

*Working Paper:*

**Corporate Social Responsibility and  
the Vietnam General Confederation  
of Labour**

**Empowering Trade Unions by Self-  
Commitments of Companies?**

*By Volker Bellgart*

## Abstract

This working paper argues that Corporate Social Responsibility has a strong potential to help improving working conditions in Vietnam by empowering the Vietnam General Confederation of Labour, the state trade union. Furthermore it points out that CSR cannot be sustainably implemented without the participation of the trade union. This might be an irritating idea at first, since CSR used to be a product of the anti-regulatory “neoliberal” agenda. Therefore the paper first examines, that the discourse under the CSR-label has changed towards a broad and diverse discussion, which pursues to achieve a “sustainable” social and ecologic development through the participation of “stakeholders”. It will further argue that this approach is fitting the current state of labour law reform in Vietnam, and might help the former mass-organisation to adapt to its new role in the “socialist-oriented market economy” of Vietnam.

*Keywords:* Corporate Social Responsibility, Vietnam General Confederation of Labour, trade unions, labour law, industrial relations, codes of conduct, VGCL, CSR

*About the author:* Volker Bellgart (B.A.) has prepared this paper during his internship from August 2011 to March 2012 at the Rosa-Luxemburg-Stiftung Hanoi Office. He is enrolled in the master’s course Peace and Conflict Studies at the Otto-von-Guericke University Magdeburg.

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Rosa Luxemburg Stiftung Vietnam  
72 Xuan Dieu, Tay Ho, Hanoi, Vietnam  
Phone +83 4 3 718 5836 Fax +84 4 3 718 5834  
Email hanoi@rosalux.de www.rosalux.vn

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## Introduction

To some, improving working and living conditions through worker-empowerment might seem a very antiquated and romantic idea. This paper deals with this classic left-political topic from a rather contemporary point of view: Through the debate about Corporate Social Responsibility (CSR). Originally, CSR was advocated by transnational corporations (TNCs) to prevent states and international organisations from controlling the globalised supply-chains by binding agreements. It served to legitimise the de-regulation and de-socialisation of the developed countries, and to cover up the social and ecological effects of the business practices of TNCs in the supplying countries. Therefore, in this paper we will first describe how the approaches of “sustainability” and “stakeholder participation” that originated from the 1970s ecology movement became integrated into the CSR-debate. This became a new framework for the discourse about the “social issue” that it is nowadays being discussed in respect to the developing countries, alongside the “ecological issue”.

Vietnam itself has been confronted with these matters by a sharp rise in the number of wildcat strikes. Since the *doi moi* (renewal) reforms, the country has not only made great economic progress, but has also been able to alleviate at least the most severe forms of poverty. On the other hand, social inequality has grown vastly, and in some respects, social security in the workplace has often become worse, as the state-sector’s role dwindles. Apparel companies such as Nike have discovered Vietnam, after they have moved from South Korea, and Hong Kong, over Thailand, Malaysia and the Philippines, driven by the increased production costs in these countries, and

bringing the economic and social dynamics of sweatshops with them. State-laws on social security and health and safety protection at the workplace are relatively advanced, yet the overall difficulties of enforcing law and the low capacities of the respective state institutions cause huge gaps in the implementation of these laws. The state trade union, the Vietnam General Confederation of Labour (VGCL), has so far been widely unable to enforce compliance with the law too, and strikes are not carried out by the union. In the command economy, the union was a mass-organisation, supporting the achievement of production-goals as the “transmission belt” of the party, in close cooperation with the companies’ management. This advocating of “harmony” in the companies is still the official goal of the VGCL, but as worker unrest increases, it has to realign itself to the changed conditions in a market economy. Therefore, the second part of this paper will examine the change of labour relations in Vietnam, and outline how the union has developed into what it is right now, and what pressures and constraints for reform there are.

Nowadays, CSR is still being criticised for being hardly more than a public relations project by companies, to improve their image, avoid binding laws and veil their wrongdoing. In this paper I take a stance that developments of the discourse at least carry large potentials to improve working conditions, while not forgetting about the dangers. Therefore, in a third chapter, we will cover two approaches that systemise when CSR can help, and when it can harm the empowerment of workers.

