhere to the international standards and to contribute to the local communities where they operate.

7.2 Swedish-related company representatives’ experiences of the opportunities and challenges for conducting CSR initiatives and activities in the Municipalities of Hanoi and HCMC

The previous chapter’s second subchapter 6.2 Conducting CSR in Vietnam – opportunities and challenges presented the Swedish-related company representatives’ and the trade
promotion agencies representatives’ experiences of conducting CSR initiatives and activities in the Municipalities of Hanoi and HCMC. Different themes were raised and both opportunities and challenges were described. In this subchapter, these themes will be further discussed when answering the second research question: how Swedish-related company representatives experience the possibilities, opportunities and challenges, for conducting CSR initiatives and activities in the Municipalities of Hanoi and HCMC?

The first theme raised in subchapter 6.2 was the difficulties to establish a business in Vietnam due to the complicated bureaucracy, complex regulations and difficult relationships with the local authorities, which continues to be a challenge for companies even after their establishment in the country. This, according to the respondents, makes many companies choose only to open representative offices in Vietnam, meaning that they do not pay tax. Others told us how the complex system makes it difficult to pay tax even if you establish more than a representative office and according to the law have to pay tax. Other themes raised were:

- The complex legislation, the poor compliance and the weak law enforcement,
- the difficulties in working with CoCs; the lack of knowledge and understanding, the cost of implementation and the need to conduct audits to act as the “police”,
- corruption and;
- the weak role of the trade union.

All together, these challenges are related to the local context and are understood by the interviewees to make it difficult to conduct CSR initiatives and activities in the Municipalities of Hanoi and HCMC.

Looking from the enabling environment view, according to Fox et al. (2002), the public sector is understood to play a significant role in creating an enabling environment, not only for conventional mandating capacity, but also as a facilitator, partner or endorser and the presence or absence of an enabling environment is understood to significantly influence CSR initiatives and activities (Ibid.). According to many of the respondents, the governments both nationally and locally take little interest in CSR or CSR-related issues. They could, in our understanding, have had mandating roles, since there are rules and regulations regarding CSR-related issues, such as the labor law, but because of the weak law enforcement these laws get very little meaning in practice. Nor do the authorities play facilitating, partnering or endorsing roles. In this context, Idemudia (2008:94) points out how structural determinants undermine the ability of governments to ensure an enabling environment, as governments for
example sometimes reduce taxes as incentive to attract FDIs. This has “ramifications for CRS practices and their impact on development” (Ibid.), since contributing to the state revenues lies at the very heart of the CSR agenda. In Hanoi and HCMC, authorities have told us, how taxes are reduced as an incentive to attract FDIs. Thus, when looking from an enabling environment view, we see how the local context - the environment in which the companies operate cannot be understood as enabling, which, according to the respondents, significantly influence their CSR activities and initiatives by creating many challenges.

7.3 The local actors’ experiences of the Swedish-related companies’ CSR initiatives and activities

The sixth chapter’s third subchapter 6.3 Local perspectives on Swedish CSR initiatives and activities presented how the respondents representing the local perspective, local stakeholders and relevant actors working with CSR, experience the Swedish-related companies CSR initiatives and activities. In this subchapter, these experiences will be analyzed aiming at giving a broader understanding of CSR in the local context by answering the third research question: how do the local actors experience the Swedish-related companies CSR initiatives and activities?

In the previous chapter 6 Empirical findings we have seen how, generally, Swedish-related companies have a good reputation among the respondents representing the local perspective. Regarding their CoCs, they are generally considered to be beneficial for Vietnam and good for the workers. The problems emphasized in general do not regard the concept of CoC but rather how they are implemented and what they include and exclude. Looking from a critical perspective, CSR is seen to be driven by an agenda not necessarily consistent with local CSR priorities, instead proponents of this perspective stress that local priorities differ from country to country and depend on the perceptions of local needs (WBCSD, 1999; 2000; Idemudia, 2008). Some of the respondents have described how the content of the CoCs do not necessarily reflect the local priorities. Examples that have been raised are the insufficient wages and the strong emphasis on restrictions regarding overtime as many workers, wish to work more than the CoCs allow, along with the common lack of understanding of why CoCs are beneficial. From this perspective we see a tension between the international CSR standards and the local priorities, where by failing to be a participatory process CoCs are likely to be seen only as something western companies do, something not locally relevant, forced upon the suppliers. In addition, in our understanding, there seems to be a consistency
between the local authorities’ expectations of Swedish-related companies and how they can contribute to the Municipalities by for example investments, taxes and knowledge and technology transfer and the companies’ actual contributions. However, there is still discrepancy between the needs identified by the workers, suppliers and CSOs and the companies’ actual contributions. This is also applicable for the process of implementing the CoCs where we see a discrepancy between the support the suppliers need and what they are given.

7.4 The different respondents’ understandings of the relationship between CSR and development

The previous chapter’s fourth subchapter, 6.4 Understandings of CSR and development presented the respondents understandings of CSR and development, and we saw that these understandings could be very different and sometimes also conflicting. This subchapter takes this presentation one step further by analyzing these views in order to answer the fourth research question: how do the different respondents understand the relationship between CSR and development?

