

CURRENT TRENDS IN CSR PRACTICES IN THE BUSINESS OF PRIVATE ENTERPRISES: COMPARATIVE EXPERIENCES OF BANGLADESH AND VIETNAM

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1 Introduction

Corporate Social Responsibility (CSR) as a current business phenomenon is growing in practice in the business of developing countries like developed economies, particularly after the phase-out of Multi-Fibre Arrangement. Bangladesh, among other Asian countries like India, China, Thailand, Vietnam, Malaysia and Singapore is responding to the CSR issues to ensure its access into the global market under the pressure of supply chain counterpart companies. The countries of South and Southeast Asia are in competition to retain their position in global market as they have the same types of goods to earn the foreign currency like garments and leather. This competition has offered a scope of development of multi-factorial approach and initiatives leading to the growth and promotion of CSR in Business. This article is an attempt to compare the position of Bangladesh in the promotion and practice of CSR with one of Asian countries, Vietnam. The end in view is to identify the comparable rank/posture of Bangladesh and any lesson to be learnt from the Vietnam experience in promoting and integrating CSR in the private enterprises of Bangladesh.

Vietnam is selected for comparison with Bangladesh as both are developing countries¹ and of similar character in business and economy. Firstly, both countries possess a private sector-led, liberal and market-oriented economy. As far as the historical background of privatisation is concerned, the move for privatisation in the economy of Bangladesh began after it assumed a short-lived nationalisation character in the early 1970s. Policy developments and reforms for privatisation began to occur in Bangladesh from 1975.²

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1 For information see, the World Bank, 2008 List of Developing Countries < www.aoac.org/meetings1/122nd_annual_mtg/list_developing_countries.pdf > 13 November 2008.

Afterwards, the dominance of the private sector was established in 1990s.³ This dominance is credited with the adoption of several policies and laws such as *the Foreign Private Investment Act 1980, New Industrial Policy 1982, Revised Industrial Policy 1986, and Industrial Policy 1991*.⁴ In Bangladesh currently 77 per cent of the investment in the national economy comes from the private sector which contributes significantly to the GDP (23 per cent) growth of Bangladesh.⁵

On the other hand, the new economic trend in Vietnam is focused on broadening the scope of private sector development and increasing the inflows of foreign direct investment (FDI). The economic reforms (*Doi Moi*) included the recognition of the private sector in the 1992 Constitution. In order to increase Vietnam's private sector and make the country attractive and fit for foreign investment, two new laws were enacted in 2005.⁶ This reform has impacted on the increase of FDI inflow and increase in the number of registered SMEs. As a result the private enterprises are supplying 56.3 per cent of the economy's employment, and holding a large share of the 1.2 million new entrants to the labour market annually, making such enterprises increasingly vital to the economy.⁷

2 MU Ahmed, *Privatization in Bangladesh* (1999) International Labour Office <www.ilo.mirror.cornell.edu/public/English/region/asro/Bangkok/paper/privatize/chap/pdf> 6 June 2008

3 Ibid.

4 Ibid; See also Shahzad Uddin 'Privatization in Bangladesh: The Emergence of Family Capitalism' (2005) 36: 1 *Development and Change* 157, 159.

5 ILO, 'Social Compliance and Decent Work: The Bangladesh Perspective' (Papers and Proceedings of the Tripartite Meeting on Social Compliance in the RMG Sector, Bangladesh 2007).

6 The enacted laws were the Unified Enterprise Law and the Common Investment Law. The Unified Enterprise Law merges the Enterprise Law, the State-Owned Enterprise Law, and the Law on Cooperatives, providing a mechanism to protect the rights of citizens to establish and operate private businesses. It also establishes the right of investors to be protected from undue interference from government or other officials, if the business operates legally. The Common Investment Law aims at levelling the playing field between foreign and domestic, and private and state-owned enterprises. See, Tamara bakafi, *Viet Nam: Lessons in Building Linkage for Competitive and Responsible Entrepreneurship* (2006) UNIDO and Kennedy School of Government, Harvard University <<http://www.unido.org>> 13 September 2008.

7 Ibid.

Secondly, in these two countries the apparel sector is the dominant manufacturing entity for its major contribution to export growth and economic empowerment. The garment products of Bangladesh account for about 76 per cent of its total export earnings and at the same time, it is the most labour intensive manufacturing sector.⁸ In Vietnam there are three main exporters; crude oil, textiles and garments, and leather and footwear.⁹ A study in 1998 shows that garment industry in Vietnam generates about 20 per cent of total merchandise exports and 41 per cent of manufactured exports.¹⁰ It employs half a million of workers (80 per cent of which are female), or about 22.7 per cent of the countries manufacturing workforce.¹¹ Export increased from US\$ 850m to US\$ 2,750m. between 1995 and 2002.¹² In addition, the Vietnam is one of the ten countries in Asia whose apparel products are in stiff competition after MFA phase out.¹³

In view of these similarities in economy the comparison between Bangladesh and Vietnam in terms of social responsible entrepreneurship may be plausible. The comparison is based on some basic lenses of CSR promotion and practice. They are as follows:

1. the main drivers of CSR;
2. the performance of labour and environment related CSR standards or compliance with relevant Codes of Conduct (COCs);
3. the role of business associations in promoting CSR at the enterprises level;
4. the government or public sector's role in strengthening CSR practices; and
5. the development of institutional and partnership activism.

