The Socio-Economic Impacts of CSR

A Case Study of Swedish-related Companies and Corporate Social Responsibility in Vietnam

Anna Laurell och Jessica Moström Axelfelt

Preface

The School of Public Administration at Gothenburg University is the only coherent multidisciplinary education programme in Public Administration in Sweden. We annually examine about 50 Master's students. In order to increase the quality of SPA education, the students have opportunities to participate in an additional programme - Minor Field Studies (MFS), which offers students a scholarship for travel and for gathering empirical material for their master's thesis in a developing country. In this way, students can expand their international network and prepare themselves to work in a global context.

Anna Laurell and Jessica Moström Axelfelt have written a joint master's thesis entitled The Socio-Economic Impacts of CSR: A Case Study of Swedish-related Companies and Corporate Social Responsibility in Vietnam. Their work deserves particular attention because it is a very ambitious project, well executed and with interesting conclusions.

The purpose of the thesis was 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 City from the perspectives of the Swedish and Vietnamese respondents involved in CSR cooperation in Vietnam. The analysis of policy documents and

semi-structured interviews suggests that CSR has the potential to be a meaningful tool in the development of Vietnam. However, the relationship between CSR and development is problematic. Representatives of Swedish-related companies express a willingness to contribute to local development, but the Swedish companies fail because they do not follow OECD guidelines or UNGC principles, which can be interpreted as failing to take responsibility for their own operations. According to the Vietnamese respondents, the CSR agenda of Swedish-related companies is not necessarily consistent with local needs and CSR priorities. Swedish-related companies are affected by contextual factors that present significant challenges for their CSR initiatives and activities and thereby limit their potential contribution to development. This highlights the issue of reciprocal responsibility, implying that the government plays an important role in CSR efforts by creating an enabling environment. Further research is necessary.

Gothenburg, 18/03/2014

Iwona Sobis,
Associate Professor, School of Public Administration (supervisor)

Stig Montin
Professor, School of Public Administration (examiner)

Acknowledgements

ish 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.

Anna Laurell and Jessica Moström Axelfelt

Gothenburg, 07/01/2014

Table of Contents

1. Introduction

1.1 Recent developments within the aid debate

During the last decade a new landscape of international develop-
ment 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, and this is
now widely used to measure how the worldwide fight against pov-
erty in the world is progressing (Odén and Wohlgemuth, 2007:4).
This agreement raised the awareness of the need for 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, har-
monisation, alignment, managing for results and mutual account-
ability, 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 operationalisation 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. What was formerly aid, in the form of different types of economic assistance, has developed into mutual exchange between donors and recipient countries and is now customised to fit countries' specific needs (Ibid.:4f). This shift has also shaped Swedish development cooperation policies in practice. Firstly, Swedish international development policy was debated and renewed in early 2000, leading to the policy for global development (PGD) in 2003. Solidarity was confirmed as the major underlying motive, along with enlightened self-interest, which had previously been excluded from the development cooperation debate. The new emphasis of the PGD was on coherence and coordination with the overriding objective being to contribute to equitable and sustainable development by including a rights perspective and the perspective of the poor (Government Bill, 2002/03:122:19). Secondly, in 2004, the Swedish International Development Cooperation Agency (SIDA) was assisting nearly 121 countries. After being criticised for spreading its development cooperation across too many countries, in 2007 the Swedish government launched a country focus aiming to reduce the number of recipient countries in order to increase effectiveness, efficiency and the quality of the aid (Odén and Wohlgemuth, 2007:9).

Both of these developments are seen as important steps to implementation of the Paris Declaration (Odén and Wohlgemuth, 2009:7).

In addition, trade has become an important strategy for Sweden's development cooperation and 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 in creating employment opportunities and contributing to economic growth (Government Communication, 2007/08:89:24). With the PGD, the Swedish Government emphasises both the need for an improved climate for trade and investment in developing countries – which would be beneficial both for 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 seen not only as beneficial for developing countries, but also important in strengthening 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 for many years been engaged in business with the southeast Asian countries. Vietnam in particular is an interesting example, since from traditionally being a development aid recipient the country has during the last decade gone through a remarkable economic and social development which has transformed Vietnam from a low-income country to a lower middle-income country (The World Bank, 2014). However, there are still socio-economic problems within the country, with a significant gap between the growing middle class and the poor who live mainly in rural areas of the country. In line with the shift in the way of thinking about international development cooperation, Swedish development cooperation with Vietnam has undergone a dramatic change. In 2007, Vietnam was chosen as one of the countries with which Sweden would phase out its bilateral development cooperation. Following that decision, Swedish development cooperation changed from traditional development assistance to selective cooperation in 2009, and the phase out was finalised in late 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 both Swedish knowledge and technology and a continuing close contact with

Sweden (Mellander, 2013-11-04). The Swedish Government, the Swedish Embassy in Hanoi and Swedish trade promotion agencies therefore encourage Swedish companies to establish and invest in Vietnam. The establishment of Swedish companies in Vietnam is seen as an important step in continuing the relationship with Vietnam and in enabling 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, 2007/08:89, Ministry for Foreign Affairs, 2009). In addition, Swedish businesses establishing and investing in the country are expected to act in line with the Swedish Government's perceptions of how companies can contribute to development through the principles of CSR as stated in the PGD. Today, more than 50 Swedish-related companies operate in Vietnam through a variety of different forms of activity, and these are generally well known both for their high CSR standards within their internal organisations and their requirements of 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 a vacuum, such initiatives are undertaken within different social, economic and 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 emphasises the need to shift the focus from understanding CSR as the responsibility only of the private business sector to examining 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, which is readily available in developed countries. Instead the environment of developing countries can present formidable challenges to CSR policies and practices (Idemudia, 2011).

Drawing on previous research emphasising that the Western driven CSR agenda is not necessarily consistent with local priorities and pointing out 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 phe-

nomenon 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 try to assess, firstly, how Swedish-related companies comply with CSR principles as stated in the PGD and how they experience the opportunities for conducting CSR in the local context. Secondly, we examine how local actors experience the Swedish-related companies' CSR initiatives and activities. As foreign companies establishing and investing in Vietnam bring with them a set of global CSR principles that must 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 the opportunity of drawing conclusions about future prospects, opportunities and challenges for Swedish-related companies in contributing to socio-economic development in Hanoi and HCMC. The following research questions therefore 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 con-

ducting 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 promote themselves as Swedish since, when operating abroad, they will be considered by foreigners as Swedish and therefore should behave accordingly by living up to these same 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 so far no generally accepted definition. Attempts to define the concept have been made, for example by the European Commission (2011:6), defining CSR as "the responsibility of enterprises for their impacts on society". Another attempt was made by the World Bank, according to which:

> 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 Codes of Conduct (CoCs), which are commonly based on the United Nations (UN) Declaration and core Conventions on Human Rights, the International Labour Organization's (ILO) labour standards, the OECD Guidelines for Multinational Enterprises and/or the UN Global Compact's (UNGC) ten principles (see sections 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, to the company's own organisation, and externally, to 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 organisations (CSOs), trade unions, customers, investors and shareholders, constitute the companies' *stakeholders*, defined by Freeman (1984:46) as: "any group or individual who can affect or is affected by" the company's operations. The stakeholders can be divided into primary and secondary stakeholders, with primary stakeholders and the company depending 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, in which an observed improvement of local economy makes it possible to sustain the needs of the local population. There is widespread agreement in the development literature that socio-economic development includes production and accumulation as well as the distribution of the fruits of production in a "relatively equitable manner" (Jaffee, 1998:3). Hence, socio-

economic development pays attention to the gap between rich and poor in a society.

1. 3 Limitations

Things change over time. This study, conducted in two municipalities in Vietnam over a limited time period between October and December 2013, aims to understand the current situation from the perspectives of the respondents. Consequently, the study does not seek to understand or compare the earlier situation or what has changed over the years. Thus, if the study had been conducted earlier or were to be replicated in the future, the results might 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 Swedish-related companies' CSR initiatives and activities in the chosen municipalities. Since some of the companies in question 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 the economic, social and environmental aspects of business activities but with a focus on socio-economic development; environmental concerns have been

purposely left outside the scope of the study, and this also affects 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, 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 for discussing the empirical findings. Chapter four further describes the PGD and goals for the private business sector and investments in developing countries in order to provide an understanding of what can be expected of 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. Chapters four and five account for the research background and the institutional

context in which the study takes place. Chapter six presents the empirical findings, in which the understanding of CSR from the perspectives of the respondents will be mapped out. The chapter is organised 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, which aims to answer 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, analysing and interpreting data, for example by 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 generalisable 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, for example examining 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 visualisation of patterns and themes from which it can be possible to draw conclusions. Different theoretical perspectives on CSR and development will be used to analyse 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.

Following this 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 were 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 provide a wider sample.

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

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

For the purpose of the study, we originally contacted companies that have their own production facilities or which outsource production to local suppliers, since they usually employ many people and have a high presence in the local communities. In addition, some of these

companies having their own production facilities also buy raw materials, components and services from domestic companies. However, as some of the well-known Swedish-related companies neither have their own production facilities nor even outsource production but instead merely 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 CSR principles and how they experience the opportunities for working with CSR in Vietnam. Therefore, we found it useful to include a wide range of companies with different types of activities and thus potential different experiences. 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 local actors would therefore not be able to answer questions about them, which was necessary for the purpose of the study. Following this selection stage, 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 Figure 1 below). Astra Zeneca, Electrolux, Birgma Hong Kong Co. Ltd (purchaser for Biltema), Nilson Group, Tetra Pak and H&M declined our

request for an interview, referring either to their policy to refuse interviews or to extensive reorganisations within the companies. The remaining companies did not respond 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 significantly emphasised the same opportunities and challenges for working with CSR in Vietnam. It is therefore 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 organisation created from the merger of the Swedish Trade Council and Invest Sweden; Swedish CENTEC Vietnam, which facilitates Vietnamese-Swedish partnerships; the Nordic and the European Chambers of Commerce, and the Swedish Embassy in Hanoi were interviewed. As they work closely with Swedish-related companies, we believed that their experiences of those companies' CSR initiatives and activities as well as their understanding 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 primarily 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.

Foreign companies – among them Swedish-related companies – establishing and investing in Vietnam bring with them 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 have excluded shareholders, investors and customers, since they are generally not local actors. Instead we have focused on the local stakeholders including local governments, the trade union, suppliers and workers, together with other relevant organisations, such as

CSOs working with CSR or CSR-related issues, who are actors that can be understood to represent the local perspective.

Figure 1: Swedish-related companies included in the study

Company name	Activities	Number of employees
Company X	A larger industrial company. They have their own production facilities and buy components from local suppliers.	About 750 in Vietnam, 420 in Hanoi Employing an unknown number of suppliers and sub-suppliers
Atlas Copco	Offers technical consultancy and sells products on the local market, mostly to foreign companies. The company is organised in four divisions: compressor equipment, construction technique, mining and rock excavation, and industrial equipment.	75 in Vietnam
Ericsson Vietnam Co., Ltd	Telecommunications, sell on the local market.	About 400 in Vietnam
IKEA Trading (Hong Kong) Ltd.	Home furnishing products: textiles, toys, natural fibres, flat-line, ceramics, plastic and solid wood, buying from local suppliers.	About 90 at their office in HCMC Employing about 40 suppliers, with sub-suppliers that in turn employ more than 250,000 people
New Wave Group Vietnam	Garments, textiles, shoes, gifts and home furnishing products, buying from local suppliers.	29 at their office in HCMC Employing an unknown number of suppliers and sub-suppliers
NITECO Vietnam	IT outsourcing, provides services to customers e.g. in Sweden, Denmark and Australia.	About 130 at their office in Hanoi

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 CSOs about their understanding of the situation of the suppliers and workers, they are used as secondary sources, which mean they might tell a story different to what the suppliers and workers would. In order to mitigate this problem, we contacted organisations working closely with factories. In addition, their views were complemented by interviews with a number of 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 organisations (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 the 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 Figure 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.