The Government Communication 2007/8:89:24 states that: “Swedish companies help to generate economic growth by way of increased employment, technology and knowledge transfer, and higher tax revenues”. The PGD also emphasizes the importance of economic growth for poverty reduction. This can be interpreted to represent an economic view on CSR and development, referred to as the economic development school of thought within the CSR literature, stressing potential benefits from the establishment of foreign companies in developing countries (Idemudia, 2008), such as investments, work opportunities, taxation, knowledge and technology transfers and the increased attractiveness the local suppliers obtain from implementing the CoCs. The local authorities, the Swedish-related company representatives and the representatives from the trade promotion agencies generally share this understanding. While acknowledging these potential benefits, the CSOs and the suppliers have a more critical understanding of CSR and development, emphasizing for example how the investments are unevenly distributed in the country and how companies escape paying tax. This could be interpreted as foreign companies, including Swedish-related companies, also by paying too low wages, not paying sufficiently for the products they buy from local suppliers, and by unfair competition created by the laws favoring foreign companies, contribute to keep
the local population in poverty and thereby causing underdevelopment. This way of reasoning would be supported by the proponents of the “dependencia theory” (Ibid.). In addition, socio-economic development is not only about improving the local economy; it also includes the possibility to sustain the needs of the local population and the relatively equal distribution of accumulation and production. Thus, generating economic growth does not necessarily mean that this growth will be equally distributed. Vietnam is a one-party state where the political power is concentrated to a few people with a significant income inequality between the rich and the poor, which means that priorities of the people in power may not reflect the needs of the people. Consequently, we believe that even if Swedish-related companies contribute to generate growth, this does not necessarily mean that they contribute to socio-economic development.

Moreover, as pointed out by Idemudia (2008; 2011) a shift has occurred within the CSR debate, changing the “do no harm” priority towards a “demonstrate development” priority. In this context when businesses are seen as sources of development, CSR can no longer only be seen means “by which business can mitigate the impact of the negative externalities that arise from its operations” (Idemudia, 2008:92). Defining CSR, in order to better understand the relationship with CSR and development, Idemudia (2008:101) proposes the distinction between business affirmative duties, “to contribute to development”, and its negative injunction duties as e.g., “to avoid contributing to underdevelopment via its operations or correcting developmental problems directly due to its operations”. The company representatives express awareness about potential negative impacts of their business operations. By basing their operations on CoC companies try to make sure that their activities do not cause any harm to their workers, the environment or to the local communities. Hence, CoCs are used as a tool to mitigate the companies’ possible negative impact and can therefore be seen as a negative injunction duty, according to Idemudia’s definition. Meeting these negative injunction duties is, according to Simon, et al. (1972 cited in Idemudia, 2008:100), central to CSR obligations, by being the moral minimum all corporations must observe. However, to only mitigate the companies’ own negative impacts does not necessarily mean that the companies contribute to development. Affirmative duties, in turn, require the pursuit of moral and social good (Ibid.). The drivers for conducting CSR has previously been identified as economic reasons and by expectations from home, rather than the pursuit of moral and social goods, which can be linked to Carrols (1991) efforts to explain why companies engage in CSR, where he identifies four components of CSR that can be understood in a pyramid shaped figure. Economic performance is, according to Carrol, the
foundation that undergirds everything else, since companies mainly engage in CSR to perform better financially. For example, as discussed above, by communicating their CSR efforts companies gain legitimacy for shareholders, potential investors and consumers. At the same time we have seen how the companies try to obey the law, even if it can be difficult, as well as how they try to be ethical by not causing any harm from their operation. The philanthropic responsibilities at the top of the pyramid, the responsibilities to be good corporate citizens and contribute with “financial and human resources to the community and to improve the quality of life” (Ibid.:42), resembles in our understanding what Idemudia defines as affirmative duties. Even though, companies express a will to do good for the society they at the same time act in a way that hinders their very contribution to development by, for example, not paying enough for the products they buy, not dealing with the questions that are considered to be sensitive and for engaging in what we call “moral outsourcing”. Hence, while the Swedish-related companies undertake actions to support the local communities, which could be interpreted as affirmative duties, we find it doubtful whether the expressed will to do good for the society can be linked to their philanthropic responsibilities, the pursuit of moral and social good, which, according to Carrol (1994), is needed in order for companies to contribute to development. Thus, the potential development benefits that can be expected from CSR, conducted as efforts to mitigate the potential negative impact that companies have, can be understood to be limited.

Moreover, as we have seen above, the companies’ possibilities to contribute to development is also affected by contextual factors, such as the complicated legislation and the weak law enforcement, the problem of corruption and the weak trade union that is understood to hamper the companies CSR efforts. Government failure has, in the literature, been acknowledged for increasing the demand for corporate responsibility, causing the companies to take on responsibilities that should be within the domain of the government (Idemudia, 2008:97). This we have also seen in the Municipalities of Hanoi and HCMC where companies for example have to act as the police enforcing the laws when auditing their suppliers. These factors are, as pointed out by Idemudia (Ibid.), beyond the direct control of the companies. Therefore, he argues that the reciprocal responsibilities of the companies and the government should not be overlooked when discussing CSR and development. Moreover, Idemundia (2008) continues by stressing that the responsibilities of the companies can in no way displace or replace the responsibilities of the government as companies cannot, and should not be expected to fully take on the responsibilities that fall within the domain of government. Based on this argument we see how the government plays an important role in creating an
environment where contextual factors enable CSR efforts instead of hamper them and the contributions to development that can be expected from companies seems thereby limited. It is reasonable to assume that if the government would set decent minimum wages, make the legislation less complicated and enforce compliance; the companies’ contributions to development through CSR would most likely increase.