8 ILO, above n 5; see also Asian Tiger Capital Partners, *Bangladesh Growth, Investment, Opportunity*, (2008) <www.at-capital.com> 13 November 2008.

9 Ibid.

10 See Khalid Nadvi et al, Challenges to Vietnamese Firms in the World Garment and Textile Value Chain, and the Implications for Alleviating Poverty (this paper has been prepared as part of the project 'Globalisation, Production and Poverty', 2003) UK Department for International Development <<http://www.gapresearch.org/production/globprov.html>> 15 September 2008.

11 Ibid.

12 Nigel Twose and Tara Rao, *Strengthening Developing Country Governments 'Engagement with Corporate Social Responsibility: Conclusions and Recommendations from Technical Assistance in Vietnam* (Final Report 2004).

13 International Labour Organisation (Sectoral Activities Programme), *Promoting Fair Globalisation in Textiles and Clothing in a post-MFA Environment* (Report for discussion at the Tripartite Meeting on Promoting Fair Globalisation in Textiles and Clothing in a Post-MFA Environment, Geneva 2005) <<http://www.ilo.org/wcmsp5/groups/public/...ed-dialogue/...sector/documen>> 18 September 2008.

2 The Main Driving Forces of CSR in Bangladesh and Vietnam

A study in Bangladesh identifies three major factors contributing to the adoption of CSR and bringing about a change in practice. One is the increasing scrutiny of local practices of subsidiaries of MNCs, as the continuing incidents of pollution and exploitation, and the increasing local appreciation and understanding of international standards of CSR, lead to a case for wider integration of CSR application.¹⁴ The second factor is the increased social awareness of western consumers about high profile issues such as child labour in the garment sector and quality control of shrimp products which prompts companies to concentrate on CSR practices.¹⁵ And the third factor is that in Bangladesh, as elsewhere in the world, privatisation and market liberalisation policies have emerged as imperatives for business to take up wider social responsibilities and would play a complementary role to the state.¹⁶ In addition, the huge number of NGOs holding companies accountable for their activities; continuing incidents relating to the wasteful use of scarce resources and pollution caused by industries; local and global pressure; and support from business associations also act as driving forces for the promotion of CSR practices in the corporations of Bangladesh.

A recent empirical study on CSR, in describing the driving factors, categories the practices of CSR into two: CSR as a short-term business demand or traditional practice of philanthropy, and CSR as a business case. The study reveals that the dominant driving forces for traditional CSR practices are moral obligations, religious beliefs and practices, and social obligations. For CSR as a business case, the driving factors are professional practice, maintenance of national and international standard codes, and the influence of business counterparts.¹⁷

14 Ritu Kumer, et al. 'Understanding and Encouraging Corporate Responsibility in South Asia Update 3 Bangladesh' (Working Paper No.3, Teri Europe, New Academy of Business Centre for Policy Dialogue, 2004) 5 <www.teriin.org/teri-eu/index.htm> <www.new-academy.ac.uk> <www.cpd-bangladesh.org> 15 September 2008.

15 Ibid.

16 Ibid.

17 Mahila Shajahan and Muhammad Ryhan Sharif (eds.), *Missing Links: Corporate Social Responsibility and Basic Education in Bangladesh* (2006) 47

In Vietnam, the driving forces for the adoption of CSR are largely similar to those in Bangladesh. In determining the driving factors a study on Vietnam¹⁸ reveals that many groups are found who are interested in CSR and push its implementation from different perspectives. These include the external consumer's perspective, importing countries' perspective, and exporting countries' perspective. The consumers always demand from their investors in developing countries the assurance of good CSR performance behind the goods they buy. The importing countries (generally known the developed ones) consider different CSR conditions for the control of their imported products which have direct impact on their employment and compete with domestic manufacturers' products. The conditions are placed by consumers, trade unions, domestic enterprises, human rights and non-governmental organisations, certifying companies and governments. As such, exporting countries/ producing countries (generally known as developing ones) always adhere to CSR by fulfilling the requirements of their international counterparts with the expectation of further contracts and expansion of their market. This CSR is prompted by business associations, export enterprises, trade unions, certifying and supervising organisations, and governments. In the context of Vietnam three main drivers are identified for CSR practices; response to the demands of buyers and customers, self-awareness of enterprises, and supports from other stakeholders.¹⁹ However, aside from CSR as a corporate practice, philanthropy has long been a practice in business in Vietnam.²⁰