When the CSR debate began no more than twenty years ago, it was hardly more than a rhetorical

catchphrase that served certain political goals. Likewise, arguments if “regulations of the economy harm growth and therefore everyone’s welfare” or if “capitalism is exploitative in its nature and cannot be tamed by voluntary agreements” have been pushed back and forth. After all, through this process, the idea of CSR has been filled with concrete meaning.

Organisations such as the Confederation of German Trade Unions (Deutscher Gewerkschaftsbund, DGB), the Better Work Programme of the International Labour Organization (ILO), and many others already try to empower Vietnamese workers through CSR. Now it is time in the development of CSR to test the concepts against reality and to reflect the effects of what is already being done.

This working paper is meant to gather first thoughts as a basis for my master thesis. All feedback is welcome.

## Corporate Social Responsibility

### History and development

The normative demand that economic actions should be connected to ethical responsibility is not new and can be traced back to antiquity, over the honourable merchant of the middle ages, up to the paternalistic capitalism of industrialization. What we call “Corporate Social Responsibility” today is more: A changed understanding of the interdependencies of economy, ecology, and society. (Jonker, Stark, and Tewes 2011)

As first conceptual elaboration of this thought, „Social Responsibilities of the Businessman” by Howard Bowen from 1953 is usually being named. Considering CSR as a “movement” (Curbach 2009), certain influences accumulate with the increasing failures in

the development of binding agreements for international companies in the 1970s. At this time, the international civil society started to gain momentum with the foundation of many of the nowadays popular NGOs such as the WWF (1961) and Greenpeace (1971). Ecology became popular in the international public through some books, of which “The Limits of Growth” by the Club of Rome might be the most popular nowadays. Furthermore, the first campaigns that gained publicity for the dramatic humanitarian effects of the economic activities of TNCs were successful, and are still connected to names such as Nestle, Levi’s, Nike and Coca Cola. A large number of international committees engaged with these topics. The “World Commission on Environment and Development” of 1983, with its report “Our Common Future” (Brundtland Report) laid important roots for further development, defining sustainability as *“development that meets the needs of the present without compromising the ability of future generations to meet their own needs”*.<sup>1</sup> At the same time, the 1980s mark the turning point of the development. The significant political actors started to adopt neoclassical economic ideas, and regulations began to be seen as obstacles to increasing welfare. The TNCs met initiatives for their regulation with massive lobbying. The United Nations Conference on Environment and Development in Rio in 1992 was meant to discuss the negative ecological and social impacts of TNCs. In public, the TNCs advocated the picture of themselves being partners in a mutual dialogue and financed the conference in major parts. This way, they could achieve that the sensitive parts were removed from the agenda. Critical au-

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<sup>1</sup> (United Nations 1988, 1)

thors consider this to be the end of binding agreements for TNCs. Even though many fundamental decisions like the Agenda 21 were made, TNCs were no longer the target groups of binding legal agreements. (Curbach 2009) Because of the massive lobbying of TNCs, the United Nations had to fear about their financing by their largest donor, the USA. They faced the problem proactively by founding the Global Compact in 2000. Companies should now develop international norms as "soft-law", which is being disseminated through "spill over-effects". From now on, the international discussion focused on "voluntary self-control". (Paul 2001; Schorlemer 2002)

### Concepts and theories of CSR

To understand what effects CSR can have on union organisation, it makes sense to provide some distinctions between certain concepts of CSR, that are often confused and that need to be clarified. As we have seen, CSR used to be a tendentious term that was used to propagate deregulation. Instead of legally binding regulations, companies should follow voluntary commitments. For the purpose of this paper, we will leave two things out: Firstly, charity, or "corporate philanthropy" does not fit into this paper, as it describes partial projects that are usually not connected with the overall business practice and often not with labour conditions. Secondly, we will only speak about CSR in respect to the developing or manufacturing countries. The crucial point about business activities in these countries is, that legally binding laws for business practice are either not existing, or on a low standard, or, as is the case of Vietnam, not effective by design, due to corruption, lack of knowledge in the respective authorities, and other implementation obstacles.