According to Idemudia (2008) and Blowfield (2007) the CSR-development relationship should be evaluated from the actual impact from the CSR activities and initiatives for the local stakeholders, the intended beneficiaries. The suppliers, workers and CSOs describe how the implementation of the CoCs has contributed to improved working conditions but, generally, they do not see how the CSR initiatives and activities have had any impacts outside the workplace. From their answers we can see the tension, pointed out by Hamann (2006), between international CSR standards and local realities and priorities. Hence, the companies’ contributions to development can be understood also to be hindered by the exclusion of local ethical and social mores from the Swedish-related companies CSR agenda, the very local priorities that according to Idemudia (2011:5) should guide the design and implementation of CSR instead of the transfer of practices and policies from abroad.

Summing up, due to the research design and the methods used the result of the study cannot be generalized to all Swedish-related companies in Vietnam, nor can the answers of the individual respondents. We are also aware of the fact that there are great differences between different companies, regarding what kind of CSR activities and initiatives they engage in and their motivations for these engagements. However, this study does not aim to undertake a thorough assessment of the companies’ different engagements and motivations, instead it aims to map out different respondents’ understandings of CSR and development. Thus, the above discussions, does not aim to draw conclusions of how all Swedish companies act in order to generalize the results into a larger population but to show different themes and trends pointed out by the respondents. For example, regarding the issue of the minimum wages, not all companies contribute to a situation where the workers cannot live on their wages. Some companies do pay more than what is required by law. The analysis instead serves the purpose of showing the trend, described by many of the respondents from the different categories, that in their understanding, most Swedish-related companies do not make sure that their workers are paid enough. With this being said, by conducting as many interviews as we have with different actors representing different perspectives, often emphasizing the same issues and complementing each other’s answers, we believe that this study has provided some important
insights. Thus, for example it is reasonable to assume that also other Swedish-related companies not included in the study would stress largely the same challenges and opportunities for conducting CSR in Vietnam.
This final chapter presents the conclusions, which are followed by a short discussion about the implications of the study and recommendations for the future research.

8.1 Conclusions

The relationship between CSR and development in the Municipalities of Hanoi and HCMC can be understood to be very complex and just as the respondents have different and sometimes conflicting understanding of this relationship, there is also a tension within the academic literature. This study has, nevertheless, shown how Swedish-related companies’ contributions to development via CSR initiatives and activities in this local context are not only affected by the companies themselves, how they act and their motivations behind these acts, but also, by factors linked to the local environment in which the companies operate, which lay beyond the direct control of the companies.

The purpose of this thesis has been to describe and to give a broader understanding of whether the phenomenon of CSR can be understood as a meaningful tool in contributing to socio-economic development in the Municipalities of Hanoi and HCMC from the perspectives of the respondents. To conclude, many respondents have described the positive impact Swedish-related companies and their CSR initiatives and activities may have on development, emphasizing, for example investments, work opportunities, knowledge and technology transfers, improved working conditions and how the high CSR standards and CoCs have potential spillover effects influencing some local actors ways of thinking about sustainability. This in our understanding shows how CSR has a potential to be a meaningful tool in contributing to development in this local context. However, the relationship between CSR and development is not unproblematic. Even though the Swedish-related companies representatives express a will to do good and contribute to the local communities, the companies fail to fully comply with the OECD guidelines and the UNGC principles, which implies that they do not take full responsibility for the actual impacts caused by their operations. Many companies do not pay fair wages, others engage in what we call “moral outsourcing” and some fail to make the implementation of the CoCs into a participatory process, resulting in that the CoCs are seen as something not locally relevant, forced upon the
suppliers. In line with critical perspectives on CSR this implies that the Swedish-related companies’ CSR agenda is not necessarily consistent with local needs and CSR priorities, for which a possible explanation is the companies’ strive for legitimacy and economic profit that may restrict CSR initiatives and activities to negative injunction duties, outweighing the affirmative duties; the pursuit of moral and social good required in order for CSR to contribute to development. In addition, Swedish-related companies’ are understood to be affected by contextual factors that present formidable challenges for their CSR initiatives and activities and thereby limit their potential contributions to development. This highlights the issues of reciprocal responsibility implying that the government plays an important role in CSR efforts by creating an enabling environment.

8.2 … and the road forward

Looking forward, this thesis has provided us with insights regarding both opportunities and challenges for Swedish-related companies in contributing to socio-economic development in the Municipalities of Hanoi and HCMC. These show some implications for the hope that Swedish companies in Vietnam can continue to contribute to socio-economic development in Vietnam after the ODA has been phased out. First, the study has provided the insight that the companies CSR efforts are constrained by numerous factors linked to the local environment, which may make the relationship between CSR and development more complicated than the PGD and the Government Communications imply. Second, the companies’ contributions to development are also affected by the companies’ own priorities and motivations, where pursuing moral and social good might not be their top priority. In addition, CSR is effectively voluntary, although negative injunction duties; to mitigate their own negative impacts and avoid causing any harm, is, in our understanding, seen as something normal that is expected from companies, this however does not necessarily mean that companies contribute to development. Accordingly, as these findings imply that companies’ contributions to development are limited, meaning that companies may not be able to live up to this hope.