3. The Performance of Labour and Environment-Related CSR Standards and Compliance with Codes of Conduct

In the implementation of labour and environment related CSR, the export-oriented private manufacturers in developing countries are mostly found to be compliant with the codes of conduct (CoCs) of the multinational buyer companies. The exporting companies are also seen to follow other multi-stakeholder certifying codes such as SA 8000, ISO 14000 and 14001,

18 Ministry of Labour, Invalids and Social Affairs and Institute of Labour Science and Social Affairs, *Study on Corporate Social Responsibility: Labour-Related Practice* (final report, Hanoi February 2004) <http://siteresources.worldbank.org/INTPSD/Resources/Vietnam/Vietnam_ILSSA.pdf> 18 September 2008 ; See also Nguyen Huu Dzung, *Labour- Focused Corporate Social Responsibility: Case Study in Textile and Footwear Enterprises* (summarised draft report , 2003).

19 Ibid.

20 Ibid.

WRAP, FLA, ETI, and Fair Wear Foundation (FWF) to obtain certificates. In the case of compliance with the buyers' codes the respective buyers and their hired third party conduct all checking, monitoring and supervision at their own cost. Therefore, the buyers' codes are popularly accepted by the producing companies and they enjoy the advantage of not being required to obtain a certificate. Moreover, the CoCs are mostly conformable to national labour laws. As for buyers' CoCs the World Bank reports that there have been more than 1,000 worldwide while there have been more or less 10 multi-stakeholder codes.²¹

In Vietnam, recently, the associations and export enterprises have rapidly responded to the CoCs of buyers in the performance of labour and workplace related CSR. Currently the leading players in CoCs implementation are textile and footwear enterprises, particularly in exporting goods to the US and EU market.²² In Vietnam, there is a comprehensive labour code providing the foundation for CSR implementation which covers many social issues as developed by the intergovernmental instruments.²³ With the formulation of the labour code, guideline documents, and amending regulation in conformity with globalisation and integration processes, the Government has in fact set up basic conditions to enable enterprises to take initiative in fulfilling CoCs requirements.²⁴ Enterprises with good performance of Vietnamese law do not suffer any difficulty in following CoCs imposed by buyers. Most of the CoCs provide similar provisions relating to labour and environmental issues to the national laws, sometimes even providing more.²⁵ In respect of environmental protection the companies also go by CoCs and simultaneously the Vietnamese companies follow the new *Environment Protection Law of 2005* and the *Vietnam Agenda 21*.²⁶

21 Ibid.

22 Ibid.

23 Ibid.

24 Ibid.

25 Ibid.

26 The 2005 Environmental Protection Law is a comprehensive one that provides for the protection of the environment, measures and resources for the environmental protection, rights and obligations of the organisations and individuals for the protection and state management of environmental protection. The law applies to all organisations, individuals, households, local resident communities, and foreign organisations operating in Vietnam; see the National Assembly Office <www.vietnam.net> 13 November 2008.

In Bangladesh the same scenario appears in the export-oriented enterprises, more particularly in the dominant Ready Made Garment (RMG) sector, with some exceptions. The RMG enterprises follow the CoCs of buyer companies when they usually get into contract with their international counterpart retailers based in the US and EU. The contracting companies currently maintain their own labour and environmental policies in line with the buyers' requirements.²⁷ The companies also follow WRAP, SA 8000, and ISO 14000 certification principles.²⁸ There is a recent development that garment enterprises located in the Dhaka EPZ have introduced their own code of conduct in respect of labour rights and workers' welfare related to CSR practice.²⁹

It is noteworthy that there has long been a demand for a uniform code of conduct from the RMG companies due to complexities arising in compliance with different CoCs that vary in contents and procedures in many cases. It is indeed an issue when a company is engaged in contract with more than one buyer at the same time. To address this demand the apex organisation of the garment owners, BGMEA has already drafted a code of conduct, but it is yet to be in force as it is awaiting final approval from the Ministry of Labour and Industry of Bangladesh. Meanwhile there is also strong proposal and pressure from MFA Forum on the RMG sector to follow the uniform Jo-in-Code which is practiced in Turkey.³⁰

However it is pertinent to say that the Labour Act adopted in 2006 in Bangladesh is a landmark attempt to incorporate almost all relevant principles of labour rights and work place conditions recognised by the ILO Declarations and Conventions. The compliance with the provisions of this national law by all kinds of enterprises whether export oriented or not, may fulfil the requirements of the labour-focused CSR aspects. Similarly, compliance with *Environmental Conservation Act 1995* and *Environmental Conservation Rules 1997* may fulfil to an extent the environmental CSR issues.³¹

27 Ritu Kumer, et al, *Understanding and Encouraging Corporate Responsibility in South Asia Update 3 Bangladesh* (2003) Teri Europe <www.teriin.org/teri-eu/index.htm> 13 November 2008.