CSR is being developed and implemented on several levels. First of all, compliance with the (labour) laws of a state has been acknowledged as a central point of CSR. Given the ineffectivity of the implementation of national laws in weak states, and the need of global rules for global supply chains, various international organisations have developed international Codes of Conduct (CoC). On the company levels, these international codes are being implemented, while compliance is ideally also being required from suppliers, and being monitored. CoC do not only exist on an (international) organisation-level, but most larger companies also have their own CoC, which is a different tool in its nature. For this paper, we will focus on such international and company-level CoC. (Curbach 2009)

The two most cited positions in the discussion about the moral obligations of companies are Milton Friedman and Robert Edward Freeman. Friedman argues that the main task of companies is to produce shareholder value. The pressures of the market would not allow them to behave differently. All rules should be defined by the state in the sense of an economic framework. In this line of argumentation, companies are the wrong target of normative demands. Even though this position is being considered out-dated in the academic discussion, it still plays a large role in international politics and what companies actually do. From the point of view of Freeman's argumentation, this position is too one-sided. It is being argued, that the task of companies is not only to increase shareholder value, but more complex "value creation". The socio-economic context of this procedure is being emphasized. It is seen as being dependent from so-called human, ecological, economic, and social capital, which has to be

preserved. Value creation is being constrained by a “triple bottom line” with three economic, ecological, and social “pillars” of organizational success. Companies are supposed to pursue this goal by adjusting their business plan to the four kinds of capital. (Jonker, Stark, and Tewes 2011) Beside a philanthropic component, it is being argued that reasons of economic rationality can be named to follow such a strategy (Arnold and Hartman 2006; Powell and Zwolinski 2011). The main argument is that companies can improve their image by being socially responsible. Furthermore, companies may try to prevent stricter binding laws this way. Especially in respect to the pressures of the market, the companies would have disadvantages in competition with investors from less-regulated countries, which do not follow the laws of weak states in the developing countries. Therefore, they might not be able to cover the extra costs; so it is supposed to be more reasonable, if companies try to raise working standards in their own possibilities, as long as it does not harm business. In terms of a “soft-law” international standards could be developed this way that harmonise better with business practice.

In fact, several major international standards for TNCs have been developed during the last ten years. The most important institutions in this context are the Global Reporting Initiative (GRI), the Global Compact, OECD, EU, ASEAN as well as the ILO and its Fair Labour Association. While all of these have own standards, the code of the GRI has the greatest normative influence. The norms ISO 14000 and ISO 26000 by the International Organization for Standardization are important as well. All these catalogues are being developed in reference to international human rights standards. Most of these initia-

tives require the participating companies to report on the implementation of the respective norms, and to name measures for improvement in case of violations. Indeed, these reports no longer just contain welfare projects for marketing purposes, but have become similar in detail to management reports that cover all parts of the business. The companies themselves have CoC, which are usually drafted following international standards. (Curbach 2009)

Up to now, research and the political discussion on CSR have mostly dealt with practical instructions and the content of CoC. With the orientation on the stakeholder-paradigm, a methodical concept for the implementation of CSR in companies is available, yet the actual implementation is far from perfect. Still, many violations are being uncovered, and doubts about the general usefulness of CSR are being raised, as companies continue to point out their progress to veil their massive failures at providing decent working conditions. The difficulties of monitoring compliance along global supply chains are being named as one of the main challenges, as production is often handed down to subcontractors, who do even further outsourcing. Therefore, many international institutions and NGOs offer their services for monitoring. After all, judging the overall usefulness of CSR stays a question of political faith in large parts. Therefore, there is an urgent need to research the actual effects of CSR, and research is slowly shifting into this direction. Nevertheless the discourse has moved from the question *if* companies should take responsibility, to the question *how* they can do it. (Jonker, Stark, and Tewes 2011)

## Typology and developments of industrial relations in the industrialised countries

Since the focus of the international working standards discussion has shifted towards „self-regulation“, one topic traditionally connected with this has been widely missing in the discussion: The regulation of industrial relations through trade unions. Industrial relations have been intensively studied for the industrial countries, but in case of the developing countries the topic has been widely ignored. We will now compare the developments of industrial relations in the industrial countries with those in Vietnam, to find out differences and similarities to explain the current state of industrial relations in Vietnam.