To sum up, this minor field study has been conducted in Vietnam during a limited period of time with limited resources. Nevertheless, we believe that the study has provided important insights showing how the Swedish-related companies CSR efforts in the Municipality of Hanoi and HCMC are not only affected by the companies themselves but also by contextual factors constraining their potential contributions to development. However, due
to the methodological limitations the study cannot contribute with generalizable knowledge but only provide a view of the different understandings that exist in this local context. These views can be further developed in future quantitative studies, for example a survey, examining how common these views are and if they exist in other parts of Vietnam. This study’s conclusions could then be used as hypothesis to test. In addition, every context is unique and it is reasonable to assume that local factors hampering or enabling CSR efforts varies within different contexts. Therefore it would be interesting to replicate the study in other countries to develop a further understanding of the impact of contextual factors on CSR efforts. Replicating the study will also allow for a further examination of what we call “moral outsourcing” to see if it occurs in other countries and if it varies, which could imply that it may be dependent on local factors.
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Government Communication, 2007/8:89


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Appendix 1: List of interviewees

*Swedish-related companies*

**Name:** Anonymous 1, Senior Vice President, Company X
**Date:** Hanoi 21/10/13

**Name:** Robert Yap, General Director Atlas Copco
**Date:** Hanoi 1/11/13 / HCMC 7/11/13

**Name:** Nguyen Hung Cuong, Chief and Sourcing Manager, New Wave Group Vietnam
**Date:** HCMC 5/11/13

**Name:** Mikael Steinbach, Head of HCMC Branch Office, Ericsson Vietnam Co., Ltd
**Date:** HCMC 8/11/13

**Name:** Bee Chin, Business Navigator, IKEA Trading (Hong Kong) Ltd.
**Date:** HCMC 11/1/13 / HCMC 7/11/13

**Name:** Jarek Kielak, Sustainability Manager, IKEA Trading (Hong Kong) Ltd. Representative office in Ho Chi Minh
**Date:** HCMC 11/1/13

**Name:** Pelle Niklasson, Founder and president, NITECO Vietnam
**Date:** Hanoi 13/11/13

*Trade promotion agencies*

**Name:** Peter Cederholm, Market Unit Manager, Business Sweden
**Date:** Hanoi 9/10/13 / Hanoi 5/11/13

**Name:** Håkan Ottosson, Vice honorary Consul General and former Director, the Swedish Trade Council
**Date:** HCMC 12/1/13

**Name:** Mai Thi Thanh Huong, Project and External Relations Manager, EUROCHAM
**Date:** Hanoi 30/10/13

**Name:** Thomas Frisenberg, Chairman, NORDCHAM
**Date:** Hanoi 15/11/13

**Name:** Tomas Hertzman, Director, Swedish CENTEC Vietnam
**Date:** Hanoi 28/11/13

**Name:** Nguyen Duc Vinh, Program Officer, Swedish CENTEC Vietnam
**Date:** Hanoi 4/12/13

*The Swedish Embassy in Hanoi*

**Name:** Mikael Johansson, Second Secretary Trade and Sweden Promotion, Embassy of Sweden (Interviewed together with Peter Cederholm)
**Date:** Hanoi 9/10/13

**Name:** Maria Selin, Counsellor, Deputy Head of Mission, Head of Development Cooperation Section, Embassy of Sweden
**Date:** Hanoi 13/11/13

1 A larger company within the industry sector
Elenore Kanter, First Secretary Political and Economic Affairs, Embassy of Sweden

**Local government - relevant ministries and departments**

**Name:**  
Dang Minh Hang, Officer, VIETRADE Investment Promotion Center for Industry and Trade  
Pham Trung Kien, Officer, Ho Chi Minh City Department of Planning and Investment  
Nguyen Thi Lan Huong, Deputy Chief of the Secretariat, HEPZA  
Nguyen Si Hien, Director, HIZA, Center for Information and Investment Promotion  
Vu Hai Ha, Deputy Head of Statistics and Information, Ministry of Planning and Investment  
Nguyen Anh Dung, Manager, Department of Foreign Investment, Hanoi Authority for Planning and Investment  
Vu Thi Thu Anh, Official Investment Promotion Centre, Hanoi Authority for Planning and Investment  
Anonymous 2, Investigator, Hanoi Authority for Planning and Investment  

**Date:**  
Hanoi 13/11/13

**Civil Society Organizations**

**Name:**  
Florian Beranek, former Chief Technical Adviser, UNIDO CSR Project  
Dang Thi Hai Ha, Chief Technical Adviser, FLA 3.0 Vietnam project  
Dang Tran Dinh, Managing Director, Respect Business Solutions, Working closely with FLA  
Kieu Nguyen Truong Ca, CSR Consultant, UNIDO CSR Project  
Nguyen Tuan Kiet, CSR Consultant, UNIDO CSR Project  
Le Hoang Tu, Enterprise Adviser, Better Work Vietnam  
Anonymous 3, Enterprise Adviser, Better Work Vietnam  
Nguyen Kim Hoa, CSR Consultant, UNIDO CSR Project  
Nguyen Hoang Ha, Programme Officer, ILO  
David Weiss, Stakeholder Relations Officer, BSCI

**Date:**  
Hanoi 23/10/13

**The trade union**

**Name:**  
Chau Nhat Binh, Deputy Director International Department,

**Date:**  
Hanoi 19/11/13
VGCL
Nguyen Van Tan, Chief of Training Division, Organizing Department, VGCL
Le Dinh Quang, Chief of Legislation Division, Policies and Legal Affairs Department, VGCL

Suppliers

Name:                       Date:
Krister Kling, Managing Director, G M Workwear                   HCMC 6/11/13
Supplier to, among other, Fjällräven, Blåkläder and Babybjörn
Niklas Carlsson, former owner Bucketman Co., Ltd                  HCMC 7/11/13
Supplier to, among other, IKEA
Emily Vu Nhuong, Sales manager, the Bamboo Factory                Hanoi 29/11/13
Supplier to, among other, IKEA
Dang Thi Thanh, Purchaser, the Bamboo Factory                     Hanoi 29/11/13
Supplier to, among other, IKEA
Anonymous 4, Factory Manager, Company Y                           Hanoi 29/11/13
Supplier to, among other, Company X                               