28 Ibid.

29 ILO, above n 5.

30 Bekafi, above n 6, 16.

31 *The Environmental Conservation Act 1995* provides for an environmental clearance certificate for industry as a condition for launching operation. The Environment Conservation Rules state the purpose of the certificate and categorises the industries

4. The Role of Business Associations in Promoting CSR at Enterprises Level

Business associations may play a vital role in promoting CSR practices in the enterprises. As they are generally formed with the owners of the enterprises, their awareness of the need for CSR and thus involvement in the adoption and implementation through different ways may result in the creation of uniform model and guidelines and enable all to participate in the process irrespective of their size and business extent. Moreover, as an apex body, their monitoring, supervision, partnership, and advocacy may act as a pressure as well as an encouragement for shaping the structure of CSR as a long term business agenda.

The Vietnamese apex business organisations such as the Vietnam Chamber of Commerce and Industry (VCCI), Vietnam Leather and Footwear Association and Vietnam Textile and Garment Association (VITAS) are showing their strong commitment to the promotion of CSR in the enterprises.³² VCCI, as a representative of employers is assigned by the government to provide a series of supporting services to businesses in the field of sustainable development through much emphasis on the application of CSR.³³ It plays an important role for raising awareness of CSR on a wider scale. In partnership with the German development organisation GTZ, it established a roundtable series to address CSR issues relevant to businesses in Vietnam.³⁴ The roundtable meetings aimed to raise awareness of CSR, encourage the adoption of CSR in Vietnamese businesses, strengthen communication among firms engaged in these issues, and address particular CSR issues.³⁵ The topics of the meetings included benefits and challenges in implementing social standards such as CSR capacity building through workers' participation, audit quality control, provision of assistance to SMEs

into three, in consideration of their site and environmental impact and prescribes procedures for control and mitigation of environmental pollution.

32 Dao Quang Vinh, *Labour Market and Employment Conditions in Vietnam* (2007)

Institute of Labour Sciences and Social Affaires, Vietnam <<http://gw.kli.re-kr/emate-gw/seminar.nsf...>>13 November 2008.

33 CSR Vietnam Forum, *Corporate Social Responsibility Award 2006 - Footwear and Garment Industries in Vietnam* (2007)
<<http://www.vietnamforumcsr.net/default.aspx?portalid=5&tabid=306>.

34 Bekafi, above n 6.

35 Ibid.

for implementation of social standards at a low cost, and developing the method of raising public awareness and sustaining social dialogue.³⁶ It also undertakes collaborative initiatives for organising seminars, workshops and other programmes to enhance the competitiveness of the enterprises through the application of CSR.³⁷ In addition, it provides support for the Vietnam Business Link Initiative (VBLI) which works to improve working conditions for all people in the footwear industries in Vietnam.³⁸

Furthermore, in order to promote CSR and honour those enterprises which have been implementing it well, VCCI organises CSR award for the footwear and garments enterprises. In 2005 and 2006 it organised the honour award in collaboration with the Ministry of Industries, Ministry of Labour and Social Affairs (MOLISA), Vietnam General Federation of Labour (VGFL), Vietnam Leather and Footwear Association (LEFASO), Vietnam Textile and Apparel Association (VITAS), and Vietnam Action Aid.³⁹ Likewise in 2007, the same award programme was organised by this organisation. The honour award was aimed at creating a positive image of enterprises' integration process as well as enabling the enterprises to cooperate with the regional firms and forums in implementing CSR for sustainable integration.⁴⁰

In Bangladesh, the Bangladesh Federation of Chamber of Commerce and Industry (FBCCI) plays no official role in CSR promotion and its stated objectives do not include activities for that end.⁴¹ However, the Dhaka Chamber of Commerce and Industry (DCCI) has recently undertaken an initiative for the promotion of CSR and formed the Corporate Social Responsibility Standing Committee (2008). The mission of the committee includes creating awareness about CSR through meetings, seminars, roundtable discussions, press conferences and preparing schemes and

36 Ibid.

37 Ibid.

38 Ibid.

39 Dao Quang Vinh, above n 32.

40 Ibid.

41 This information is obtained by the 2007 Annual Report of the Federation (personally collected and also by face to face conversation with secretary of the Federation Mr. Amzad Ali Chawdhury, Dhaka Office).

activities.⁴² It has a plan to establish a CSR centre and the preliminary work has already been done. This organisation in the implementation of its objectives is at a preparatory stage.⁴³