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

Category	Description*
Local governments – relevant ministries and departments	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 & Industrial Zone Authority (HEPZA) Hanoi Industrial and Export Zones Authority (HIZA)
Civil society organizations	United Nations Industrial Development Organization (UNIDO) Fair Labor Association (FLA) Better Work Vietnam International Labor Organization (ILO) Business Social Compliance Initiative (BSCI)
The trade union	Vietnam General Confederation of Labour (VGCL)
Suppliers	Factories supplying, among others, Swedish buyers. These companies have to implement the buyers' CoCs. We met representatives from two Swedish owned factories, a French owned factory and one Vietnamese government owned enterprise.
Workers	People working at the supplier factories. We met three workers from two factories.
Others	Vietnam Chamber of Commerce and Industry (VCCI) OneStep, a local CSR consultancy firm

*   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/organisations 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 identify key people 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 people for us to talk to.

A crucial decision that needed to be made regarded the number of 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 noted that respondents eventually only referred us to people that we al-

ready met; we thus felt that we could not move forward and that the key people 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 Figure 3 below; for the complete interview guides, see Appendix 3-7). At the same time we were open to changing the sequence and form of the questions "in order to follow up the answers given and stories told" and to enable the interviewees to talk without hindrance (Ibid.). This method also allows for 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 internal validity, on the results of the study and on what conclusions may be drawn. In order to achieve internal validity, we chose a method appropriate for the purpose of the study and strove to achieve consistency between the theoretical and operational levels by identifying relevant themes for the interview guides from the theoretical framework, which was also used to analyse the empirical data, discuss the results and draw conclusions.

Figure 3: Operationalisation; how the interview guides relate to the research questions

Research Question	Interview guide, themes	Respondents
How do the Swedish-related companies comply with the CSR principles stated in the PGD?	**CSR** Awareness of 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)	Company key representatives and trade promotion agency representatives
How do Swedish-related company representatives experience the possibilities, opportunities and challenges for conducting CSR initiatives and activities in the municipalities?	**Enabling environment** Regarding the companies' experience of working with CSR initiatives and activities in the municipalities and the cooperation with local government	Company key representatives and trade promotion agency representatives
How do the local actors experience Swedish-related companies' CSR initiatives and activities?	**CSR** About how the representatives of the local perspective understand Swedish-related companies' CSR initiatives and activities; for example what they find positive and negative	Local stakeholders and relevant actors working with CSR or CSR-related issues
How do the different respondents understand the relationship between CSR and development?	**CSR and development** Socio-economic needs and how Swedish-related companies can help to meet these needs	All

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 for each interview. The interviews lasted from 30 minutes and sometimes up to 2 hours. After the first few interviews, the interview guides were further developed as we became more familiar with the subject. While carrying out the interviews we took the advantage of the fact that two researchers were conducting this study. Both of us participated during all interviews, with one of us 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 this, a few questions about the interviewees' background and about the activities of their organisation were 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 once translated into English and important details may be lost in translation; there is

also 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 in order to avert this possible bias. In addition, regarding the interviews conducted with the assistance of an interpreter, we could not check whether 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 of 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 were told that we would receive different answers with and without the use of a recorder. Therefore we decided not to record any of the interviews. By only taking notes there was a risk of missing out some of the important information, since it was not possible to write

down everything said. It was also more difficult to get 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 supplemented the content of the interview, and when we had different opinions regarding the meaning of something the respondent said the interviewee was contacted again to reduce the risk of misunderstandings.

In addition, 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 – in which 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 were conducted with one interviewee, but in some cases, such as that mentioned above, the interview was conducted as a group interview with two interviewees, or in one case – the interview with VGCL – with three interviewees. During these interviews the interviewees might influence each other's answers, so the results might differ from the results of an individual interview. In this case, however, we felt that the interviewees had different areas of responsibility and knowledge, and therefore provided different and complementary insights.

In addition when conducting interviews, the issue of strategic answers must be taken into consideration; where the researchers only 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 were and the purpose of the study, and in staying aware of the roles we were given by the different respondents as 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 avoided.

2.3 Source criticism

In order to evaluate the authenticity and determine the credibility of answers given and of written material, the sources used in this study have been critically reviewed on the basis of 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 has passed between an event and the source's 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 it is reliable and actually is what it 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 bear critical evaluation according to the authenticity and 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 check information provided with different actors. It is, however, important to bear 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 summarised in four principle demands: *giving information, collecting consent, keep-*

ing confidentiality and *restricting the use to the research purpose* (Veten-skapsrådet, undated:5ff). Taking these demands into account, we first informed the interviewees about the purpose of the study and emphasised the fact 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 the opportunity to remain anonymous. Moreover, the interviewees were all offered the opportunity to verify any quotations by them that we were planning to use before including them in this document. Thirdly, as regards confidentiality, all personal information beyond name, title and workplace was securely stored and was not shared with any external parties. Finally, the use of the data collected 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 demands for high levels of 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 as a result of participating. This, of course, affects the reliability of the study. However, since the study aims to map out different actors' understand-

ings it is not necessary to show which worker or supplier said what, only to gain an understanding of their respective perspectives. In addition, it is important to emphasise the fact that the study does not intend to portray any of the participants in a bad light or criticise their actions; thus when analysing 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 handled our role as researchers (Vetenskapsrådet, 2011:43). Of course, the study was not driven by any private interests, but was 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). As a result, we might have missed out on some important aspects 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 readers can form their own opinions 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 analyse and interpret the data in order to answer the research questions. A short introduction to CSR begins the chapter, 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 of 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 analyse and interpret the empirical data in order to gain a broader understanding of the phenomenon of CSR. Hence, theory will be used as a theoretical tool allowing us to examine 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 organised and conducted for the purpose of making money for their owners and those who have invested in the company. 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, who 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 in order to provide financial returns for the companies. Today most business organisations have high level management commitment to, and clear frameworks for, their CSR initiatives.

3.1 Theoretical approaches to CSR

Examined 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, emphasising 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 mak-

ing profit for the shareholders. In addition, some quantitative studies have investigated whether companies with established 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 into 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 organisations 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 a vacuum but are responsible to their stakeholders as well shareholders, a premise that has come to lie at the very heart of the CSR agenda, which is 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 organisation's ob-

jectives". According to Clarkson (1995:106) stakeholders typically consist of two categories, with 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 organisation, 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 for 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,

the interaction between the company and its stakeholders is central to the stakeholder theory.

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 4 below). Economic performance is the foundation that underlies 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 behaviour. Business behaviour is also expected to be ethical and at its most basic level to entail doing what is right and never causing harm to the stakeholders. At the top of the pyramid come the philanthropic responsibilities of the companies, meaning that companies are expected to be good corporate citizens and therefore to 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 4: The pyramid of CSR

PHILANTHROPIC
RESPONSIBILITIES
Be a good corporate citizen.
Contribute resources to the
community; improve the quality
of life.

ETHICAL RESPONSIBILITIES
Be ethical.
Obligation to do what is right,
just and fair. Avoid harm.

LEGAL RESPONSIBILITIES
Obey the law.
Law is society's codification of right and
wrong. Play by the rules of the game.

ECONOMIC RESPONSIBILITIES
Be profitable.
The foundation upon which all others rest.

According to Freeman (2010:44ff) there is a clear link between stake-holders and legitimacy. He argues that it is necessary for the success and survival of a company that the company's 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 in the stakeholders in order to gain legiti-macy. 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 defi-nitions". Suchman (1995:586) also points out that "legitimacy man-

agement rests heavily on communication", that there is a need for meaningful communication with society in order for a company to obtain legitimacy. This legitimacy theory is 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 organisation's good intentions to contribute to development and to avoid causing any harm from its operations, companies strive to improve performance. 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 provide further understanding of the strategies a company can use in order to legitimise its business activities in the eyes of its stakeholders. These theories can be used in combination 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 (see for example Holliday, et al. 2002; PricewaterhouseCooper, 2008), the "business case" as a driver for CSR activities has been heavily criticised by a number of scholars. Fox (2004:31) claims that even though businesses 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 organisations that operate within strong regulatory frame-

works, adherence to legislation is often taken for granted and not critically problematised. 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 theories seems to discuss the reputation and legitimacy of the companies as a driver for engaging in CSR activities and for communicating these activities, rather than the actual responsibility of the business organisations (Jensen and Sandström, 2012). According to Jensen and Sandström, the struggle 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. However, as employers are in many cases 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 explain this behaviour by claiming that modern organisations are characterised by organisational 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 of organising away moral responsibility (Ibid.:24). Hence, by following the established routine of relying on the minimum wages regulated by law in the host country, the company is seen to have organised away its moral responsibility to pay fair wages. Moreover, the communication efforts relating to CSR activities are mainly directed at stakeholders, shareholders and consumers in the northern hemisphere, where the company headquarters are usually based, and tend to overlook the stakeholders in the local communities where the companies operate (Idemudia, 2008).

3.2 Emphasising the CSR-development nexus

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

Proponents of the economic development school of thought often emphasise the 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 people in the LDCs in favour of 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 northern hemisphere (Wallerstein, 1974; Vernon, 1977; Evans, 1979 cited in Idemudia, 2008). With the re-conceptualisation 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 the CSR discourse. In this context in which businesses are seen as sources of development, CSR can no longer be seen as only a 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 pri-

vate sector, and it perfectly complements the development effects of governments and multilateral development institutions".

As stated by Idemudia (2008), the shift in the CSR discourse towards more emphasise on the linkage between CSR and development, calls for 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 can best achieve development responsibilities.

The voluntary initiative perspective argues that government legislation should be limited to help to create conditions and incentives to encourage good business behaviour and that voluntary initiatives contribute best 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 damage corporate profit and will therefore undermine efficiency and voluntary initiatives (Blowfield, 2004; Utting, 2005). The advocates for this perspective include governments (e.g. the Swedish Government, see Ministry for Foreign

Affairs, 2013a) and business organisations such as the World Business Council for Sustainable Development (WBCSD).

The accountability school of thought stands in contrast to the voluntary initiative perspective and is 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). As a result, voluntary CSR is not likely to contribute to poverty reduction or development and is, therefore, seen primarily as a form of public relations. Scholars talk about "greenwashing" regarding environmental issues and "bluewashing" when companies seek affiliation with the UN through initiatives such as the UNGC (Jenkins and Newell, 2013). As a solution, the proponents of this school believe that binding regulations should hold business organisations accountable for their operations overseas in order for CSR to contribute to development. Thus, according to Frynas (undated: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 Martinez (2004) as well as CSOs and has been criticised for failing to distinguish between regulations and their actual enforcement (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". As a result, 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 capacities, but also as a facilitator, partner and endorser (see Figure 5 below).

Figure 5: 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.

Source: Ward (2004), adapted from Fox *et al.* (2002)

Source: Fox, 2004

The enabling environment perspective has been criticised for failing to see the issues of maldevelopment 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 overemphasis on corporate responsibility to the detriment of reciprocal responsibility and the importance of local context
3. Limited analytical focus in the research agenda

Regarding the first point, the various interpretations of development, such as, for example, economic, social or human development, mean that analyses will have different expectations of CSR reaching different, sometimes contradictory, conclusions (Ibid.). Moreover, the absence of a consensual definition of 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; for example "to avoid contributing to underdevelopment via its operations or correcting developmental problems directly due to its operations", first suggested 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). Fulfilling the negative injunction duties is, according to Simon, et al. (1972, cited in Idemudia, 2008:100), central to CSR obligations, being the moral minimum all corporations must observe, while the commitment to promote affirmative duties can be expected to 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 analysed 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 litera-

ture it is common to read that the MNCs adopt responsibilities that should be within the remit 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 unclear. 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.). In addition, because of the complicated nature of the 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, analyses often fail to adequately problematise 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 has an impact on what can be expected from the contribution of CSR to development (Idemudia, 2008:98).

Regarding the third point, the last shortcoming of analyses identified by Idemudia is the tendency to focus on outcomes – whether CSR meets its objectives – to the detriment of the CSR process and the 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 northern hemisphere, and 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 CSR policies and practices. Moreover, research

by the WBCSD (1999; 2000) suggested that CSR priorities differ from country to country and seem to depend on the perceptions of local needs. Therefore, the question of 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 than the transfer of policies and practices from abroad" (Idemudia, 2011:5).