The typologies used by Gospel (2008), can be used to understand and compare industrial relations in the industrialised and developing countries. To distinguish the basic orientation of trade unions and how they change during the development of an economy, Richard Hyman's three types of unions are helpful: Firstly, *market-orientated* trade unions, that are mostly concerned with the material well-being of their members, for example with wages, social security and so forth. Secondly, *class-orientated* unions that want to achieve broader political change in the interest of the "working class". Thirdly, *society-orientated* unions, that follow a dialogue-based approach, like the German "social partnership" for example. Sidney and Betrice Webbs' typology of methods can help to understand how trade unions try to achieve these goals: Firstly, *mutual insurances*, like health-, social and invalidity insurance. Secondly, *unilateral regulations*, that are being employed without the employers, for example in craftsmen's-

guilds. Thirdly, collective bargaining between employees and employers; this can either be in a more confrontational manner through strikes, or in a more cooperative way through negotiations. Lastly, *taking political influence* in the form of lobbying can be distinguished.

During the second half of the last century, membership numbers in western trade unions were rising sharply. The economic orders in western countries focused on increases in productivity and consumer demand, so that trade unions dropped their class-orientation in favour of a stronger market-orientation. The Keynesian intervention states were further based on a strong society-orientation of the trade unions. The unions did no longer have to provide social insurances, as the state took over these tasks. But, as economic growth dwindled and economy was being liberalized and globalised, the bargaining power of the trade unions became weaker. The production was moved abroad and the economies in the western countries became generally more oriented on service. As the industry, the traditional basis of union organisation became weaker, membership rates dropped. The unions tried to counter these developments by moving to other branches of the economy and merged some of their existing structures, but could not fully recover. As employers had more bargaining power at their backhand, strikes were no longer as successful, and the unions tried to compensate by a more cooperative approach towards employers and by political lobbying. The latter became also important, because the welfare state had replaced the social insurances that trade unions used to supply for their members.



These developments are interesting to consider for our observations, as Vietnam and other developing countries are exposed to the same globalisation pressures, but they have not already developed strong social security systems like the industrial countries. Therefore, they have to achieve these goals in a more globalised economy, but from a different point than the industrialised countries' unions started from.

### Development of the Vietnam General Confederation of Labour

Since the 1986 *doi moi* reforms, Vietnam has opened its economy step by step and made great progress since then. The gross domestic product is growing about an average seven per cent annually, and has proven robust during the Asian financial crisis and the current economic crisis. Accordingly, the living conditions have improved as well, which is being indicated by the improvement of all Millennium-Development-Goals. (UNDP 2011) At the same time, the economy still stays in the hands of the state in large parts, and is widely dependent on agriculture. These two factors form the basis for unionisation. 48% of employees were working in agriculture in 2006, 31% in services and only 22% on the industry. That means, that the traditional sector for trade union organization is relatively small, but with 11% it is the fastest growing sector at the same time. Only 33% of employees are in a regular working relationship, the others are working self-employed, in the family, or similar, and are statistically being counted as "vulnerable". For example, this has the effect, that only 55% of employees have a written working contract at all. With 75%, the number of working people of the population is relatively high, but considering the quality of employment and the lack of

social security, this number rather represents the pressure to accept any work. In all factors there are massive inequalities between urban and rural areas, men and women, as well as the majority population and ethnic minorities. (ILO 2011)