Workers

Name:                       Date:
Worker 1, Quality controller                                       Hanoi 29/11/13
Worker 2, Storage responsible                                      Hanoi 29/11/13
Worker 3, Industrial worker                                        Hanoi 29/11/13

Others

Name:                       Date:
Vu Anh Doc, VCCI International Relations Department               Hanoi 18/10/13
Dang Thanh Tung, Deputy Manager, VCCI International Trade Center   Hanoi 18/10/13
Nguyen Quang Vinh, Director General, VCCI Office for Business      Hanoi 25/10/13
Sustainable Development
Nguyen Tan Thanh, Senior Consultant, OneStep Vietnam              HCMC 12/11/13
Truong Hong Sy, Consultant, OneStep Vietnam                        HCMC 12/11/13
Appendix 2: Description of local stakeholders and relevant local actors working with CSR or CSR-related issues

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
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</table>
| Local governments – relevant ministries and departments | **Vietnam Trade Promotion Agency (VIETRADE)**  
A governmental organization under the Ministry of Industry and Trade responsible for investment promotion, development of trade and industry and state regulation of trade, working closely with foreign companies.  
**Foreign Investment Agency (FIA)**  
A governmental agency under the Ministry of Planning and Investment (MPI) responsible for foreign direct investments (FDI) in Vietnam on a national level. Generally licenses are granted on the municipality/province level, however in some cases, regarding large-scale investments, FIA grants these licenses.  
**HCMC Department of Planning and Investment**  
A department under the People’s Committee, responsible for receiving applications from foreign companies that want to invest in the Municipality of Ho Chi Minh. The department makes a recommendation whether to approve the application or not and on which grounds. The formal decision is made by the People’s Committee, which provides the license.  
**HCMC Export Processing & Industrial Zone Authority (HEPZA)**  
HEPZA is responsible for managing the processing and industrial zones in the HCMC area. They are authorized by MPI to grant licenses for projects within these zones.  
**Hanoi Authority for Planning and Investment**  
A department under the People’s Committee, responsible for receiving applications from foreign companies that want to invest in the Municipality of Hanoi. The department makes a recommendation whether to approve the application or not and on which grounds. The formal decision is made by the People’s Committee, which provides the license.  
**Hanoi Industrial and Export Zones Authority (HIZA)**  
HIZA is responsible for managing the processing and industrial zones in the Hanoi area. They are authorized by MPI to grant licenses for projects within these zones. |
| Civil society organizations                   | **United Nations Industrial Development Organization (UNIDO)**  
Coordination the CSR project “Adapt – adopt – improve CSR in Vietnamese SMEs, financed by the EU. The programme trained 18 CSR consultants to work with foreign and domestic companies.  
**International Labour Organization (ILO)**  
ILO works together with the Government and representatives of employers and worker organizations to support socio-economic development, in Vietnam. ILO also provides technical assistance to target key labor market development issues.  
**Fair Labor Association (FLA)**  
A collaboration between civil society organizations, universities and socially responsible companies devoted to protect workers’ rights. FLA places the responsibility on companies to voluntarily meet internationally recognized labor standards. |
**Better Work Vietnam**
A partnership programme between ILO and the International Finance Corporation. With country-based programmes Better Work aims to improve labor standards compliance and competitiveness in global supply chains.

**Business Social Compliance Initiative**
An initiative of the Foreign Trade Association supporting companies in their efforts towards building ethical supply chains and improving working conditions globally.

<table>
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<tr>
<th>The trade union</th>
<th>Vietnam General Confederation of Labor (VGCL)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The only trade union in Vietnam, located under the Vietnam Fatherland Front (VFF), which in turn is controlled by the party. Centrally controlled, VGCL is organized in four levels: national, province/municipality, district and workplace.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>Factories that provide among others, Swedish buyers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers</td>
<td>People working at the supplier factories.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Others</th>
<th>Vietnam Chamber of Commerce and Industry (VCCI)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National nongovernment nonprofit organization promoting the business community, economic cooperation, trade, science and technology in Vietnam, working closely with foreign companies. VCCI has a sustainable business department, working with a wide range of different CSR activities and initiatives in Vietnam.</td>
</tr>
</tbody>
</table>

| OneStep         | OneStep Viet Co., Limited (OneStep) is capacity building company monitoring labor relations and provide consulting, training, and monitoring services to different stakeholders, such as government, companies, suppliers, and international organizations like ILO and FLA in Vietnam. |
Appendix 3: Interview guide - Swedish-related companies’ representatives

Introduction:
Name
Background (previous work experience/education)
Position/role and for how long have you been on this position?
Can you briefly describe your work and the activities of this particular company?
How many employees do you have in Vietnam, in this Municipality?

About the company’s establishment:
Why did your company choose to establish in Vietnam?
Why did you choose to establish in this Municipality?
When was your company established in Vietnam?
Tell us about the procedure.
Did you have any contact with Swedish authorities/Vietnamese authorities?

Regarding CSR:
When you hear CSR, what does it mean to you?
Are you familiar with the PGD goals for the private business sector?
Is your company a member of UN global compact and/or following the OECD guidelines for MNC?
If yes, how do this affect the company’s operations in practice?
How does your company work with CSR? Tell us.
Can you describe your company’s CSR initiatives and activities?
What are your main CSR priorities/?

For companies employing suppliers and sub-contractors:
Can you describe your cooperation with your suppliers and sub-contractors?
What is their reaction to your CSR standards/requirements (CoCs)?
How do you understand your company’s CSR standards compared to other companies’ standards?

How do you think your company’s CSR initiatives and activities can contribute to socio-economic development in the Municipality? Tell us.