In summary, this critique of the mainstream CSR literature provides us with a better understanding of how to look at 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 take place and the actual impact of CSR on the intended beneficiaries are all factors that affect 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 analyse 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 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 the 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 Government Bill 1962:100. This Bill has often been referred to as the Swedish "bible of development cooperation" and since its publication 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 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 government policy areas and should contribute to the fulfilment 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 had previously been excluded from the aid debate. Enlightened self-interest implies that the government recognises 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 emphasises 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 closer collaboration for example regarding "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; trade related aid has increased over recent years (Björling, 2010:8), which is a reflection of the PGD in which 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 Swedish parliament. 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.

Government Communication 2007/08:89 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, 2007/08:89:24). In this communication the Swedish government also emphasises the need for an improved climate for trade and investment in developing countries, which would be beneficial for both local 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 must undertake in order to boost trade and

investment in developing countries (Figure 6 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 sections 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, 2007/08:89:24). Government Communication 2011/12:167 reasserts 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).

Figure 6: 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, Swedfund, 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, 2007/08:89:24

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 recognised principles and standards, aimed at promoting positive contributions by multinational enterprises to economic, social and environmental

sustainable development worldwide (OECD, 2011:3). The guidelines' recommendations express shared values from 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 includes 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, undated); employment and industrial relations; the environment; information disclosure; combating bribery and corruption; consumer interests; science and technology and 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 within the fields of human rights, labour, the 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 which is specially designed to apply to businesses. The framework asks companies to commit to aligning 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 these principles (UNGC, 2013b).

4.2 Swedish development cooperation with Vietnam

Swedish development cooperation with Vietnam has a long history; Sweden started to provide humanitarian assistance to Vietnam in 1967. In 1969, diplomatic relations between Sweden and Vietnam were formed as the Swedish Embassy was established in Hanoi. A large programme 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 Figure 7 below). In the early and 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 in supporting the reform.

Figure 7: Swedish development assistance to Vietnam, 1975 to 2013
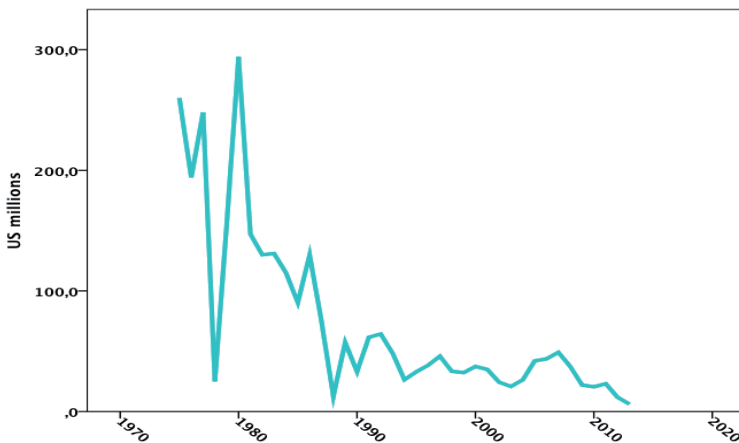
Source: Data from Openaid, 2013

As a result of its more than 40 years of support, Sweden enjoys a special relationship with the Vietnamese government, which by Vietnamese officials has been described as "being supportive, influential, flexible and non-judgmental" (McGillivray, et al. 2012:72). This relationship has paved the way for Sweden to be involved in recent years in issues that are considered as sensitive in Vietnam, such as democracy, corruption and human rights (Sida, 2013). However, in 2007 Vietnam was chosen as one of the countries with which Sweden would phase out its bilateral development cooperation. By this time, Vietnam had joined the World Trade Organization (WTO), shown 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), has 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 means of development cooperation from traditional development aid to selective cooperation. Under selective cooperation, catalytic support was given to partnerships between actors in Sweden and Vietnam; so called partner-driven cooperation (Ministry for 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. Measures were also taken to contribute to a favourable 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 phasing out of the Swedish bilateral development cooperation was finalised (Sida, 2013). Sweden will, however, continue to support multilateral development cooperation in Vietnam via international actors such as the 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 in return 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 poor and between urban and rural areas (McGillivray, et al. 2012:39). Hence, the establishment of Swedish companies in Vietnam is seen as an important step in continuing the good relationship with Vietnam as well as in Swedish actors continuing to contribute to socio-economic development in Vietnam after the ODA has been phased out.

5. About Vietnam – 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 of the problem of widespread corruption.

Vietnam is a communist one-party state where the only permitted party, the Communist Party of Vietnam (CPV), also leads the Vietnam Fatherland Front (VFF), the highly influential pro-government umbrella group of "mass-movements", which among other things organises 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 it has long lacked significant political influence. In reality, the overall political power is largely centralised among the three leaders: the President, the Prime Minister and the Communist Party Secretary General (Nguyen, undated: 1, Central Intelligence Agency, 2013).

Figure 8: Government institutions
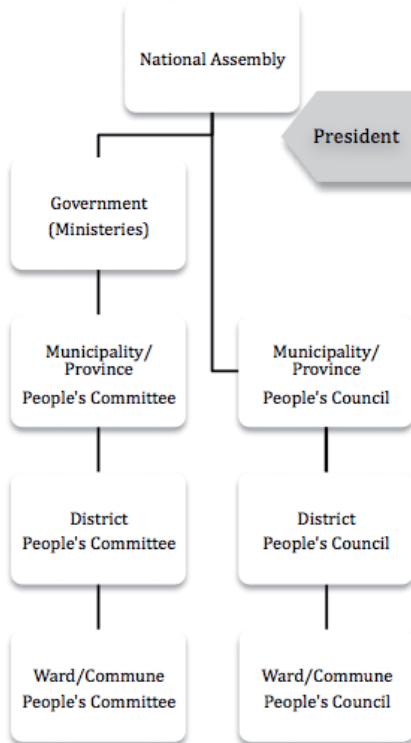
Vietnam is divided into 58 provinces and 5 municipalities that have about the same status as the provinces, but are to a greater extent centrally controlled by the government. The provinces and munici-palities are divided into districts, which in turn are divided into mu-nicipalities in rural areas or wards in urban areas (Tria Kerkvliet and Marr, 2004). Each province or municipality has a popularly elected

council similar to the National Assembly, the People's Council, which is accountable to the local people as well as the superior state organs, and a local executive body, the People's Committee, with the same structure also being repeated at the lower levels (see Figure 8 above). In addition, each municipality or province has a number of departments that match 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 the 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, although they are mainly concentrated in some key industrial urban areas. 30 per cent of the registered FDIs in Vietnam are located in HCMC in the south and almost 20 per cent in Hanoi in the north (Foreign Investment Agency, 2013a). The six poorest provinces, all in the north, only receive a few per cent of total FDI (Ibid.; Kokko, et al. 2003:49).

The widespread corruption in Vietnam has a negative impact on socio-economic development and is experienced in all levels of society (Norad, 2011:12). Some of the most corrupt sectors are public administration, the judiciary, the 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 rich and poor. In addition, the generally low wages and widespread corruption in the public sector contribute 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 aimed 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, and is followed by a presentation of relevant themes that have been raised during the interviews. The chapter is organised according to the research questions; however, the purpose of the chapter is not to answer the research questions but instead to be responsive to the interview answers and highlight the themes that were raised. These themes will be further discussed in the following chapter which is aimed at answering the research questions using the theoretical framework. In order to process the empirical data, we thoroughly reviewed the transcribed interviews and sorted out themes relevant to the research questions from each interview answer. From the themes raised 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, 05/11/2013). The first wave came in the early 1990s following the *Doi Moi* economic reforms. Company X, Atlas Copco, Ericsson and IKEA were estab-

lished in Vietnam during this period. The second wave came in the late 1990s, following Vietnam's membership in ASEAN. New Wave Group was established at the end of this period. The third wave came after 2007 and Vietnam's membership in WTO, and 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 centre of Vietnam while HCMC is the economic centre (Nguyen, interview, 25/10/2013; Nghiem, interview, 13/11/2013). 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, 01/11/2013; Steinbach, interview, 08/11/2013).

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, 25/10/2013). In Vietnam, Swedish companies

are well known for being active within CSR and for their high CSR standards. They are also recognised and appreciated for being at the forefront not only in areas such as working conditions, the environment and anti-corruption but also when it comes to product quality, safety and modern technology (Nguyen, interview, 14/11/2013; Vu, interview, 18/10/2013). This view is commonly shared among the respondents:

> Many Swedish companies have good business manners and high CSR standards, which facilitate growth and contribute 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, 05/11/2013).

In Figure 9 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. Each company's CSR initiatives and activities will next be briefly described.

Figure 9: Compliance with international CSR standards and principles

Company	UN Global Compact (UNGC)	OECD*	CSR initiatives/activities/CoCs**
Company X	Member since 2000	Clearly follows the guidelines	Supplier *Code of Conduct*, based on among others OECD guidelines, relevant ILO conventions regarding health and safety. Participates in various charity projects and events.
Atlas Copco	Member since 2008	Clearly follows the guidelines	*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.
Ericsson Vietnam Co., Ltd	Member since 2000	Partly follows the guidelines	*Code of Conduct*, based on UNGC as well as a *Code of Business Ethics*.
IKEA Trading (Hong Kong) Ltd.	Member since 2004	Partly follows the guidelines	*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.
New Wave Group Vietnam	Non-member	Partly follows the guidelines	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.
NITECO Vietnam	Non-member	Partly follows the guidelines	Supports various charity projects and events.

* According to this definition, companies following the guidelines clearly base their CoCs on the OECD guidelines along with other international CSR standards. Companies partly following the guidelines do not specifically refer to the guidelines in their business operations.

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

6.1.1 Company X

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

> Corruption overshadows everything else; it not only affects how business is conducted, that many customers expect 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 labour inspections… This is very problematic (Ibid.).

In the factories, working conditions, especially those relating to workers' safety and security, are highly prioritised, "we want our workers to come to work safe and go home safe… Our workers often have big families to provide for and employment at Company X should provide security for the workers as well as their families" (Ibid.). The company also works closely with its suppliers and provides training, expertise and audits to improve working conditions and skills in order to ensure product quality, which is clearly visible in the factories: "At the factories, there is a clear difference in the working environment between the departments producing for us and departments producing for other clients, regarding, for example, safety procedures" (Anonymous 1, interview, 21/10/2013). In addition, Company X also participates in various charity projects and arranges different training programmes and activities for students.

6.1.2 Atlas Copco

Atlas Copco in Vietnam is a technical consultancy company that sells its products on the local market, mainly to foreign companies. It also has customer service centres in two provinces in Vietnam (Yap, interview, 01/11/2013). Atlas Copco bases its operations on its business code of practice and puts a lot of effort into its CSR work and its 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 its CSR work is mainly focused around its workshops and its customer service centres regarding working conditions:

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

Another priority for Atlas Copco is its staff, the company tries take good care of the staff by paying fair wages and arranging sports and charity events, which "creates a sense of belonging, a value that attracts people to stay in the company" (Yap, interview, 07/11/2013). Instead of paying the minimum wages regulated by law, Atlas Copco hires a third party to provide analyses of wages and living costs, and bases wage levels on these results, which means that the company's wages are set higher than the minimum wage. The company also conducts internal CSR audits and provides CSR training for 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 facilities in Vietnam but provides telecommunication equipment and services to the local market. Like everywhere in the world where it operates, Ericsson bases its activities in Vietnam on its CoC and its code of business ethics. The company adheres to 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 labour or corruption (Steinbach, interview, 08/11/2013).