The historic preconditions for trade union organisation were laid during French colonisation. Since most companies were French, the trade union movement took a nationalist and communist stance early on. With the foundation of the Democratic Republic of Vietnam in 1945, and the Fatherland Front in 1977, which is the umbrella of the mass-organisations, the VGCL moved close to political organisations and the party. The trade union movement in South Vietnam stood in opposition to business and politics too, so that it could be incorporated into the northern Vietnamese system after the reunification in 1976. Following the terminology of the Webbs, the Vietnamese trade union movement moved from an early class-orientation to a stronger society-orientation. The VGCL was meant to ensure the fulfilment of production goals as "transmission belt" of the party, by ensuring working morale, for example through the provision of housing, as well as by collecting workers' concerns and ensuring compliance with the labour law. Still, the last-mentioned tasks often stood back behind the fulfilment of production goals, as the VGCL was and is meant to represent the whole unity between workers, company and state in the production process, according to Leninist and Confucian principles. (Edwards and Phan 2008; Zhu and Benson 2008)

With the *doi moi* reforms, the companies were not only required to meet production goals, but to manage profit-oriented, so that typical conflicts of inter-

ests between management and employees arose, that would demand a stronger market-orientation of the VGCL. Nevertheless, the 1992 constitution (amended in 2001) defines the society-orientation of the VGCL in the state's basic order:

*"The Vietnam Confederation of Trade Unions, as the socio-political organisation of the working class and working people, together with State [sic] bodies and economic and social organisations cares for and protects the interests of workers, public employees and other working people; takes part in the inspection and supervision of the activities of State bodies and economic organisations; educates cadres, workers, public employees and other working people in the building and defence of their homeland."*<sup>2</sup>

The reform of Vietnam's private sector has been employed relatively slow and cautiously, so that protests by workers stayed low. The large state-owned enterprises (SOEs) remained as "iron fist" of the state in the economy. Many SOEs were merged, following the example of the South-Korean Chaebol, and were supposed to focus on core areas of their business. This way, mostly smaller and local businesses were privatized, or "equitized", as it is officially being called. Nevertheless, about one third of employees in SOEs, 800,000 people, lost their Jobs between 1988 and 1992. Even though unemployment rates were rising, most people found jobs in new foreign-invested enterprises, or used the new possibilities to found one of the many small, medium, and family enterprises. The government tried to prevent social unrest by requiring compensation, and requesting consultation with the VGCL in case of mass set-offs. (Clarke and Pringle 2009)

The labour-law of 1994, which has been substantially amended several times and is to be revised fun-

damentally in 2012, forms the second legal basis for union work in Vietnam after the constitution. It requires every company with at least ten permanent employees to have and support union representation, and contains procedures for calling legal strikes, yet the trade unions often stay passive. This is influenced to a large extent by the lack of pressure for reform of the union. After *doi moi*, union officials still had a relatively good and secure income, and also certain economic interests, considering the substantial property of the union and its entanglement with the economy. As they were still closely integrated into politics, they mostly went on with lobbying for legislation, without being able to ensure its implementation. *„Trade union officials could enjoy a comfortable existence [...] issuing instructions, passing around pieces of paper, writing reports, [...] working with management [...] and collaborating with state legislative and regulatory bodies and government officials(Clarke and Pringle 2008, 14)* On the company level, effective union work often fails due to the union leader's dependency on the management. Usually, unions in single companies are being formed by a requirement of the VGCL on the local level. Mostly, the management then assigns someone from its own rows, for example the human resource manager. The employees often consider this as legitimate too, as someone who has experience in working with the management is seen as appropriate for the position. (Clarke and Pringle 2008)

The pressure for reform is coming from the workers themselves during the last years. Due to the better economic situation, employees do not have to be as afraid to lose their jobs and therefore have more bargaining power. While the VGCL steps back from

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<sup>2</sup> (Socialist Republic of Vietnam As Amended 2001, no. Ch.1 Art.10)

confrontational methods, the number of wildcat strikes has risen rapidly. In 2008, government sources count about 760 strikes, with about 600 of these in foreign enterprises and none in SOEs. These numbers have fallen temporarily during the economic crisis, as workers were more afraid to lose their jobs. (Pringle and Clarke 2011) However, in 2011, some 1000 strikes have been reported again. Most of the time, wildcat strikes are announced by experienced workers through flyers and word-of-mouth. When the strike takes place, the official institutions can only try to reduce damage and to keep the strikes from spreading to other factories. Usually, the Ministry of Labour Invalids and Social Affairs (MOLISA), or the VGCL pursue the management to make concessions. Repressions are relatively rare, as long as workers try not to organise more permanently outside the VGCL. (Clarke and Pringle 2008)