Regarding the enabling environment:
Tell us about your experiences operating in this Municipality?
Possibilities? Opportunities? Limitations?
How do you experience the cooperation with the authorities? Tell us.
Can you give us some examples?
Do you have regular contact with the local authorities in the Municipality?
Why? Why not? Which ministries and departments?
How does your company cooperate with the authorities and the local communities in the formulation of CSR initiatives and activities? Can you give us some examples?
What can you tell us about regulations/policies regarding CSR in Vietnam?
What is your opinion about this? Tell us.
Appendix 4: Interview guide – representatives from the trade promotion agency and the Swedish Embassy

Introduction:
Name
Background (previous work experience/education)
Position/role and for how long have you been on this position?
Can you briefly describe your work and the activities of this agency/department?
How does this agency/department work with Swedish companies?
Can you give some examples?

About the companies establishment:
How many Swedish companies are established in Vietnam and where are they located?
When did the Swedish companies first come to Vietnam?
What kind of companies are established in Vietnam and what do their business organization look like?
Can you tell us about the procedure to establish a company in Vietnam?
Why, do you think, Swedish companies chose to establish in Vietnam?
What are the opportunities and challenges?
Can you give some examples?

Regarding CSR:
When you hear CSR, what does it mean to you?
Are you familiar with the PGD goals for the private business sector?
How do you work with Swedish companies when it comes to CSR?
Can you give us some examples?
What do you know about Swedish companies and CSR? Tell us?
What can you tell us about the Swedish companies CSR standards?
What are the similarities/differences with other companies from other countries and domestic companies?
What, in your experience, are the opportunities and challenges working with CSR in Vietnam?
Are you familiar with how Swedish companies work with suppliers and sub-contractors in Vietnam?
What do you know about their CoCs? Tell us?
How do you think Swedish companies’ CSR initiatives and activities can contribute to socio-economic development in the municipalities/provinces where they operate? Tell us.
Can you give us some examples?
What are the main opportunities and challenges?

Regarding the enabling environment:
Tell us about, how Swedish companies, experiences the possibilities and limitations for operating in Vietnam?
What do you know about their cooperation with the authorities?
Regarding this, what issues do Swedish companies discuss with you?
Does your, agency/department, have regular contact with the national/local authorities?
Which ministries and departments?
How do you experience your, agency’s/department’s relationship with the authorities?
Appendix 5: Interview guide – local government representatives

**Introduction:**

Name
Background (previous work experience/education)
Position/role and for how long have you been on this position?
Can you briefly describe your work/the work of this particular department?

**Regarding foreign/Swedish companies’ establishment:**

How does the process of business establishment look like in practice in the Municipality?
   - What rules and regulations or preconditions need to be followed or achieved by the companies in order to get permission from the Municipality?
What arguments are behind the permission for foreign/Swedish business establishment? Tell us.
   - What arguments do you think is most important?
Why is it important to attract FDIs?
What are the rules for the foreign/Swedish companies regarding tax-payment?
   - Do the companies pay tax in the Municipality? Why? Why not?

**Regarding Swedish companies:**

Are you aware of any Swedish companies in this Municipality?
   - If, yes: How many and what kind of companies?
      - What does it mean to you to have Swedish companies established in the Municipality?
      - What is positive with it?
      - What is negative?
   - If, not: Give some examples of Swedish Companies established in the Municipality and if they are familiar with the companies ask the questions above.
Can you tell us about the contact you have with Swedish companies in your work?
   - What does this contact regard?
   - Can you describe the relationship between the authorities and the Swedish companies?

**Regarding the Municipality’s socio-economic needs and how they can be met by Swedish companies:**

Can you describe the economic situation in the Municipality today?
   - How does the trend in economic growth look like during the last decade?
Can you describe the economic situation of the individuals in the Municipality?
   - Can you describe the situation regarding poverty?
   - Can you describe the difference between the richest and the poorest?
What have been the most urgent development needs in the Municipality during the last 10 years?
   - What needs have been prioritized?
How do you think that the Swedish companies can contribute to development according to these development priorities?
   - Can you give us some examples?
What importance does the Swedish FDI have for the Municipality economy?

**Regarding CSR:**
When you hear CSR, what does it mean to you?
   - If not familiar with the term, explain.
What can you tell us about the regulations/policies regarding CSR in Vietnam?
What do you know about the Swedish companies CSR activities and initiatives?
How does the Municipality cooperate with the Swedish companies in the formulation of these initiatives?

Can you give some examples?

What do you know about the CSR standards that Swedish companies emphasize?

Can you see any differences compared to other companies (foreign/domestic)? Tell us.
Appendix 6: Interview guide – CSOs and the trade union

Civil society organizations:

Introduction:
Name
Background (previous work experience/education)
Position/role and for how long have you been on this position?
Can you briefly describe your work/the work of this particular company?

Regarding their work with CSR and foreign/Swedish companies:
When you hear CSR, what does it mean to you?
   If not familiar with the term, explain.
   Can you tell us about how this organization work with CSR/CSR-related issues?
Can you tell us about your work with domestic/foreign/Swedish companies?
   Are there any differences working with domestic/foreign/Swedish companies?
What do you know about the Swedish companies CSR activities and initiatives?
   What do you know about the CSR standards that Swedish companies emphasize?
   Can you see any differences compared to other companies (foreign/domestic)? Tell us.
   How are these standards perceived by for example the suppliers, workers and the local communities?
   How do the Swedish companies cooperate with the local communities/suppliers/workers in the formulation of these initiatives? Can you give some examples?