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

> There is corruption on all levels in society… Ericsson has zero tolerance when it comes to corruption, but when working with subcontractors, 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 offers 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 might not comparatively have the best wages, but we provide a good working environment with good benefits… 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, 11/11/2013). For IKEA, sustainability is the foundation of its operations. In Vietnam, IKEA buys a wide range of different products from numerous suppliers. IKEA's partnerships with its suppliers are based on its CoC, called IWAY. In order for a business contract to be signed, suppliers must meet about 90 per cent 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 the potential to live up to our requirements" (Ibid.). For IKEA, 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" (Kielak, interview, 11/11/2013). "We form relationships with our suppliers, we grow together; it's a win-win partnership" (Chin, interview, 11/11/2013). This relationship is very important for IKEA since it does not own any factories in Vietnam and whether the needs of customers can be met depends on the efforts of its suppliers. Therefore, IKEA provides guidance, training, experience and capacity support to its suppliers in order to help them implement the IWAY standard. The company also regularly audits its 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, 11/11/2013).

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

As a significant part of IKEA's outsourced production in Vietnam involves natural resources – mainly natural fibres – its CSR work in Vietnam focus heavily on the sustainable use of natural resources and it is important for IKEA to trace the whole supply chain (Ibid.). IKEA also engages in charity projects, supporting among other

things an orphanage and has built a library at a school. The company also offers a comprehensive leadership training programme for local potential managers (Ibid.; Chin, interview, 11/11/2013).

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 promotions. In Vietnam, the company buys products from local suppliers. Working closely with its suppliers, New Wave Group bases its cooperation on its CoC, including some basic social and environmental requirements, which its suppliers have to follow (Nguyen, interview, 05/11/2013). In Vietnam, the company's CSR and quality controllers regularly audit the factories. When it comes to the audits, the CSR manager, for example, sends requirements to the factories, such as chemical tests that the suppliers have to conduct and report upon. The company also tries to make sure that the suppliers follow labour law regarding minimum wages and overtime etcetera, but Nguyen sees some problems regarding this:

> When the workers receive the minimum wage, 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. Its main CSR initiatives and activities involve its responsibility towards its staff and the local society in which it operates (Niklasson, interview, 13/11/2013). Regarding its staff, NITECO arranges different activities, offers training and personal development and makes sure it pays its 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 its responsibility towards society, NITECO supports local CSOs helping children in crisis in Vietnam. For Niklasson it is important to involve employees and clients in activities such as charity events to help groups such as Vietnamese street children: "Involving the staff is not only about the activity for collecting money, it is also a way to change the attitude of people towards charity". Previously among his staff, charity has primarily been considered as something that only westerners do (Ibid.).

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

In summary, from the above statements, we can see that the respondents express 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 facilities 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 check suppliers' compliance with the CoCs. On the other hand, Company X 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 facilities or working with suppliers, in this case Ericsson and NITECO, have a different view of CSR, mainly focusing on human resource management and offering a favourable and invigorative working climate, while the heavy industrial companies, Atlas Copco and Company X, emphasise safety in the workplace as an important CSR priority. Regarding wages, for various reasons NITECO, Atlas Copco and Ericsson set higher wages than the minimum wages regulated by law. IKEA and New Wave Group instead leave the responsibility of paying the workers to their suppliers. From the interviews we can therefore 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, who employ local suppliers.

Most of the respondents also express a will to do good for society by supporting local communities. This will is manifest in the companies' engagement 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 society and the 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 in conducting CSR in Vietnam and starts with a short description of the business environment, the context, in which the CSR initiatives and activities take place. When referring to "Swedish-related companies" or "compa-

nies" in this chapter, we are referring only to the companies participating in the study; we do not claim to generalise 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 those we have actually interviewed.

"The procedure for establishing a company in Vietnam is very complicated" (Cederholm, interview, 09/10/2013). In order for Swedish-related companies to engage in CSR in Vietnam they must first be established in the country. However, as expressed by Cederholm, among the trade promotion agencies there is a general view that the process of establishing a business in Vietnam is very complicated, due to bureaucracy, intricate regulations and difficult relationships 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, 12/11/2013).

Cederholm (Interview, 05/11/2013) believes that these difficulties experienced when establishing a business in Vietnam may hinder many Swedish-related companies from making major investments in

Vietnam. Instead, the companies only establish representative offices, where by law, they are only are allowed to promote their business and not to conduct revenue-generating activities or enter into contracts with domestic companies and organisations. Ottosson (Interview, 12/11/2013) 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 employees, 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 persist after the establishment of a sales business or production facility. Cederholm (Interview, 05/11/2013) 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 prepare 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 about. It is difficult" (Nguyen, interview, 05/11/2013).

The above discussion provides an understanding of the context in which the companies' CSR activities and initiatives take place. The opportunities and challenges for working with CSR in Vietnam experienced by the respondents will now be further described. During the interviews with the company representatives, when talking about CSR and its opportunities and challenges most of the respondents saw the opportunities as limited and instead emphasised the challenges they had experienced. These challenges can be organised into four themes, on the basis of which the following section will be arranged:

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

Starting with the *difficulties regarding the law*, several of the respondents emphasise that the Vietnamese legislation is very complicated and sometimes also contradictory since many laws and regulations cover the same things (for example Niklasson, interview, 13/11/2013). Working with CSR and CSR-related issues such as

working conditions, wages and the 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 advice about how to follow it" (Le, interview, 07/11/2013). Thus, the complicated laws make it difficult for both foreign and domestic companies to comply (Nguyen, interview, 12/11/2013). This problem goes hand in hand with the weak law enforcement and complicates the Swedish-related companies' relationships with their suppliers:

> About 80 per cent 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, law enforcement is weak […] if they [the suppliers] would follow the laws there would be fewer problems (Kielak,interview, 11/11/2013).

Since 80 per cent of the CoC requirements are covered by national legislation, if the suppliers would follow the laws, the Swedish-related companies could focus on the 20 per cent 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 point out some difficulties experienced regarding the implementation of the CoCs in the supplier factories: these

can be summarised 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 of 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 who 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 11/11/2013).

The lack of knowledge is also understood to affect the suppliers' attitude towards the CoC:

> The problem [regarding the poor implementation of the CoC] 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 poor implementation (Nguyen, interview, 04/12/2013).

nies 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, 11/11/2013).

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

> It is difficult to get their commitment to be owners. IKEA wants its 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, stable results. However, we have to check compliance – it is important, in this part of the world [...] but we don't want to be the police – we want to develop sustainable partnerships with the suppliers (Kielak, interview 11/11/2013).

Another company representative expresses the same problem: "If we do not visit the factory, we cannot know what is happening there [...] they will not tell us about problems in the factory" (Nguyen, interview, 05/11/2013). 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, 11/11/2013).

Regarding the third theme: *corruption*, all Swedish-related company representatives and the trade promotion agencies' representatives emphasise the issue of widespread corruption as one of the main challenges for conducting CSR in Vietnam: "Corruption is part of the

society" (Ottosson, interview, 12/11/2013) and "is very systematic, the whole system is built on corruption" (Niklasson, interview, 13/11/2013). 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 paperwork pointed out by the department staff, being aware that if you had paid in the beginning you would have got it right the first time (Niklasson, interview, 13/11/2013).

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, 21/10/2013).

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 time we have to say no because we have very strict poli-
> cies 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 supposed 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 was ever supposed to go to
> charity… (Anonymous 1, interview, 21/10/2013).

Regarding the last theme raised during the interviews, *the trade un-
ion*, which by law must 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 on behalf of or protecting the workers, especially in
> private and foreign companies […] Local trade unions do not usually
> have a representative for the workers; in many cases this is made up
> of the management board, the boss and the government (Nguyen, in-
> terview, 04/12/2013).

In summary, 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 take place in a difficult business environment. We have also seen how the respondents identify a number of challenges linked to contextual factors: complicated legislation, poor compliance and 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 describe 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 conscience. They usually try to do good and stay on a long-term basis and not short-term like companies from some Asian countries… which are also the

companies that most often violate the law… Swedish companies generally follow the law (Anonymous 2, interview, 20/10/2013).

"Swedish companies are very good, they offer good working conditions compared to companies from other countries" (Nguyen, interview, 14/11/2013). As shown by these two quotes, both from local government representatives, 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 was 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 labour disputes in Vietnam, over 80 per cent of these strikes occur in the FDI sector. These often take place in companies coming from Taiwan, Korea, China and Japan. There are very few, almost no strikes within the Swedish companies, since these companies usually follow the law and provide very good working conditions (Le, interview, 19/11/2013).

This view is also shared by some of the suppliers, who stress that the requirements from Swedish-related companies like IKEA differ 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, 07/11/2013). Swedish-related companies are also recognised for putting a lot of effort into improving the working conditions in their supply chain, for example, by working together with CSOs such as BSCI and Better Work and local CSR consulting companies. According to Weiss (Interview, 12/12/2013), this shows the companies' good intentions. Weiss also describes a gradual shift, with some companies starting 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 recognise 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, 23/10/2013).

Regarding the CoCs, the respondents have many different opinions and describe 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 in general are not related to the concept of CoCs but rather how they are implemented and what they include and exclude. The following section begins with a description of the advantages mentioned, 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, 12/11/2013). Suppliers and workers describing how Swedish-related companies' CoCs have changed their working environments also share this view:

> Our workshop is cleaner and safer… Although 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 organised (Worker 1, interview, 29/11/2013).

"Company X really prioritises its workers safety… safety comes first, then quality" (Worker 3, interview, 29/11/2013). Other respondents also emphasise potential spill over effects, when the buyers' CoCs are implemented in the supplier factories: "CoCs can make a real change for the better in the factories and can 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, 06/11/2013).

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

> The workshop [a department within the factory] where we produce
> for Company X is very different from the other workshops in the fac-
> tory. There, we have invested more in machines and modern technol-
> ogy 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 has been working with Company X since
2006, the safety procedures have not been implemented in other
parts of the factory. Hence, the potential spill over effect can be ques-
tioned.

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 they are 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 if you fail again you
> are out' (Beranek, interview, 23/10/2013).

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, 13/11/2013). 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 is therefore 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, 06/11/2013). 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, 07/11/2013).

> Audits are like a test, say an English test. You can get a good mark in the written test even if you do not speak English – but 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, 13/11/2013).

Hence, conducting audits is understood to be insufficient:

> 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 just a show. There is no sustainability; it is done for the buyer, not for the factories, not for sustainability (Kieu, interview, 06/11/2013)

In addition, there is also a possibility that the auditors may be corrupt. According to Carlsson (Interview, 07/11/2013), in his experience some auditors may, for example, expect a gift before approving a 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, 06/11/2013). Nguyen (Interview, 25/10/2013) adds: "98 per cent 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 emphasised how this also applies to Swedish companies. In contrast, other respondents including the suppliers said that they did receive training from their Swedish buyer, IKEA, during the implementation process (Nhuong, interview, 29/11/2013). Anonymous 4 (Interview, 29/11/2013) also told us that their factory receives training every year 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 serious issue. As Nhuong (Interview, 29/11/2013) described, her factory did receive training in implementing the CoCs but she considered the cost to be the main obstacle to implementation:

> It is not only about the cost of changing the work environment in the factory, it is also the cost of supervising the suppliers, of making 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 for up to a year before they can deliver the first product; this is very costly" (Carlsson, interview, 07/11/2013). 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 replace it. New machinery would improve working conditions and

> make production more efficient, but the factories need help to finance
> this change (Le, interview, 07/11/2013).

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, 06/11/2013). 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's say, brands A, B and C, then has to deal with the fact that they [the buyers] have different opinions regarding where fire extinguishers should be placed. One buyer wants them on the left hand side and the other instead wants them on the right hand side… This is definitely not supportive to a sustainable uptake of good practices by local enterprises and might also bring them in conflict with national regulations (Beranek, interview, 23/10/2013).

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 of implementing the CoCs and the efforts needed to prepare for production, including training the staff (Nhuong, interview,

29/11/2013) 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 do the CoCs; they are not sustainable (Nguyen, interview, 06/11/2013).

> 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 behaviour and substantially improve things […] In this way, there is still rather poor corporate responsibility understanding seen in the long-term (Beranek, interview, 23/10/2013).