The official institutions understand the failure of the legal conflict resolution mechanisms. Therefore, many adjustments of the labour law have been made, without resolving the central problems. Based on the assumption, that the procedure to legally call a strike is too complicated and long, it has been reformed in 2007. Nevertheless, the number of wildcat strikes is still on the rise. The strike-free resolution procedures are hardly used, and most agreements are achieved informally. The official mechanisms partly fail due to a lack of knowledge and capacities on the side of the unionists. Therefore the VGCL, MOLISA, but also many foreign organisations, conduct capacity building measures, especially in the case of workspace inspections. Still, capacity-building has a long way to go. Another possibility to bridge weaknesses in the organisation of some regions and companies would be sectoral bargain-

ing. The labour law names this possibility since 1995, but more particular procedures have not yet been developed. The topic is just being discussed since 2007, following an initiative of the VGCL. The model is currently being tried in coal mining and the apparel industry in some regions. Furthermore, there are experiments with making unionists less dependent from the management, by paying them by the VGCL. Until now, every member has to pay 2% of their earnings to the unions, but this does not cover the costs. However, these initiatives still are experiments, and it remains open if they will have any substantial effect on the reform of the labour law in 2011. (Clarke and Pringle 2008; Zhu and Benson 2008)

In summary, the Vietnamese economy is increasingly working by market laws, yet the VGCL has not kept pace with the changes, and has stayed a mass-organisation in the way it sees itself, and in which it behaves, instead of focusing on the representation of the employees' interests. This caused the massive increase in wildcat strikes that now makes changes urgent. Until now, mostly adjustments have been made to the laws, without changing the underlying structural problems. The VGCL avoids confrontational measures, due to its own self-understanding, lack of capacities, but eventually also not to scare away investors, and because of certain scepticism of the official politics towards the rapidly emerging civil society.

#### **Corporate social responsibility: Chances for trade union empowerment?**

Vietnam is one of the countries that advocates of voluntary self-commitments for companies could use for legitimisation. Compliance with labour law is low

on the side of the employers, and in highly competitive sectors such as the garment industry, even smaller increases in costs can harm competitiveness with competitors who keep labour standards lower. The government has little leverage, considering that Vietnam's low industrialisation still mostly attracts companies by cheap labour, and that the implementation of laws generally faces difficulties like corruption. As the government's possibilities are limited, ambassadors of voluntary self-commitments might argue that employers could bridge the gap out of compassion and the interest to sustain and improve productivity in the long run, by using the few leeway they have to improve working conditions in a way that does not harm their competitiveness. (Arnold and Hartman 2006; Powell and Zwolinski 2011)

It is without doubt, that the foreign direct investment sector in Vietnam attracts investors with low wages, has grown the most, and is therefore largely responsible for the improvements in living standards in the last decades. Apart from ideal neoliberal economic theory, it becomes obvious that the Vietnamese citizens notice the growing inequality and demand participation in the material wealth, if not at least as much participation to escape absolute poverty, which is indicated by the wildcat strikes. To avoid that these conflicts are resolved in a manner that is destructive for the whole society, procedures for negotiating interests in a productive way have to be found. This seems to be acknowledged by the political institutions in Vietnam, which is pointed out by the many recent reforms and improvements. Furthermore, considering that the resolving of workplace disputes is a societal necessity, the right to form unions is also guaranteed by human rights catalogues, which have been integrated in many

codes of conduct, and international CSR-standards. The incentives to improve profits by non-compliance with labour law are high, and the rapid economic change makes it even more attractive to seek short-term, rather than sustainable long-term profits. One can argue that cooperation between employers and employees can prevent wildcat strikes, strengthen human resources and increase productivity long-term through a *"collaborative advantage"* (Ennals 2011). One can appeal to employers' social consciousness and refer to the buyers' codes of conduct, and hope that a stakeholder-oriented paradigm change may occur in the reality of management. Considering the current attitude of Vietnamese business to make fast profit, and keeping an eye to the history of labour relations, it is clear that a certain amount of control and pressure is necessary, despite the contributions CSR can make.