Regarding the Municipality’s socio-economic needs and how Swedish companies can meet them:
Can you describe the economic situation in the Municipality today?
   How does the trend in economic growth look like during the last decade?
Can you describe the economic situation of the individuals in the Municipality?
   Can you describe the situation regarding poverty?
   Can you describe the difference between the richest and the poorest?
What have been the most urgent development needs in the Municipality during the last 10 years?
   What needs have been prioritized?
How do you think that the Swedish companies can contribute to development according to these development priorities? Can you give us some examples?

CSR in Vietnam:
What can you tell us about the regulations/policies regarding CSR in Vietnam?
From your point of view, what are the possibilities/limitations and main challenges working with CSR in the Municipality?
   How do the Swedish companies CSR initiatives and activities work within the Municipality? What are the opportunities and challenges?
How do you think CSR can contribute to development in the Municipality?
   What are the main opportunities and challenges?

Regarding the trade union:
Can you describe the role of the trade union?
   How are they organized in the workplaces?
   What are their contributions to the situation of the workers?
   What is their role regarding implementation of CSR standards/requirements (CoCs)?
The trade union:

Introduction:
Name
Background (previous work experience/education)
Position/role and for how long have you been on this position?
Can you describe the role of the trade union at the workplaces?
How do the trade union work with foreign companies?
   Is there any difference in how the trade union works with foreign/domestic companies?

Regarding the labor situation:
How is the labor situation today?
   How does the trends look like during the last decade, can you see any improvements?
   What are they main problems today?
   Can you see any differences between foreign and domestic companies?
How does the trade union work to improve the workers rights and the working conditions?
   What are the main challenges?
What is your opinion about the minimum wages?
   Is the trade union involved in the political debate regarding the wages?
Can you tell us about the rules and regulations regarding the workers rights and working conditions?
   Which laws applies for domestic/foreign companies and is there any differences?

Regarding Swedish companies and CSR:
When you hear CSR, what does it mean to you?
   If not familiar with the term, explain.
   Can you tell us about how the trade union work with CSR/CSR-related issues?
What do you know more specifically about Swedish companies?
   Are you aware of their CSR standards/requirements (CoCs)?
   How can these standards improve the situation of the workers?
   In your opinion, what is positive/negative about these standards?
How do you think Swedish companies can contribute to development in the different Municipalities?
Appendix 7: Interview guide – suppliers and workers

Suppliers:

Introduction:
Name
Background (previous work experience/education)
Can you tell us about the factory?
   When was it established?
   What do you produce?
   Who are your customers?
Can you tell us about your job at the factory?
   How did you get the job and what is it that you do? What are your responsibilities?

Regarding their Swedish buyers:
How long have you been a supplier to company A?
Can you tell us about your cooperation with company A?
   How did it start?
Can you tell us about company A’s requirements/standards (CoCs)?
   What was your first reaction to these standards?
   What did you have to change in order to follow the standards?
      Can you give us examples?
   What does the process of implementation look like?
   Who are involved in the implementation process?
   Did you get any help from company A to implement these standards?
      Can you give us examples?
   What was difficult/easy to implement and what were the main challenges?
   What is different in the factory today after the cooperation with company A started?
      Can you give us some examples?
   Regarding the standards, what do you think has been positive/negative for your factory?
   Do you think that your factory by complying with these standards have helped you to attracted more customers?
How does the requirements/standards of company A differ from the requirements/standards from other buyers?
   Other foreign buyers/domestic buyers?
What about audits? How often do company A visit you factory?
   Can you tell us about the audits, how do they work?
   Are they useful for you?
Can you see how these standards/requirements can contribute to socio-economic development in the local community?

Regarding the trade union:
Can you describe the role of the trade union?
   How are they organized in this workplaces?
   What are their contributions to the situation of the workers?
   What is their role regarding implementation of CSR standards/requirements (CoCs)?

2 A was switched to the name of the relevant companies during the interview.
**Workers:**

**Introduction:**
Name
Background (previous work experience/education)
Can you tell us about your job at the factory?
  How did you get the job and what is it that you do? What are your responsibilities?

**Regarding their Swedish buyers?**
Can you tell us about what happened when company A first came to your factory?
  How was your job affected?
Can you see a difference in the factory after the cooperation with company A started? Tell us.
  Can you give us some examples?
  What about: the working conditions, wages, working hours, safety, environmental issues etc.?
  Can you tell us how you personally were affected?
  Can you see any differences in the different parts of the factory working with different buyers?
What is your opinion about these standards/requirements (CoCs)?
  What have been positive/negative, what have been the main challenges?
  Where the workers involved in the implementation process?

**Regarding the trade union:**
Can you describe the role of the trade union?
  How are they organized in the workplaces?
  What are their contributions to the situation of the workers?
  What is their role regarding implementation of CSR standards/requirements (CoCs)?
Appendix 8: The OECD Guidelines for multinational enterprises

I. General Policies: Respect human rights of those affected by their activities, contribute to economic, social and environmental progress to achieve sustainable development and encourage capacity building through close cooperation with the local communities.

II. Information disclosure: Ensure that timely and accurate information is disclosed on all material matters regarding their activities, structure, financial situation, performance, ownership and governance.

III. Human Rights: Respect human rights, which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved. Within the context of their own activities, avoid causing or contributing to adverse human rights impacts and address such impacts when they occur. Seek ways to prevent or mitigate adverse human rights impacts that are directly linked to their business operations, products or services by a business relationship, even if they do not contribute to those impacts.

IV. Employment and Industrial Relations: Respect the right of workers employed by the multinational enterprise to have trade unions and representative organizations of their own choosing recognized for the purpose of collective bargaining, and engage in constructive negotiations, either individually or through employers' associations, with such representatives with a view to reaching agreements on terms and conditions of employment. Contribute to the effective abolition of child labor and all forms of forced or compulsory labor. Be guided throughout their operations by the principle of equality of opportunity and treatment in employment and not discriminate against their workers.