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

> Because the workers cannot work overtime, it is difficult to cover or-
> der peaks. Also, IKEA does not like short-term contracts, so you can-
> not 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, 23/10/2013; Nghiem, interview, 13/11/2013). This is confirmed by some of the suppliers stating that neither Company X nor IKEA have any requirements regarding wages except that the suppliers must pay the minimum wages regulated by law (Anonymous 4, interview, 29/11/2013; Nhuong, interview, 29/11/2013). 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 high competition between the suppliers, and foreign compa-
> nies 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, 23/10/2013).

In line with this way of reasoning, many respondents emphasise 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, 13/11/2013). 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 criticised 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 to Swedish-related companies, is the out-sourcing not only of production, but also of other services: "Agents and brokers are employed as middle men, as service providers for example providing raw materials" (Beranek, interview, 23/10/2013) which makes the supply chain very difficult to control. Carlsson (Interview, 07/11/2013) also says that the use of middle men is a way for the companies to "outsource" corruption, for example when dealing with customs services 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 men so they themselves do not have to

deal with the corruption". In addition, some companies also hire middle men to take care of their paperwork that needs approval from the authorities, another situation where corruption frequently occurs for the same reason (Steinbach, interview, 08/11/2013). This behaviour can be understood to be a way for companies to outsource their responsibilities, but according to Beranek (Interview, 23/10/2013) "[…]outsourcing responsibilities should mean that someone else is taking it over, but nobody does. It is the companies' own responsibility and it cannot be outsourced".

In summary, this subchapter has described the understandings of the respondents' representing the local perspective of the Swedish-related companies' CSR efforts as mainly focusing on the CoCs. Generally, many of the respondents see the potential benefits CSR and CoCs can bring and the problems identified regarding CoCs are not, in general, related to the concept of CoCs but rather to how they are implemented and what they do or do not include. In addition, local government officials emphasise the benefits of Swedish-related companies' CSR efforts, while CSOs, suppliers, workers and other local actors working with CSR also question these efforts and see the potential for improvement. This difference could possibly be explained by the fact that the authorities do not work very closely 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. FDIs help to increase exports and contribute to the state budget. Foreign companies also affect domestic companies' effectiveness by technology transfer and training (Nguyen, interview, 20/10/2013).

"The economic situation in Vietnam has improved over the last 10 years… however, Vietnam is still a developing country, and it is important to attract foreign investments to improve the economy" (Dang, interview, 18/10/2013). This view is shared by many of the local government representatives who emphasise that investment is

the 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 the most urgent aspect… Vietnam needs roads, schools, hospitals and other public constructions" (Ibid.), "foreign investments are important for all sectors in contributing to welfare and improving the standard of living" (Nguyen, interview, 25/10/2013). An example of this is that some industrial parks north of Hanoi have developed into smaller cities where foreign companies have helped to build houses for workers, schools, shops etcetera (Nguyen, interview, 14/11/2013). Bin Duong province, a province neighbouring 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 its own subway" (Carlsson, interview, 07/11/2013). However, the FDIs 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 south are richer than the middle of Vietnam, and to achieve more even development more investments are needed in the central parts of the country (Dang, interview, 18/10/2013).

FDIs also contribute to a significant part of Vietnam's tax revenues and to Vietnam's total exports:

> Tax revenues from FDIs are very important for Vietnam; they stand for a large part of the total tax revenues, about 25 per cent and for more than 50 per cent of Vietnam's total exports. The figures tell us exactly how important the FDIs are to Vietnam's economy (Vu, interview, 15/11/2013).

The understanding of the importance of paying tax is also recognised by some of the Swedish-related company representatives: "By paying tax to generate revenues for the state companies can contribute to development" (Steinbach, interview, 08/11/2013). However, as mentioned above, some Swedish-related companies only establish representative offices in Vietnam. Whether this 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, 13/11/2013). To complicate the situation even more, the government reduces taxes as an incentive

for foreign companies to establish in the country (Vu, interview, 15/11/2013). Thus, these factors together limit the companies' opportunity to contribute to tax revenues.

Another contribution emphasised by the local government representatives is the creation of work opportunities (Dang, interview, 18/10/2013; Nguyen, interview, 08/11/2013), a view that is also shared by the trade union: "FDIs are very important for Vietnam's economy, the foreign companies employ about 15 million of the Vietnamese workforce of 50 million people" (Le, interview, 19/11/2013). Another aspect of the creation of work opportunities raised by Nguyen (Interview, 08/11/2013) is that "when foreign companies come here they employ local construction companies, and also create work opportunities in that way". Some of the Swedish-related companies and trade promotion agencies also see this positive influence (for example Niklasson, interview, 13/11/2013). 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 recent years but does not necessarily mean 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, 23/10/2013).

Beranek is referring to the regulations regarding, for example, taxes and land use that are rather favourable for foreign companies: "To attract foreign companies, the state provides incentives for them to establish themselves in the country, by reducing taxes, providing cheap land and preparing infrastructure such as electricity and roads" (Vu, interview, 15/11/2013). Hence, while foreign companies create work opportunities their presence also contributes to business often being lost by domestic companies. Another issue raised during the interviews is that work opportunities are often created only for 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, 29/11/2013).

When asking Swedish-related company representatives how they consider their companies 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 for CSOs, orphanages and medical projects in order to support local communities, and knowledge transfer. When it comes to knowledge transfer, most of the respondents see its importance for develop-

ment. The company representatives emphasise how their companies provide training for their staff and offer students education opportunities and scholarships. Carlsson (Interview, 07/11/2013) also sees potential spill over effects 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, 08/11/2013) also sees potential spill over effects emphasising 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 transfer, Anonymous 4 (Interview, 29/11/2013) says that Company X also contributed technology transfer at their factory. In order for the factory to live up Company X's high quality standards, it had to invest in new technology and modern machines, which has also given the factory a good reputation that has been useful in attracting new customers. The local government representatives also stress the importance of knowledge and technology transfers (for example Nguyen, interview, 20/10/2013), especially for the largest sector in the country, the agricultural sector: "Vietnam is an agricultural economy; we have the ingredients but we need investment in the manufacturing

process, we need technical knowledge and modern technology, especially green technology" (Dang, interview, 18/10/2013). To this Mai (Interview, 13/10/2013) adds how technology can give Vietnam a comparative advantage: "Due to the high levels of competition between Asian countries Vietnam is starting to lose its comparative advantage with cheap labour, instead it is through investments from foreign companies in human resources, education and training and technology that 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 maintain it? Especially Swedish companies are good at technology" (Anonymous 2, interview, 20/10/2013). 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 greatly appreciated: "We need to improve the standard of education in Vietnam and many Swedish companies help to train students and improve their skills" (Nguyen, interview, 08/11/2013). 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, 14/11/2013).

Representatives from Swedish-related companies working closely with suppliers also emphasise how their high CSR standards contribute to development by creating spill over effects. This was, for example, raised during the interview with the representatives from IKEA: "By working with IKEA and implementing the IWAY standard, 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, 11/11/2013). One of the trade promotion agency representatives identifies another potential spill over effect; that Swedish-related companies influence the local managers' mindsets:

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

Nghiem (interview, 13/11/2013) takes this one step further and sees that there is a potential for spill over effects not only among the suppliers but in society at large: "Companies' advanced requirements and standards could work as a catalyst to eventually help raise prevailing domestic standards".

While acknowledging the potential spill over effects and positive contributions to development, some of the respondents emphasise two main problems that stand in the way of sustainable implementation. Firstly, some respondents share the view that suppliers need support to understand and implement the CoCs in order for CSR to contribute to development, and say 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, 15/11/2013).

Thus, "why should the suppliers change when they do not understand the consequences and the long-term benefits for themselves…?" (Beranek, interview, 23/10/2013). 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, 30/10/2013).

Despite this insight, many companies, including Swedish-related companies, are criticised 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 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, 15/11/2013).

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

> 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, 23/10/2013).

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

In addition to the difficulties with the CoCs, the respondents have identified a number of other challenges that can constrain the positive spill over effects from CSR initiatives and activities: the minimum wages, the prices companies pay for the products they buy from local suppliers, the trade union and corruption. Regarding the minimum wages and the payments for products, representatives from the CSOs emphasise the need for companies to start paying fair wages: "Companies focus too much on productivity and profit for their shareholders and less on the supply chain and the value their

employees bring in" (Mai, interview, 30/10/2013). Thus, "companies need to evaluate what they bring in and make sure they pay the right and fair price" (Beranek, interview, 23/10/2013). 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.

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

Regarding corruption, Nghiem (Interview, 13/11/2013) points out that: "Companies see corruption as one of the main obstacles to conducting business in Vietnam, so they should try to do something about it such as engaging in multi-stakeholder dialogues and putting pressure on the government". Nguyen (Interview, 25/10/2013) also emphasises that: "Companies must work actively against corruption. The private businesses sector has to work together with the government to fight corruption". Mai (Interview, 30/10/2013) describes

how the relationship between the government and the private sector has changed, resulting in increased room for manoeuvre for the private sector:

> Previously, the government paid little attention to the voice of the private sector. Today this has changed and the private sector is getting a stronger voice". In addition, Selin (Interview, 13/11/2013) 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 […].

In summary, 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 conflict with 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 by paying wages that are too low and by not paying sufficiently for products, companies are instead contributing 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 to answer the research questions one by one in the light of the theoretical framework, in order to reach the purpose of the study: to describe and give a broader understanding of whether the phenomenon of CSR can be understood as a meaningful tool in contributing to sustainable socio-economic development in the municipalities of Hanoi and HCMC.

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

The first subchapter of the previous chapter described 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 CSR principles as stated in the PGD? The analysis is based on the company representatives' own reasoning 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 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. We have seen above 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/or the OECD guidelines or similar standards. We have also seen that the companies having their own production facilities 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 generalise 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 cov-

ered areas: *human rights, labour* and *anti-corruption*, which are the most relevant for the study, form the basis of the analysis (for a more detailed description of the OECD guidelines and the UNGC see Appendices 8 and 9, and for an overview of the following analysis see Appendix 10).

Regarding the OECD guidelines' *general policies* principle, the respondents have described how most of the Swedish-related companies encourage local capacity building; either they offer training programmes 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, for different reasons some of them 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 companies facilitated contacts with their suppliers, while others were more reluctant and did not, for unknown reasons, want us to meet their suppliers. This lack of openness implies deficient compliance with the OECD *information disclosure* principle. Regarding 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 wor-

thy of human dignity" (United Nations, undated). While putting a lot of effort into providing favourable working conditions, according to the respondents, some of the Swedish-related companies 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 also see a lack of compliance with this principle. Regarding what is called *employment and industrial relations* in the OECD guidelines and *labour* in the UNGC, several respondents stressed that child labour and forced labour do not occur in Swedish-related companies' factories in Vietnam. However, by relying too much on the trade union, Swedish-related companies are criticised for not doing enough to ensure workers' rights. Thus, we also see weak compliance with this principle. Regarding *combating bribery, bribe solicitation and extortion* and *anti-corruption*, the problem of corruption has been emphasised as a major obstacle to conducting business in Vietnam by almost all of the respondents. Swedish-related companies are criticised for not working actively enough against corruption and for employing middle men to avoid having 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 men. As a result, we also see poor compliance with this principle. Regarding *science and technology*, both respondents representing the companies and respondents represent-

ing the local perspectives emphasise that the companies contribute transfers of modern technology as well as knowledge. Consequently, according to the respondents, the companies do in general 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, corruption and complicated bureaucracy is understood to make it hard to pay tax. Hence, some companies do not pay tax, which means that for different reasons there is a lack of compliance with this principle.

From the above discussion, we can see on one hand how, by using CoCs companies are making an effort to incorporate international CSR standards into their business operations. On the other hand, 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 organisations, including private companies, are characterised by organisational 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 organise away their moral responsibilities, "hiding" behind their CoCs (Jensen and Sand-

ström, 2012:25ff). We believe that this can be the case, for example, with the minimum wages, with companies referring to their CoCs or policies when they pay, or expect their suppliers to pay, minimum wages, knowing that these are not enough for the workers to live on. When the CoCs guide the companies' operations, based on Jensen and Sandström's way of reasoning, the companies' moral responsibility to pay decent wages can be understood to be organised 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 men to deal with it, this is also a way of organising away responsibility. The problem remains and the engagement in corruption is simply "outsourced". While Jensen and Sandström refer to organisational 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 the moral responsibility not to engage in corruption, an action of what we suggest should be called "moral outsourcing".