Most current CSR efforts do not integrate trade unions. It is no wonder that employers normally do not voluntarily join programmes that strengthen trade unions. Yet, many reasons speak for integrating them into CSR programmes. For employers, the aforementioned reasons of self-interest still exist: TNCs can improve their reputation by CSR, while the local suppliers can improve their competitiveness by meeting the buyer's CSR-demands. Furthermore, employers should be interested in avoiding the conflict costs caused by wildcat strikes. From the point of view of the reform of the Vietnamese labour law, the approach has even more strengths. The VGCL draws its legitimacy from its role as a mass-organisation and is part of the formal state-structure. In this respect, it may be even more powerful than the market-oriented trade unions in the industrialised countries. As the base of the VGCL's

power is the state, a change to a much more “independent” market-oriented role is unlikely; especially with the keen eye the party is having on the emerging political powers in the state. Including the VGCL as stakeholder in the implementation of CSR programmes, for example in applying the very general advice of CoC to the specific needs of workplaces, collecting complaints, or monitoring compliance, could actually help the union to build capacities and skills. This way, the goal of empowering the union to ensure compliance with the already quite high standards of the labour law could be pursued in a less confrontational way that fits the current organisation of the VGCL better; rather than expecting it to change to the model that western trade unions have developed under different circumstances in more than two hundred years.

Despite its attractiveness, a CSR-based approach to trade union empowerment has to be met with some scepticism. Why should trade unions agree to work with a concept that was originally meant to prevent binding laws and the participation of employees? First of all, we have seen that the concept of CSR has changed quite much from its original intentions. Many concepts have been incorporated, that were being discussed under different names like “ecology”, “sustainability”, “workplace health and safety” and the like. It is still being used as marketing instrument and to avoid taking actual responsibility, but it has opened a possibility of discourse (of course not non-authoritarian) that makes mutual solutions apart from labour-capital dichotomies possible. As in every process with conflicting interests, it is necessary to pay attention that the interests of the workers are not going to be sacrificed. If, when, and under what circumstances this threat

occurs, has to be observed empirically. As it has been mentioned, current CSR research lacks exactly this empirical knowledge. Until now, the connections between CSR and trade unions have mostly been researched in case studies. Though final answers on this topic cannot be given, we want to take up some valuable generalisations from these studies, to clarify some of the chances and obstacles of CSR for trade unions.

Braun and Gearhart (2004) distinguish that trade unions and NGOs might have the same intentions - improving working standards -, but that three fundamental differences between them exist, that might cause them to actually obstruct each other's work. They distinguish teleological, structural, and operational differences. The teleological difference is that NGOs pursue ideals, while trade unions pursue material goals (increased wages etc.). Therefore, the campaigning of NGOs is generally directed more towards the state, whilst trade unions address their demands towards the employer through strikes. *„NGOs can argue for change, trade unions strive to force it.“* (Braun and Gearhart 2004, p.188)

The structural difference is that NGOs usually do not have a large member base, while trade unions are representing their members. Therefore, trade unions are more bound to achieve short-term successes like wage increases. Likewise, the operational difference is that trade unions also tend to strive for political power, as the alliances with the social democratic parties in Europe illustrate, while NGOs stand to rely on their political neutrality. Because of this, NGOs are more open to make compromises on topics like minimum wages and collective bargaining for example, while trade unions rely on such agreements to

gain and sustain support from their members. Trade unions have also shown to be suspicious of NGOs conducting monitoring, because of their fear for their sole power of representation of the workers; while NGOs argue that they add capacities where trade unions do not have them themselves. NGOs face the danger of whitewashing, if they cooperate with companies who use CSR as a fig leaf for their missing acknowledgement of worker representation. Therefore it is vital to build structures that are sustainable long-term, by integrating trade unions. NGOs must not succumb to the danger of sacrificing trade unions' interests in the long run for short-term improvements.