In Bangladesh among the apex business organisations the activities of BGMEA and BKMEA may be considered to be unique and remarkable in accelerating the practice of CSR, particularly in labour and workplace related issues. Both the BGMEA and BKMEA have developed their own official mechanisms to enhance CSR practice at the enterprise level.⁴⁴ At the same time, they have also run some welfare activities for their workers as well as for the larger community in the areas of health care, poverty alleviation, capacity building for employment, and other philanthropic activities during emergency situations such as natural calamities, economic inflation and rising prices of commodities.⁴⁵ BGMEA's collaborative programmes with the ILO and UNICEF for child labour elimination and their immediate rehabilitation, the ILO and BGMEA partnership programme for improvement of working conditions, and the social compliance cell of BGMEA are the ground-breaking initiatives for the augmentation of labour related CSR activities.⁴⁶ In addition, drafting a code of conduct by BGMEA as a business organisation is the first of this kind in the developing country context.⁴⁷

Similarly, BKMEA as the apex organisation of knitwear manufacturers and exporters has some permanent initiatives as pre-requisites for membership of the organisation with a goal to ensuring a better employment situation in the member units.⁴⁸ It also organises regular monitoring and inspection activities, training and awareness building programmes for the management,

42 Dhaka Chamber of Commerce and Industry, Resolution of the Meeting, 28 January 2008 (personally collected).

43 Ibid.

44 See Bangladesh Garment Manufacturers & Exporter Association (BGMEA), *Study on the Knit Garment Sub-Sector of Bangladesh* (2005) <www.bangladcshgarments.info> 11 November 2005.

45 Ibid.

46 Ibid.

47 Ibid.

48 Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA), *Corporate Social Responsibility to the Workers in the Knitwear* (2007) <www.redbarnet.dk/admin/Public/DWSDownload.aspx> 13 November 2008; see also BKMEA, *Social Compliance Activities of the Knitwear Sector* (2006) <www.bkmea.org> 13 November 2008.

workers and other stakeholders to ensure safe and sound working place in line with the spirit of international standards.⁴⁹ In addition, they also participate from the organisational level in different welfare activities for knitwear workers at times, and also in the national development agenda.⁵⁰

5. The Role of the Government and Public Sector as Navigator of CSR Practices

The government or public sector's roles for the promotion of CSR may be executed generally in four ways as identified by the World Bank's study.⁵¹ These four ways are mandating, facilitating, partnering and endorsing. It is difficult to evaluate governmental activities for the promotion of CSR through the application of the said parameters in the context of developing countries, as the current notion of CSR is almost everywhere a new approach to business and its practice is at nascent stage. Nevertheless, an attempt is made for an overview of the government or public sector activities in Vietnam and Bangladesh.

In Vietnam, according to a country perspective analysis in the APEC region in terms of role-play for CSR, the enterprises and government are identified as the two main players.⁵² Enterprises are always concerned about the determination of the success of the implementation of CSR. The government along side the legal development for the control of multi-sectoral market-based economy contributes in promulgating policies, supervising the enforcement of regulations, and providing information on CSR issues.⁵³ The Government of Vietnam now takes up CSR relevant issues as a public policy area.

As part of a public policy area, the existing focus in relation to CSR is on awareness- raising by creating forums for dialogue and exchanges, and partnering with national business associations as well as with international

49 Ibid.

50 Ibid.

51 Tom Fox, Halina Ward and Bruch Howard, *Public Sector Roles in Strengthening Corporate Social Responsibility: A Baseline Study* (October 2002) World Bank <www.worldbank.org> 22 July 2008.

52 Asia Pacific Economic Cooperation (APEC), *Corporate Social Responsibility in the APEC Region: Current Status and Implication* (Human Resource Development Working Group, Capacity Building Network, December 2005) <www.apec.org> 1 September 2008.

53 Ibid.

donor agencies.⁵⁴ Other indicators are increasing legislative activities in the areas of labour law, corporate governance and environment protection, and creating voluntary frameworks.⁵⁵ Although there is no explicitly designed CSR policy and strategy, the formulation of Vietnam Agenda 21 is treated as an attempt to address CSR as a sustainable strategy.

Therefore, the public policy actors in Vietnam are the Vietnam Agenda 21 office, particularly for environmental protection, and the Ministry for Labour, War Invalids and Social Affairs (MOLISA) for labour and workplace related issues. Agenda 21 is intended to strengthen enforcement measures against companies that pollute by the establishment of Environmental Police and special fees levied on the emission of polluted waste water.⁵⁶ In other ways, the government calls on companies to protect the environment and promote safety and health in the workplace.⁵⁷

The Ministry of Labour, Invalids and Social Affairs is involved in different multi-stakeholder partnership programmes, conducting research and study programmes on labour-related CSR practices, organising conferences, workshops, roundtables and awards.⁵⁸ In cooperation with Action Aid Vietnam it awards for excellence in CSR performance in the garments and footwear sectors.⁵⁹

In the national policy framework, besides policies of economic development, social and environmental protections are targeted to be mainstreamed into government legislations. The Vietnam Government stimulates and creates an enabling environment for enterprises to engage in the performance of CSR in all levels of operation. MOLISA in collaboration with Ministry of Industries (MoI) offers annual rewards for those enterprises that have best practice of CSR.⁶⁰ Since 2005 this incentivising award programme has been

54 GTZ and Bertelsmann Stiftung, *The CSR Navigator: Public Policies in Africa, the Americas, Asia and Europe* (2007) <www.bertelsmann-stiftung.de> or <www.gtz.de> 25 September 2008.