Looking at CSR from a legitimacy and stakeholder perspective, according to Freeman et al. (2010:24) the stakeholders' perception of values created by the company is essential for its survival; in other words, it is necessary for the success of a company that its 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 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 consumers, for example by being available on the company's website. The CoC can thus 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's (2013) understanding of CSR as a form of "bluewashing". The problem however, is that 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 can also be a strategy for companies to distract attention away from issues of concern, it can be considered that 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, they avoid dealing with some issues that are regarded as "sensitive" such as minimum wages and corruption, along with the problem that for various reasons many companies escape paying tax.

In addition, we can also see how Swedish-related companies try to gain legitimacy from local communities, for example, by contributing to local capacity building through scholarships and training, knowledge and technology transfers; in some cases paying taxes (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 considered that these companies overlook their workers as stakeholders whose perception of values should be taken into consideration, focusing on other stakeholders who are 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, just as some of the Swedish-related company respondents see a relationship between working conditions, productivity and quality, where working conditions are 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 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, in our understanding, the competition for skilled workers becomes an incentive for companies to pay more. Regarding companies employing numerous 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 short, the deficient compliance

with OECD guidelines and UNGC principles may be due to a prioritised interest to make profit where a lot of effort is put into ensuring that their actions are seen as legitimate by consumers and investors. Nevertheless, we also see a will to adhere to international standards and to contribute to local communities in which they operate.

7.2 Swedish-related company representatives' experiences of the opportunities and challenges in 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 in conducting CSR initiatives and activities in the municipalities of Hanoi and HCMC.

The first theme raised in subchapter 6.2 was the difficulties of establishing a business in Vietnam due to the complicated bureaucracy, complex regulations and difficult relationships with the local authorities, which continue to be a challenge for companies even after their establishment in the country. According to the respondents, this 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, poor compliance and 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
- 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 government both nationally and locally takes 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 labour law, but because of 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 an 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 considered 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 influences 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 analysed with the aim of 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 emphasised in general do not relate to the concept of CoCs but rather to how they are implemented and what they include and exclude. Considered 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 does not necessarily reflect local priorities. Examples that have been mentioned are 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 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 and which is forced upon the suppliers. In addition, in our understanding there seems to be consistency between the local authorities' expectations of Swedish-related companies and how they can contribute to the municipalities, for example through investments, taxes and knowledge and technology transfers and the companies' actual contributions. However, there is still a discrepancy between the needs identified by the workers, suppliers and CSOs and the companies' actual contributions. This is also applicable to 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 analysing these views in order to answer the fourth research question: how do the different respondents understand the relationship between CSR and development?

Government Communication 2007/08:89:24 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 emphasises the importance of economic growth in poverty reduction. This can be interpreted to represent an economic view of 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 investment, 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 suppliers have a more critical understanding of CSR and development, emphasising for example how investments are unevenly distributed in the country and how companies escape paying tax. This could be interpreted that foreign companies, including Swedish-related companies, by paying wages that are too low, by not paying sufficiently for the products they buy from local suppliers, and by unfair competition created by the laws favouring foreign companies, contribute to keep the local population in poverty and thereby cause 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 of sustaining 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 political power is concentrated in a few people with a significant income inequality between rich and poor, which means that the priorities of the people in power may not reflect the needs of the population as a whole. 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 into a "demonstrate development" priority. In this context with businesses seen as sources of development, CSR can no longer only be seen as a 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 for example "to avoid contributing to underdevelopment via its operations or correcting developmental problems directly due to its operations". The company representatives express awareness about the potential negative impacts of their business operations. By basing their operations on CoCs, companies try to make sure that their activities do not cause any harm to their workers, the environment or to local communities. Hence, CoCs are used as a tool to mitigate the companies' possible negative impacts 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 in being the moral minimum all corporations must observe. However, only mitigating 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 have previously been identified as economic reasons and expectations from home, rather than the pursuit of moral and social good, which can be linked to Carrol's (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 underlies everything else, since companies mainly engage in CSR in order to perform better financially. For example, as discussed above, by communicating their CSR efforts companies gain legitimacy in the view of 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 operations. The philanthropic responsibilities at the top of the pyramid, the responsibilities to be good corporate citizens and contribute "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 society, at the same time they act in a way that hinders their very contribution to development, for example, by not paying enough for the products they buy, not dealing with the questions that are con-

sidered to be sensitive and for engaging in what we call "moral out-sourcing". Hence, while the Swedish-related companies undertake actions to support local communities, which could be interpreted as affirmative duties, we find it doubtful whether the expressed will to do good for society can be linked to their philanthropic responsibilities, the pursuit of moral and social good, which, according to Carrol (1994), is required 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' opportunities to contribute to development are also affected by contextual factors, such as complicated legislation and 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 as 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). We have also seen this in the municipalities of Hanoi and HCMC where, for example, companies have to act as 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, Idemudia (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 hampering them and the contributions to development that can be expected from companies thereby seem limited. It is reasonable to assume that if the government set decent minimum wages, made the legislation less complicated and enforced 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 on the basis of 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 they do generally 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 agendas; 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.

In summary, due to the research design and the methods used, the results of the study cannot be generalised 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 do not aim to draw conclusions about how all Swedish companies act in order to generalise the results to a larger population, but rather 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 said, by conducting as many interviews as we have with different actors representing different perspectives, often emphasising 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 other Swedish-related companies not included in the study would also largely stress the same challenges and opportunities in conducting CSR in Vietnam.

8. Conclusions and the road forward

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 understandings of this relationship, there is also 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 lie beyond the direct control of the companies.

The purpose of this thesis has been to describe and give a broader understanding of whether the phenomenon of CSR can be under-

stood 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, emphasising, for example investments, work opportunities, knowledge and technology transfers, improved working conditions and how the high CSR standards and CoCs have potential spill over effects influencing some local actors' ways of thinking about sustainability. This, in our understanding, shows how CSR has the 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 to contribute to local communities, the companies fail to fully comply with OECD guidelines and UNGC principles, which imply 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 the fact that the CoCs are seen as something not locally relevant, but which is forced upon the suppliers. In line with critical perspectives on CSR, this implies that the Swedish-related companies' CSR agenda is not nec-

essarily consistent with local needs and CSR priorities, for which a possible explanation is the companies' struggle for legitimacy and economic profit 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 to their CSR initiatives and activities and which thereby limit their potential contributions to development. This highlights the issue 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. Firstly, 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. Secondly, the companies' contributions to development are also affected by the companies' own priorities and motivations, in which 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; however this does not necessarily mean that companies contribute to development. Accordingly, 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 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 its methodological limitations, the study cannot contribute generalisable knowledge but can only provide a view of the different understandings that exist in this

local context. These views can be further developed in future quantitative studies, such as 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 against. In addition, every context is unique and it is reasonable to assume that local factors hampering or enabling CSR efforts vary 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.

List of abbreviations

ASEAN	Association of Southeast Asian Nations
APEC	Asia-Pacific Economic Cooperation
BSCI	Business Sustainable Compliance Initiative
CoC	Codes of Conduct
CPV	Communist Party of Vietnam
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
EU	European Union
FIA	Foreign Investment Agency
FLA	Fair Labor Association
FDI	Foreign Direct Investment
HDI	Human Development Index
HCMC	Ho Chi Minh City
HEPZA	Ho Chi Minh Export Processing and Industrial Zone Authority
HIZA	Hanoi Industrial and Export Zones Authority
ILO	International Labor Organization
LDC	Less Developed Countries
MDG	Millennium Development Goal
MNC	Multinational Corporation

MPI	Ministry of Planning and Investment
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PGD	Policy for Global Development
SME	Small and Medium Sized Enterprises
SIDA	Swedish International Development Cooperation Agency
UN	United Nations
UNGC	United Nations Global Compact
UNIDO	United Nations Industrial Development Organization
VCCI	Vietnam Chamber of Commerce and Industry
VGCL	Vietnam General Confederation of Labour
VIETRADE	Vietnam Trade Promotion Agency
VFF	Vietnam Fatherland Front
WBCSD	World Business Council for Sustainable Development
WTO	World Trade Organization

References

Björling, E. (2010). *Regeringens handelspolitiska deklaration – Presenterad i Riksdagen*, *onsdagen den 14 april 2010*. At: http://www.regeringen.se/content/1/c6/14/37/94/f1b3d0ff.pdf [2013-02-28]

Bowen, H. R. (1953). *Social Responsibilities of Businessmen*. New York, Harper & Row

Blowfield, M. (2005). Corporate Social Responsibility: Reinventing the Meaning of Development. In *International Affairs* 81:515-24

Blowfield, M. (2004). CSR and Development: is Business Appropriating Global Justice. In *Development* 43:6168

Blowfield, M. and Frynas, J. G. (2005). Setting New Agenda: Critical Perspectives on Social Corporate Responsibility. In *International Affairs* 80:499-513.

Carrol, A. B. (1979). A Three-Dimensional Conceptual Model of Corporate Social Performance. In *Academy of Management Review*, Vol. 4, No. 4, 497-505

Central Intelligence Agency (2013). *Vietnam*. The World Factbook. At: https://www.cia.gov/library/publications/the-world-factbook/geos/vm.html [2013-11-17]

Clarkson, M. B. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. In *Academy of Management Review* 20, 92-117

Cuesta González, M. and Valor Martinez, C. (2004). Fostering Corporate Social Responsibility Trough Public Initiative: From the EU to the Spanish Case. In *Journal of Business Ethics* 55: 275-293

Denzin, N. K. and Lincoln, Y. S. (2011). Introduction: The Discipline and Practice of Qualitative Research. In Denzin, N. K. and Lin-

coln, Y. S. (ed.) (2011). *The Sage Handbook of Qualitative Research*. Thousand Oaks: SAGE Publications, 4ᵗʰ Edition

Embassy of Sweden Hanoi (2011). *Corporate Social Responsibility makes a company attractive and competitive*. At: http://www.swedenabroad.com/enGB/Embassies/Hanoi/Curr ent-affairs/News/Corporate-Social-Responsibility-makes-a-company-attractive-and-competitive/ [2013-10-12]

Embassy of Sweden Hanoi (2010). *Business and Development Council cements Swedish ties with Vietnam*. At: http://www.swedenabroad.com/enGB/Embassies/Hanoi/Curr ent-affairs/News/Business-and-Development-Council-cements-Swedish-ties-with-Vietnam/ [2013-10-12]

Esaiasson, P., Gilljan, M., Oscarsson, H. and Wängnerud, L. (2007). *Metodpraktikan: Konsten att studera samhälle, individ och marknad*. Stockholm: Norstedts Juridik AB

Evans, P. (1979). *Dependent Development: The Alliance of Multinational, State and Local Capitol in Brazil*. Princeton University Press, Princeton

Eweje, G. (2006). The Role of MNEs in Community Developing Initiatives in Developing Countries: Social Corporate Responsibility at Work in Nigeria and Southern Africa. In *Business and Society* 45:93-129

European Commission (2011). *A renewed EU strategy 2011-14 for Corporate Social Responsibility*. Communication from the Commission to the European Parliament, The Council, The European Economic and Social Committee and the Committee of the Regions, Brussels

Foreign Investment Agency (2013a). *Statistics – FDI by province*. Statistics provided by the Statistics and Information Division at For-

eign Investment Agency, Ministry of Planning and Investment, Hanoi

Foreign Investment Agency (2013b). *Statistics – Swedish FDI by province*. Statistics provided by the Statistics and Information Division at Foreign Investment Agency, Ministry of Planning and Investment, Hanoi

Fox, T. (2004). Corporate Social Responsibility and Development: In Quest of an Agenda. In *Development*, Volume 47, Issue 3, pp: 29-36

Fox, T. Ward, H. and Howard, B. (2002). *Public Sector Roles in Strengthening Corporate Social Responsibility: A Baseline Study*. Washington, D.C.: World Bank Group

Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L. and de Colle, S. (2010). *Stakeholder Theory: The State of Art.* Cambridge, Cambridge University Press

Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Boston, Pitman Publishing

Frynas, J. G. (2005). The False Development Promise of Corporate Social Responsibility: Evidence from Multinational Oil Companies. In *International Affairs* 81:581-98

Frynas, J. G. (undated). *Beyond CSR: Will CSR lose its public credentials?* The international Research Network on Business, Development and Society, Critical Perspectives on Corporate Social Responsibility in the Developing World, Briefing No.2

Government Bill, 2002/03:122

Government Bill, 1962:100

Government Communication, 2011/12:167

Government Communication, 2007/08:89

Halvorsen, K. (1992). *Samhällsvetenskaplig Metod*, Lund: Studentlitteratur

Hamann, R. (2006). Can business make decisive contribution to development? Towards a research agenda on corporate citizenship and beyond. In *Development Southern Africa* 23:61-73

Holliday, C., Schmidheiny S. and Watts P. (2002). *Walking the Talk – The Business Case for Sustainable Development*. London, Greenhouse Publishing

Idemudia, U. (2011). Corporate social responsibility and developing countries: moving the critical CSR research agenda in Africa forward. In *Progress of Development Studies*, Volume 11, Issue 1, pp 1-18

Idemudia, U. (2008). Conceptualizing the CSR and the Development Debate: Bridging Existing Analytical Gaps. In *Journal of Corporate Citizenship*, 29, 91-110

Jaffee, D. (1998). *Levels of Socioeconomic Development Theory.* Westport, Praeger Publishers

Jenkins, R. and Newell, P. (2013). CSR, Tax and Development. In *Third World Quarterly*, 34:3 378-396

Jensen, T., and Sandström, J. (2012). *Organisation och ansvar. Om hur organisatoriska processer hindrar ansvar*. Malmö, Liber

Jong, D. G., Phan, A.T. and Ees, V. H. (2010). Which Entrepreneurs Bribe and What Do They Get From It? Exploratory Evidence From Vietnam. In *Entrepreneurship – Theory and Practice*, Volume 36, Issue 2, pp 323-345

Katamba, D., Zipfel, C., Haag, D. and Tushabomwe-Kazooba (2012). *Principles of social responsibility (CSR) – A guide for students and practicing managers in developing and emerging countries*. Huston, Strategic Book Publishing and Rights Co.

Kokko, A., Kotoglou, K., and Krohwinkel-Karlsson, A. (2003). The implementation of FDI in Viet Nam: an analysis of the character-

istics of failed projects. In *Transnational Corporations*, Volume 12, Issue 3, pp 41-77

Kotler, P. and Armstrong, G. (2006). *Principles of Marketing*. 11th Ed. New Delhi, Prentice-Hall of India

Kvale, S. (1996). *InterViews: An Introduction to Qualitative Research Interviewing*. Thousand Oaks: SAGE Publications

Lindblom, C. K. (1994). *The implications of organizational legitimacy for corporate social performance and disclosure*, paper presented at the Critical perspectives on Accounting Conference, New York

Martini, M. (2012). *Overview of corruption and anti-corruption in Vietnam*. Transparency International, U4 Anti-Corruption Resource Centre

McCracken, G. (1988). *The Long Interview*, London, SAGE

McGillivray, M., Carpenter, D. and Norup, S. (2012). *Evaluation Study of Long-Term Development Co-operation between Vietnam and Sweden*. Sida Evaluation 2012

Magnusson, Å. and Norén, G. (2002). *Ethical Guidelines: Corporate Governance in Global Economy.* Näringslivets internationella råd (NIR)

Mellander, C. (2013-11-04). Opening speech at the conference *Looking Back – Moving Forward. Showcasing 46 years of Development Cooperation between Sweden and Vietnam* At. Daewoo Hotel, Hanoi

Ministry for Foreign Affairs (2009). *Strategy for development cooperation with Vietnam: 2009 – 2013*. Regeringskansliet, Government Offices of Sweden

Ministry for Foreign Affairs (2013a). *Hållbart företagande – Plattform för svenskt agerande.* Regeringskansliet, Government Offices of Sweden

Ministry for Foreign Affairs (2013b). *OECDs riktlinjer i korthet*. At: http://www.regeringen.se/sb/d/17198/a/209060 [2013-12-21]

Moir, L. (2001). What Do We Mean by Corporate Social Responsibility? In *Corporate Governance*, Vol. 1, No. 2, 16-22

Newell, P. (2005). Citizenship, Accountability and Community: The Limits of the CSR Agenda. In *International Affairs* 81.541-57

Nguyen, N. H. (undated). *UCLG Country Profiles: Socialist Republic of Vietnam.* United Cities and Local Governments, Country Profile Vietnam

Norad (2011). *Joint Evaluation of Support to Anti-Corruption Efforts Viet Nam Country Report*. Report 6/11. Evaluation Department, Norwegian Agency for Development Cooperation, Oslo, Norway

Odén. B. and Wohlgemuth, L. (2007). *Swedish Development Cooperation Policy in an International Perspective*. Center for African Studies, Gothenburg University

Odén. B. and Wohlgemuth, L. (2009). *Where is the Swedish aid heading?* School of Global Studies, Gothenburg University

OECD (2011). *OECD Guidelines for Multinational Enterprises*. 2011 Edition, OECD Publishing

Openaid (2013). *Vietnam.* At: http://www.openaid.se/en/countries/viet-nam [2013-10-12]

Porter, M. E. and Kramer, M. R. (2006). Strategy and Society: The link between Competitive Advantage and Corporate Social Responsibility. In *Harvard Business Review*, December 2006, 78-92

PricewaterhouseCoopers (2008). *CSR – from risk to value: the business case for corporate social responsibility*, CSR. Lund, Studentlitteratur

Reed, A. M. and Reed, D. (2004). *Corporate Social Responsibility and Development: Towards a New Agenda and Beyond*. York University, International Secretariat for Human Development and Demographic Governance, Toronto

Sharp Paine, L. (2000). Does Ethics Pay? In *Business Ethics Quarterly*, Volume 10, Issue 1, pp: 319-330

Shen, C. and Chang, Y. (2008). Ambition Versus Conscience, Does Corporate Social Responsibility Pay off? The Application of Matching Methods. In *Journal of Business Ethics* (2009) 88:133-153

Sida (2013). *Vårt arbete i Vietnam.* At: http://www.sida.se/Svenska/Lander-regioner/Asien/Vietnam/Vart-arbete-i-Vietnam/ [2013-10-12]

Simon, G. J., Powers, W. C. and Gunneman, P. J. (1972). The responsibilities of Corporations and their owners. In: Beauchamp, T. L. and Bowie, N. E. (eds), *Ethical Theory and Business*. Eaglewood Cliffs, Prentice Hall: 61-65

Solomon, R.C., and Martin, C. (2004). *Above the Bottom Line: An Introduction to Business Ethics.* Belmont, CA: Thomson Wadsworth, 3rd Edition

Stoner, F. A. J., Freeman, E. R. and Gilbert, JR. R. D. (2003). *Management*. 6th Ed. New Delhi, Prentice-Hall of India Private Ltd.

Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. In *Academy of Management Review* 20, 571-610

The World Bank (2014). *Vietnam Overview*. At: http://www.worldbank.org/en/country/vietnam/overview [2014-01-02]

Thurén, T. (2005). *Källkritik*. Stockholm: Liber AB, 2nd Edition

Tran, N. K. and Yoon, H. (2008). Impacts of trade liberalization on employment in Vietnam: A system generalized method of moments estimation. In *The Developing Economies,* Volume 47, Issue 1 March 2009, pp 81–103

Tria Kerkvliet, B. J. and Marr, D. G. (2004) *Beyond Hanoi: Local Government in Vietnam*. Singapore, Institute of Asian Studies

United Nations (undated). *The Universal Declaration of Human Rights.*

UNDP (2013). *The Rise of the South: Human Progress in Diverse World.* Human Development Report 2013

United Nations Global Compact (2013a). *Overview of the UN Global Compact.* At: http://www.unglobalcompact.org/AboutTheGC/index.html [2013-10-13]

United Nations Global Compact (2013b). *Participants and Stakeholders. Participant Search.* At: http://www.unglobalcompact.org/participants/search?business _type=2&commit=Search&cop_status=all&country%5B%5D=190 &joined_after=&joined_before=&keyword=&listing_status_id=all &organization_type_id=&page=1&per_page=250&sector_id=all& utf8=%E2%9C%93 [2013-10-13]

Utrikespolitiska Institutet (2012). *Vietnam. Landguiden.* At: http://www.landguiden.se/Lander/Asien/Vietnam [2013-10-08]

Utrikespolitiska Institutet (2011). *Vietnam: Politiskt System. Landguiden.* At: http://www.landguiden.se/Lander/Asien/Vietnam/Politiskt-System [2013-10-08]

Utting, P. (2005). Corporate Responsibility and the Movement of Business. In *Development in Practice* 15:375-88

Utting, P. (2003). Promoting Development through Corporate Social Responsibility: Prospects and Limitations. In *Global Futures* 3Q 2003:11-13

Vernon, R. (1977). *Storm over Multinationals: The Real Issues.* Cambridge, Harvard University Press

Vetenskapsrådet (2011). *Good Research Practice.* Vetenskapsrådets rapportserie 3:2011

Vetenskapsrådet (undated). *Forskningsetiska principer inom humanistisk-samhällsvetenskaplig forskning*.

Vives, A. (2004). The Role of Multilateral Development Institutions in Fostering Corporate Social Responsibility. In *Development* 43:45-52

Wallerstein, I. (1974). *The Modern World System*. Orlando, Academic Press

Ward, H. (2004). *Public Sector Roles in Strengthening Corporate Social Responsibility: Taking Stock*. Washington, World Bank Group

Webley. S, and More. E (2003). *Does business ethic pay? Ethics and financial performance*. Institute of Business Ethics London

World Business Council for Sustainable Development, WBCSD (2000). *Corporate social responsibility. Making good business sense*. Geneva, WBCSD

World Business Council for Sustainable Development, WBCSD (1999). *Corporate social responsibility. Meeting changing expectations*. Geneva, WBCSD

Welford, R. (2002). Distributing Development: Conflicts Between Corporate Environmentalism, the International Economic Order and Sustainability. In Utting (ed.) (2002). *The Greening of Business in developing Countries: Rhetoric, Reality and Prospects*. London, Zed Books

Appendix 1: List of interviewees

Swedish-related companies

Name:	Date:
Anonymous 1, Senior Vice President	Hanoi 21/10/13
Company X[1]	
Robert Yap, General Director	Hanoi 01/11/13/
Atlas Copco	HCMC 07/11/13
Nguyen Hung Cuong, Chief and Sourcing Manager	HCMC 05/11/13
New Wave Group Vietnam	
Mikael Steinbach, Head of HCMC Branch Office	HCMC 08/11/13
Ericsson Vietnam Co., Ltd	
Bee Chin, Business Navigator	HCMC 11/11/13
IKEA Trading (Hong Kong) Ltd.	
Representative office in Ho Chi Minh	
Jarek Kielak, Sustainability Manager	HCMC 11/11/13
IKEA Trading (Hong Kong) Ltd.	
Representative office in Ho Chi Minh	Hanoi 13/11/1
Pelle Niklasson, Founder and president	
NITECO Vietnam	

---

[1] A larger company within the industry sector

Trade promotion agencies

Name:	Date:
Peter Cederholm, Market Unit Manager Business Sweden	Hanoi 09/10/13/ Hanoi 05/11/13
Håkan Ottosson, Vice honorary Consul General and former Director The Swedish Trade Council	HCMC 12/11/13
Mai Thi Thanh Huong, Project and External Relations Manager EUROCHAM	Hanoi 30/10/13
Thomas Frisenberg, Chairman NORDCHAM	Hanoi 15/11/13
Tomas Hertzman, Director Swedish CENTEC Vietnam	Hanoi 28/11/13
Nguyen Duc Vinh, Program Officer Swedish CENTEC Vietnam	Hanoi 04/12/13