Egels-Zandén and Hyllman (2007) also point out, that the institutionalisation of participation of trade unions in CSR programmes is necessary not to harm the unions by CSR. By comparing the combined effects of individual companies' CoC, and international CSR agreements, they find out that CoC usually define minimum working standards and individual protection, while only international agreements additionally ensure the participation of workers in decision making in some form. Therefore, individual CoC can harm the trade unions by supporting white washing and avoiding binding laws and the participation of unions, while they can also serve as starting point to improving working conditions where no unions that could ensure compliance with international standards are available. Egels-Zandén and Hyllman also find that it can harm both if NGOs and trade unions cannot agree on one of these approaches. Once more, this supports the thesis, that NGOs should pay attention to integrate the unions into their programmes and not to harm the unions'

vital interests by supporting companies in avoiding worker representation.

We have now pointed out that empowering trade unions in a CSR-framework is a quite attractive idea, which fits the current development of the VGCL, but that there are dangers that make it important to keep an eye on how CSR-programmes are being implemented in respect to worker representation.

### Summary and conclusions

The starting point of this argumentation was an irritating observation: CSR developed from the anti-regulatory neoliberal paradigm and was intended to forestall international regulations of business practice. Nevertheless, trade unions are being integrated into CSR standards and programmes nowadays, which naturally causes scepticism. By having a look at several models of CSR, we pointed out that trade unions can be integrated into CSR in a stakeholder-oriented approach, which integrates many of the concepts of social and ecological sustainability that used to be seen as contrary. Moreover, CSR can serve as a framework in which these issues can be discussed, without being confronted with the argument that companies should only maximise profit. A look at the history and development of the VGCL shows that it has developed as a mass-organisation that has not aligned to the new economic framework of a market-economy. Its main problems are a lack of capacities and its dependence on the management. These structural and institutional issues are slowly being reformed, but the scope and effectiveness of reforms remains to be seen.

While CSR-programmes cannot change the issues of labour law, the transformation process of Vietnam's

industrial relations is not only a legal matter, but a social process. The high numbers of wildcat strikes illustrate this matter, and make changes necessary. For this, the VGCL needs the capacities to represent the employees, ensure compliance with the law, and manage workplace disputes. This is not only a question of law and institutions, but of social practices that have to be developed by transforming the VGCL based on its current institutional structure. Programmes that integrate the VGCL in the development and implementation of CSR have the potential to facilitate this process. Furthermore, we have argued that the participation of trade unions in CSR is a social necessity to ensure the implementation of CSR, monitor it, and build structures that solve the workplace disputes that are an unavoidable feature of a market economy. A socially and politically sustainable economy has to institutionalise and formalise the strikes that are already reality.

If CSR-programmes are being conducted by NGOs or other international organisations, they have to keep a keen eye on the long-term sustainability of the structures their programmes create, especially in respect to the VGCL. Competition of NGOs and the VGCL arising from their different structure, methods, and goals has to be avoided, in the best case by collaboration. While companies are most likely to be pursued to join such programmes if individual economic gains are pointed out, NGOs have to pay attention that CSR is not being misused to avoid binding regulations. Given the advanced status of Vietnamese labour law, international agreements that contain the acknowledgment of trade unions are preferable to individual companies' CoC, which are more likely to support only short-term improvements.

CSR-programmes that incorporate the VGCL can facilitate the re-structuring of Vietnam's industrial relations, and moreover help to establish socio-political structures that are more sustainable than two-year funded NGO projects. The integration of the employees as stakeholders in CSR is a necessity, and must not be sacrificed to short-term improvements.

## Index of abbreviations

COC: Code of Conduct

CSR: Corporate Social Responsibility

DGB: Deutscher Gewerkschaftsbund (Confederation of German Trade Unions)

GRI: Global Reporting Initiative

ILO: International Labour Organization

MOLISA: Ministry of Labour, Invalids and Social Affairs

NGO: Non-governmental organisation

SOE: State-owned enterprise

TNC: Transnational Corporation

UN: United Nations

UNCTC: United Nations Centre on Transnational Corporations

VGCL: Vietnam General Confederation of Labour



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