55 Ibid.

56 Ibid.

57 Shizuo Fukada, *Corporate Social Responsibility in Vietnam: Current Practices, Outlook, and Challenges for Japanese Corporations* (2007 <<http://www.keindanren.org.jp/cbcc/english/report/2007>> 15 September 2008.

58 Ibid.

59 Ibid.

60 Vinh, above n. 32.

in operation in order to promote, honour, and praise the CSR practices of the enterprises.⁶¹

The Institute for Labour Sciences and Social Affairs in Vietnam receives funds from the World Bank to provide technical assistance to enable the government in the process of defining and strengthening its roles in promoting and supporting labour-related CSR.⁶² This technical assistance is an effective way to enable the government sector to play a wider role in strengthening CSR in Vietnam.

The Labour Code of the Vietnam Socialist Republic was amended twice from 1994 to 2006 with an aim to promptly modify the policies and regulations pertaining to labour and industrial relations in the market economy, so as to be more compatible with international practices.⁶³ This improvement in the legislation contributed to the generation of enabling conditions for enterprises to perform CSR in a meaningful way. The Labour Code has become more refined and is an important piece of legislation to protect employees in labour relations; in engaging labour contracts, in wage negotiation and settlement of labour disputes and regulations on fundamental labour rights. It includes workers benefits such as social insurance covering health and other fringe benefits given on the basis of a person's skill and efficiencies.⁶⁴ In addition a plethora of labour market programmes are covered, such as providing an unemployment allowance, providing credit for job generation, employment consultation and job matching services and vocational training.⁶⁵

In the light of the above discussion, it seems to be clear that the public sector's role in Vietnam is manifested in introducing the Vietnam Agenda 21, Reservoir Code, different partnering activities, a high level of communication regarding CSR and increasing the level of stakeholder integration. Compared to developing countries perspective it is advancing regularly to a mature level.

In Bangladesh, the public sector's role in promoting labour-focused CSR is very limited. The Ministry of Commerce has recently undertaken some steps by establishing a Social Compliance Forum (SCF) to monitor and

61 Ibid.

62 Ibid.

63 Ibid.

64 Ibid.

65 Ibid.

review the social compliance status in the RMG sector.⁶⁶ This is otherwise recognised as the National Compliance Forum. This forum is characterised by multi-stakeholder participation comprising of business associations, buyers, and international development agencies. SCF works through two issue-based task forces and one monitoring cell.⁶⁷ The taskforces are taskforce on occupational safety and taskforce on labour welfare. The task force on occupational safety is assigned for reviewing and monitoring the status of occupational safety in the factories and also formulating short term or long term action plans. The occupational safety activity includes fire safety, building safety, environment safety and security. The taskforce on labour welfare includes labour- focused CSR issues, particularly employment conditions and core labour rights. One of the major achievements of the social compliance forum is that it coordinated in 2006 the signing of Memorandum of Understanding (MoU) between the employees, employers of the RMG sector and the government.⁶⁸

Apart from the role of the Ministry of Commerce, the Ministry of Labour and Employment has formed a crises management committee in order to tackle any untoward situation arising out of non-compliance at the factory level.⁶⁹ The main functions of this committee are taking appropriate steps to mitigate the emergent unpleasant situations, undertaking steps to implement different provisions of the tripartite MoU of 2006, and inspecting factories other than garments to ensure compliance. Both the committee and forums under these two ministries are not directly engaged in CSR policy-making activities; nevertheless they are playing a facilitating role for ensuring better labour and work place situations.

In respect of legislative development, there is no commanding legislation for CSR application by the enterprises, but the Labour Act 2006 and the Workers Welfare Foundation Act may be considered to be enabling regulations for CSR promotion and practice by the enterprises, although it is not explicitly legislated for CSR.

6. The Development of Institutional and Partnership Activism

CSR networking, research, campaign, and advocacy are instrumental in the enhancement of CSR integration into businesses and help awaken the

⁶⁶ See ILO, above n 5.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Ibid.

concern of different stakeholders for the need of its practices at all levels of enterprises. Other than business owner organisations and the public sector institutions, in developed and developing countries there has been a growing trend of institutional development at the national or regional level to this end. These institutions operate their activities either independently or in partnership with business organisations, governments, international development agencies and trade unions. Their activities are intended to widen the scope of CSR activities, ultimately resulting in contributing to the national policy development of CSR, increase of the public sector involvement, development of implementation mechanism in the enterprises, and the creation of overall uniformity of the practices. The development of this type of institution in a country shows its progression and increasingly better status in the recognition of CSR.