V. Environment: Strive for continuous improvement. Protect the environment, health and safety, for example through environmental management and the precautionary principle. Develop and provide products and services without undesirable environmental impacts.

VI. Combating Bribery, Bribe Solicitation and Extortion: Do not engage in bribery, bribe solicitation or extortion. Promote transparency and raise awareness of company policies against bribery among the employees.

VII. Consumer Interests: Provide information about products to consumers and establish procedures to resolve consumer disputes.

VIII. Science and technology: Strive to transfer technology and knowledge to the host country.

IX. Competition: Not cooperate with competitors to restrict competition.

X. Taxation: It is important that enterprises contribute to the public finances of host countries by making timely payment of their tax liabilities. In particular, enterprises should comply with both the letter and spirit of the tax laws and regulations of the countries in which they operate.

Source: OECD, no date and Ministry of Foreign Affairs, 2013b
Appendix 9: The UN Global Compacts ten principles

**Human Rights**

- **Principle 1**: Businesses should support and respect the protection of internationally proclaimed human rights; and
- **Principle 2**: make sure that they are not complicit in human rights abuses.

**Labor**

- **Principle 3**: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4**: the elimination of all forms of forced and compulsory labour;
- **Principle 5**: the effective abolition of child labour; and
- **Principle 6**: the elimination of discrimination in respect of employment and occupation.

**Environment**

- **Principle 7**: Businesses should support a precautionary approach to environmental challenges;
- **Principle 8**: undertake initiatives to promote greater environmental responsibility; and
- **Principle 9**: encourage the development and diffusion of environmentally friendly technologies.

**Anti-Corruption**

- **Principle 10**: Businesses should work against corruption in all its forms, including extortion and bribery.

Source: UNGC, 2013a
Appendix 10: Overview of the Swedish-related companies’ compliance with international CSR standards and principles

<table>
<thead>
<tr>
<th>OECD</th>
<th>UNGC</th>
<th>Swedish-related companies compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General policies</td>
<td>-</td>
<td>In general, we can see that most of the Swedish-related companies encourage local capacity building, either offering training programs or scholarships for students or professional development and career training for their staff. Hence, companies comply with this aspect of this principle.</td>
</tr>
<tr>
<td>Information disclosure</td>
<td>-</td>
<td>When approaching the companies, some companies, for different reasons chose not to participate in the study, which can be interpreted as they did not want to share information regarding their CSR initiatives and activities with us. Staff from one of the companies that chose to participate facilitated contacts to their suppliers. Other where more reluctant and did not, for unknown reason, want us to meet their suppliers. The lack of openness from some of the companies implies a lack of compliance with this principle.</td>
</tr>
<tr>
<td>Human Rights</td>
<td>Human rights</td>
<td>Article 23 in the declaration of human rights states that everyone has “the right to just and favorable conditions of work” and the right to “just and favorable remuneration ensuring for himself and his family and existence worthy of human dignity” (United Nations, no date). While putting a lot of effort into providing favorable working conditions, as previously shown, some of the Swedish-related companies fail to make sure that their workers are paid fair wages relying on the minimum wages regulated by law. Hence, we see a lack of compliance with this principle.</td>
</tr>
<tr>
<td>Employment and Industrial Relations</td>
<td>Labor</td>
<td>As the state controlled trade union, does not necessarily act in the interest of the workers, companies are criticized for not doing enough to ensure the rights to collective bargaining and freedom of association. Regarding child labor and forced labor several of the respondents emphasize that these kinds of labor do not occur at Swedish-related companies’ factories in Vietnam. Thus, combined we see a lack of compliance with this principle.</td>
</tr>
<tr>
<td>Environment</td>
<td>Environment</td>
<td>As stated before, by focusing on socio-economic development, environmental aspects are not within the scope of this study.</td>
</tr>
<tr>
<td>Combating bribery, Bribe Solicitation and Extortion</td>
<td>Anti-Corruption</td>
<td>The problem of corruption is identified by all of the company representatives as a major obstacle for conducting business in Vietnam; however, companies are criticized for not working actively against corruption. Companies themselves also points to the fact that it is difficult for them to control the supply chain and their middle hands. In addition, regarding their middle hands, companies are also criticized for employing middle hands as a mean to not have to engage in corruption themselves. As a result, we see a lack of compliance also with this principle.</td>
</tr>
<tr>
<td>Consumer interests</td>
<td>-</td>
<td>As stated before, as the researched companies’ consumers are mostly located in the western countries, consumer’s interests are not within the scope of this study.</td>
</tr>
<tr>
<td>Science and Technology</td>
<td>-</td>
<td>Regarding the transfer of science and technology, many of the respondents recognize the transfer of modern technology that the Swedish-related companies contribute with. Recognized is also their contribution to knowledge transfer. Hence, in general, the companies do comply with this principle.</td>
</tr>
<tr>
<td>Competition</td>
<td>-</td>
<td>Pricing and cooperation between companies, also falls out of the scope of this study.</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>Two issues have been raised regarding tax. First, there is the issue that many companies, for different reasons – either due to the difficulties in establishing in Vietnam or by deliberate chose, only establish representative offices in Vietnam and while doing so they escape paying tax. Second, there is the difficulty in paying tax, the corruption and bureaucracy that makes it hard to pay tax. Consequently, some companies do not pay tax, which means that there is a lack of compliance with this principle.</td>
</tr>
</tbody>
</table>