The Swedish Embassy in Hanoi

Name:	Date:
Mikael Johansson, Second Secretary Trade and Sweden Promotion Embassy of Sweden (Interviewed together with Peter Cederholm)	Hanoi 09/10/13
Maria Selin, Counsellor, Deputy Head of Mission, Head of Development Cooperation Section Embassy of Sweden	Hanoi 13/11/13
Elenore Kanter, First Secretary Political and Economic Affairs, Embassy of Sweden	Hanoi 13/11/13

Local government - relevant ministries and departments

Name: **Date:**

Dang Minh Hang, Officer   Hanoi 18/10/13
VIETRADE Investment Promotion
Center for Industry and Trade

Pham Trung Kien, Officer   HCMC 08/11/13
Ho Chi Minh City Department of
Planning and Investment

Nguyen Thi Lan Huong Deputy Chief of the   HCMH 08/11/13
Secretariat
HEPZA

Nguyen Si Hien. Director, HIZA, Center for   Hanoi 14/11/13
Information and Investment Promotion

Vu Hai Ha, Deputy Head of Statistics and   Hanoi 15/11/13
Information
Ministry of Planning and Investment, FIA

Nguyen Anh Dung, Manager, Department of   Hanoi 20/11/13
Foreign Investment,
Hanoi Authority for Planning and Investment

Vu Thi Thu Anh, Official   Hanoi 20/11/13
Investment Promotion Centre,
Hanoi Authority for Planning and Invest

Anonymous 2, Investigator   Hanoi 20/11/13
Hanoi Authority for Planning and Investment

Civil Society Organizations

Name:	Date:
Florian Beranek, former Chief Technical Adviser UNIDO CSR Project	Hanoi 23/10/13
Dang Thi Hai Ha, Chief Technical Adviser FLA 3.0 Vietnam project	Hanoi 25/10/13
Dang Tran Dinh, Managing Director Respect Business Solutions, (Working closely with FLA)	Hanoi 25/10/13
Kieu Nguyen Troung Ca, CSR Consultant UNIDO CSR Project	HCMH 06/11/13
Nguyen Tuan Kiet, CSR Consultant UNIDO CSR Project	HCMH 06/11/13
Le Hoang Tu, Enterprise Adviser Better Work Vietnam	HCMC 07/11/13
Anonymous 3, Enterprise Adviser Better Work Vietnam	HCMC 07/11/13
Nghiem Kim Hoa, CSR Consultant UNIDO CSR Project	Hanoi 13/11/13
Nquyen Hoang Ha, Programme Officer ILO	Gothenburg: Skype 12/12/13
David Weiss, Stakeholder Relations Officer BSCI	Gothenburg: Skype 12/12/13

The trade union

Name:	Date:
<u>Chau Nhat Binh</u>, Deputy Director	Hanoi 19/11/13
International Department	
VGCL	
<u>Nguyen Van Tan</u>, Chief of Training Division	Hanoi 19/11/13
Organizing Department	
VGCL	
<u>Le Dinh Quang</u>, Chief of Legislation Division	Hanoi 19/11/13
Policies and Legal Affairs Department	
VGCL	

Suppliers

Name:	Date:
<u>Krister Kling</u>, Managing Director	HCMC 06/11/13
G M Workwear (Supplier to, among other, Fjällräven,	
Blåkläder and Babybjörn)	
<u>Niklas Carlsson</u>, former owner	HCMC 07/11/13
Bucketman Co., Ltd	
(Supplier to, among other, IKEA)	
<u>Emily Vu Nhuong</u>, Sales manage	Hanoi 29/11/13
The Bamboo Factory (Supplier to, among other, IKEA)	
<u>Dang Thi Thanh</u>, Purchaser	Hanoi 29/11/13
The Bamboo Factory	
<u>Anonymous 4</u>, Factory Manager,	Hanoi 29/11/13
Company Y (Supplier to, among other, Company X)	

Workers

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

Others

Name:	Date:
<u>Vu Anh Doc</u>, International Relations Department VCCI	Hanoi 18/10/13
<u>Dang Thanh Tung</u>, Deputy Manager International Trade Center VCCI	Hanoi 18/10/13
<u>Nguyen Quang Vinh</u>, Director General Office for Business Sustainable Development VCCI	Hanoi 25/10/13
<u>Nguyen Tan Thanh</u>, Senior Consultant OneStep Vietnam	HCMC 12/11/13
<u>Truong Hong Sy</u>, Consultant OneStep Vietnam	HCMC 12/11/13

Appendix 2: Description of local stakeholders and relevant local actors working with CSR or CSR-related issues

Category	Description
Local governments – relevant ministries and departments	**Vietnam Trade Promotion Agency (VIETRADE)** A governmental organisation 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 licences are granted on the municipality/province level; however in some cases regarding large-scale investments, FIA grants these licences. **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 licence. **HCMC Export Processing & Industrial Zone Authority**

	(HEPZA) HEPZA is responsible for managing the processing and industrial zones in the HCMC area. They are authorised by MPI to grant licences 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 licence. **Hanoi Industrial and Export Zones Authority (HIZA)** HIZA is responsible for managing the processing and industrial zones in the Hanoi area. They are authorised by MPI to grant licences for projects within these zones.
Civil society organizations	**United Nations Industrial Development Organization (UNIDO)** Coordination of 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 organisations to support socio-economic development, in Vietnam. ILO also provides technical assistance to target key labour market development issues. **Fair Labor Association (FLA)** A collaboration between civil society organisations, universities and socially responsible companies devoted to protecting workers' rights. FLA places the responsibility on companies to voluntarily meet internationally recognised labour standards.

	Better Work Vietnam A partnership programme between ILO and the International Finance Corporation. With country-based programmes Better Work aims to improve labour 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.
The trade union	**Vietnam General Confederation of Labour (VGCL)** 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 organised on four levels: national, province/municipality, district and workplace.
Suppliers	Factories that supply among others, Swedish buyers.
Workers	People working at the supplier factories.
Others	**Vietnam Chamber of Commerce and Industry (VCCI)** National nongovernment non-profit organisation 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. **OneStep** OneStep Viet Co., Limited (OneStep) is a capacity building company monitoring labour relations and providing consulting, training and monitoring services to different stakeholders, such as government, companies, suppliers and international organisations such as 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 in 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 the UN Global Compact and/or following the OECD guidelines for MNC?

If yes, how does this affect the company's operations in practice?

How does your company work with CSR? Please describe this.

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? Please describe this.

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? Please describe this.
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? Please describe this.

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 in 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 organisations look like?

Can you tell us about the procedure to establish a company in Vietnam?

Why, do you think, Swedish companies choose 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? Please describe this.

What can you tell us about the Swedish companies' CSR standards?

What are the similarities/differences between other companies from other countries and domestic companies?

What, in your experience, are the opportunities and challenges in 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? Please describe this.

How do you think Swedish companies' CSR initiatives and activities can contribute to socio-economic development in the municipalities/provinces where they operate? Please describe this.

Can you give us some examples?

What are the main opportunities and challenges?

 Regarding the enabling environment:

Tell us about how Swedish companies experience 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 in 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 appear in practice in the municipality?

What rules and regulations or preconditions need to be followed or achieved by companies in order to get permission from the municipality?

What arguments are behind the permission for foreign/Swedish business establishment? Please describe this.

What arguments do you think are most important?

Why is it important to attract FDIs?

What are the rules for 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 es-

tablished in the municipality?
What is positive about this?
What is negative?

If no: 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 appear over 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 prioritised?

How do you think that 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 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 emphasise?

Can you see any differences compared to other companies (foreign/domestic)? Please describe this.

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 in 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 organisation works with
    CSR/CSR-related issues?
Can you tell us about your work with domestic/foreign/Swedish
    companies?
Are there any differences in working with domes-
    tic/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 compa-
    nies emphasise? Can you see any differences compared to other
    companies (foreign/domestic)? Please describe this.
How are these standards perceived, for example by the suppliers,
    workers and 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 appear over 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 prioritised?

How do you think that 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 in working with CSR in themunicipality?

How do 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 organised 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 in this position?

Can you describe the role of the trade union at the workplaces?

How does the trade union work with foreign companies?

Is there any difference in how the trade union works with foreign/domestic companies?

Regarding the labour situation:

How is the labour situation today?

How do the trends appear over 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 workers' rights and working conditions?

What are the main challenges?

What is your opinion about minimum wages?

Is the trade union involved in the political debate regarding wages?

Can you tell us about the rules and regulations regarding workers' rights and working conditions?

Which laws apply 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 works 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 A2?
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?

[2] "**A**" was switched to the name of the relevant companies during the interview.

Who is 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 where 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 by complying with these standards in your factory you have attracted more customers?

How do the requirements/standards of company A differ from the requirements/standards of other buyers? Other foreign buyers/domestic buyers?

What about audits? How often do company A visit your 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 organised in this workplace?

What are their contributions to the situation of the workers?

What is their role regarding implementation of CSR standards/requirements (CoCs)?

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? Please describe this.

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 has been positive/negative, what have been the main challenges?

Were the workers involved in the implementation process?

Regarding the trade union:

Can you describe the role of the trade union?

How are they organised in the workplace?

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, 2011, and Ministry for Foreign Affairs, 2013b

Appendix 9: The UN Global Compacts ten principles

Human Rights

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

Labor

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

Environment

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

Anti-Corruption

- <u>Principle 10</u>: 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

OECD	UNGC	Swedish-related companies compliance
General policies	-	In general, we can see that most of the Swedish-related companies encourage local capacity building, either offering training programmes or scholarships for students or professional development and career training for their staff. Hence, companies comply with this aspect of this principle.
Information disclosure	-	When approaching the companies, for a variety of reasons some companies chose not to participate in the study, which can be interpreted as them being unwilling to share information regarding their CSR initiatives and activities with us. Staff from one of the companies that chose to participate facilitated contacts with their suppliers. Other were more reluctant and did not, for unknown reasons, want us to meet their suppliers. The lack of openness from some of the companies implies a lack of compliance with this principle.
Human Rights	Human rights	Article 23 in the declaration of human rights states that everyone has "the right to just and favourable conditions of work" and the right to "just and favourable remuneration ensuring for himself and his family and existence worthy of human dignity" (United Nations, undated). While putting a lot of effort into providing favourable working conditions, as previously shown, some of the Swedish-related companies fail to make sure that their workers are paid fair wages, instead relying on the minimum wages regulated by law. Hence, we see a lack of compliance with this principle.

Employment and Industrial Relations	Labour	As the state controlled trade union does not necessarily act in the interests of the workers, companies are criticised for not doing enough to ensure the rights to collective bargaining and freedom of association. Regarding child labour and forced labour, several of the respondents emphasise that these kinds of labour do not occur at Swedish-related companies' factories in Vietnam. Overall we thus see a lack of compliance with this principle.
Environment	Environment	As stated previously, as it focuses on socio-economic development, environmental aspects are not within the scope of this study.
Combating bribery, Bribe Solicitation and Extortion	Anti-Corruption	The problem of corruption is identified by all of the company representatives as a major obstacle to conducting business in Vietnam; however, companies are criticised for not working actively against corruption. Companies themselves also point to the fact that it is difficult for them to control the supply chain and their middle men. In addition companies are also criticised for employing middle men as a mean to avoid having to engage in corruption themselves. As a result, we also see a lack of compliance with this principle.
Consumer interests	-	As stated previously, as the customers of the companies' involved in the study are mostly located in western countries, consumer interests do not fall within the scope of this study.
Science and Technology	-	Regarding the transfer of science and technology, many of the respondents recognise the transfer of modern technology that the Swedish-related companies contribute. Their contribution to knowledge transfer is also recognised. Hence, in general, the companies do comply with this principle.
Competition	-	Pricing and cooperation between companies also falls outside the scope of this study.
Taxation	-	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 choice – only establish representative offices in Vietnam and that 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.

Förvaltningshögskolans rapporter:
(pris inkl porto+moms)