From the developing countries' perspective, the institutional development for the promotion of CSR activities in Vietnam is comparatively remarkable and their activities in many cases are at a mature level. In this respect, institutes worth mentioning for their country-wide activities are Vietnam Business Link Initiative (VBLI) and Vietnam Business Council (VBC). VBLI is a tri-sector partnership between 26 local and international organisations and companies established in 1999 to address working conditions in the Vietnam footwear industries.⁷⁰ VBC is a consultative and deliberative forum that comprises of representatives from businesses, government and civil society to coordinate community-corporate collaboration for social development.⁷¹

The main objective of VBLI is to improve the working conditions for all people engaged in the footwear factories in Vietnam. To obtain its goal successfully the VBLI has divided its works into two strategic phases: Phase 1 from 1999-2005 and Phase 2 from 2005-2008.⁷² Phase 1 activities were focused on raising awareness of and fostering expertise in, occupational health and safety issues in the footwear industry. These activities were carried out through six key items; training workshops, research, pilot

70 Bekafi, above n 6.

The 26 entities participating in the VBLI represent government agencies, international associations, research and consultation agencies, sportswear and other private companies, and international organisations and NGOs.

71 Joaquin L. Gonzales, *Corporation –Community Collaboration for Social Development: An Overview of Trends, Challenges, and Lessons from Asia* (2005) Inter-American Development Bank <www.iadb.org/pub> 13 November 2008.

72 Bekafi, above n 6.

programmes commitment to good practice, affecting national policy and strengthening a management support system.⁷³ Phase 2 activities include increasing the scale and impact of improved health and safety standards developed in Phase 1; supporting the institutionalisation of health and safety standards through government, industry bodies, trade unions, and educational institutions; transferring the VBLI learning and process to garment industries; and repositioning VBLI as a facilitator for health and safety promotion in industries rather than a deliverer of training and other services.⁷⁴ It is noteworthy that the VBLI works with national firms, many of which are in multi-national supply chains, encountering both issues of occupational health and safety and proliferation of the codes of conduct to which they must adhere.

The VBLI is a success story in terms of promotional activities for occupational health and safety issues in the footwear industries as the maximum number of companies, their managers, and beneficiaries are convinced and responding in terms of CSR performance.⁷⁵ Similarly, it has helped raise awareness among industry leaders on occupational health and safety (OHS) issues and at the same time its' programme has made a positive impact on OHS management.⁷⁶

The second famous institute in Vietnam is VBC which is committed to addressing issues related to the development of economic and social business policies or laws. It seeks corporation and community collaboration for social development, which is a means of widening the application of CSR for the community at large.⁷⁷ It also seeks to improve the process for obtaining input from both government and business in the reform process. This Council was created under the leadership of four key organisations: The Vietnam Chamber of Commerce and Industries (VCCI), the Prime Minister Research Commission, the Central Institute of Economic Management, and the Association of Small Enterprises in Hanoi.⁷⁸

73 Ibid.

74 Ibid.

75 Ibid.

76 Ibid.

77 Gonzales, above n 71.

78 VCCI is a national organisation which assembles and represents business enterprises and associations from all economic sectors across Viet Nam. Prime Minister's Research Commission is the think tank of the Prime Minister on economic, social and administrative reforms, which provides advice and proposals to the Prime Minister and leaders of the Vietnamese Government. The Central Institute of Economic

In addition to the development of internal institutions, the famous intergovernmental and multilateral development agencies are running their own programmes for CSR in partnership. The leading organisations are UNIDO, ILO, GTZ, WB and DFID.

In Bangladesh there are some institutes established in recent years at the national level that are engaged in different awareness raising, advocacy, research and supporting programmes for the promotion and future structuring of CSR. The institutes are the Bangladesh Centre for Advanced Studies, Bangladesh Enterprise Institute, Bangladesh Partnership Forum, and the National Forum on Compliance.

The Bangladesh Centre for Advanced Studies along with their other programmes conducts monitoring services in the garment and textile industries for the improvement of social and environmental compliance status under its social and environmental compliance projects. The social compliance project is a collaborative one with German NGO 3p and BGMEA.

The Centre for CSR is a recent innovation of the Bangladesh Enterprises Institute with an objective to facilitate, expand, and encourage CSR practices in the private sector. The main focus of this centre is awareness raising and structural development of future CSR in Bangladesh.

The Bangladesh Partnership Forum is also a recently launched forum by business leaders and other key players as a part of global partnering programme of IBLF. It is formed with an expressed interest in building inter-organisational partnerships by connecting the corporate sector with the public and non-governmental sector to build mutually beneficial, social, economic, and environmental development programmes.

Apart from this institutional development at the local level of Bangladesh, the partnership activism provided by international development agencies, NGOs or public sector is vibrant, particularly in the areas of labour and product quality. In this respect, the noteworthy names are the ILO, GTZ, SEDF and KATALYST.

The following table shows the summary of comparison of CSR practices between Bangladesh and Vietnam.

Lenses of Comparison	Bangladesh	Vietnam	Remarks
1. The main driving forces of CSR	<ul style="list-style-type: none"> • Increasing scrutiny of local practices of subsidiaries of MNCs. • Increased social awareness of external consumers about labour and quality control of the product. • Emergence of privatization and market liberalization as imperatives for business to take up social responsibility 	<ul style="list-style-type: none"> • Responses to the demands of external buyers and consumers • Increasing self-awareness of the enterprises as to the fulfillment of the requirements of their international counterpart • Supports from other stakeholders such as business associations, trade unions, certifying and supervising organizations and governments 	Largely similar, the support from the stakeholders is more available in Vietnam

<p>2. Performance of labour and environment related CSR and compliance with codes of conduct</p>	<ul style="list-style-type: none"> The trend of compliance with buyers' and certifying agencies' codes of conduct in relation to labour and environment issues is mainly available in the RMG enterprises among the export enterprises. The BGMEA has drafted a code of conduct for the RMG enterprises, which are yet to be in force. 	<ul style="list-style-type: none"> The trend of responses to buyers' codes in the performance of labour and workplace related CSR has grown rapidly among the business associations and export enterprises, The leading players are textile and footwear. There is comprehensive labour code in Vietnam providing the foundation of CSR. In respect of environmental management and protection, companies in Vietnam simultaneously with external codes follow Vietnam Agenda 21. 	<p>The trend of compliance with buyers' and certifying agencies' codes is wider in the business practice than that of Bangladesh</p>
<p>3. The role of Business Associations in promoting CSR at enterprises level</p>	<ul style="list-style-type: none"> In Vietnam the apex business organization VCCI is engaged in providing support services for promotion of CSR at the enterprises level. Two major owners associations LEFSO and VITAS are actively committed to the promotion of CSR in their enterprises in partnership with public sector. 	<ul style="list-style-type: none"> In Bangladesh, only the business associations of the RMG sector BGMEA and BKMEA are playing roles in the improvement of labour and workplace conditions at the enterprises level. The apex employers' organization FBCCI has no role for the promotion of CSR. 	<p>The supporting services from the business associations in Vietnam are stronger than that of Bangladesh.</p>

<p>4. The role of public sector as a navigator of CSR</p>	<ul style="list-style-type: none"> • The Government of Vietnam takes up CSR relevant issues as public policy area. • The Government has adopted Vietnam Agenda 21 providing guideline for companies for environmental control. • The Ministry of Labour, Invalids and Science Affairs are involved in different multi-stakeholder partnership programmes, conducting research and study programmes on labour-related CSR practices. 	<ul style="list-style-type: none"> • In Bangladesh, the CSR is not yet recognized as a public policy agenda. • The Ministry of Commerce has established Social Compliance Forum to monitor and review the social compliance status of the RMG sector. • There are some legal development such as the Labour Act 2006 and Workers Welfare Foundation Act, 2006. 	<p>The Government role for CSR is very limited in Bangladesh.</p>
<p>5. The development of institutional and partnership activism</p>	<p>In Vietnam, there are two institutes, namely, VBLLI and VBC which have country-wide activities for CSR through partnership programmes over the years.</p>	<p>Bangladesh Enterprise Institute, Bangladesh Partnership Forum, and Bangladesh Centre Advanced Studies established in recent years are engaged in supporting programmes of CSR.</p>	<p>Institutional development and partnership activities in Vietnam in many cases are at mature level.</p>

7. Conclusion

The above discussion shows that there are some similar and dissimilar features in these two countries compared in regard to the promotion and development of CSR as a business agenda.

The similar aspect in developing country context is that the adoption and integration of CSR into the mainstream of business is essentially promoted to satisfy the requirements of international counterpart buyer companies. These requirements generally concern the labour rights, workplace conditions and environmental issues. Both in Bangladesh and Vietnam the need for access into the international market and survival there (ie, the 'market driven force') is the main driving force for the application of labour-related CSR standards. The labour-related CSR practices here appear to be not value driven or self-initiated, but imposed and externally driven.

In both the countries compliance with buyers' codes of conduct and other certification standards influences the national labour laws, which are evidenced with their amendments incorporating more recognised international labour standards as well as the adoption of labour welfare related laws. They are, for instance, the labour code of Vietnam (as amended up to 2006), *the Labour Act 2006* of Bangladesh and the *Workers Welfare Foundation Act 2006*. The compliance with the buyers' codes also influences the adoption of codes of conduct such as BGMEA's code of conduct which is unique one in the Asian region.

In respect of business association's initiatives for CSR promotion, the Vietnamese business organisations are engaged in carrying out activities in wider scale. Particularly VCCI's role can be said to be comprehensive as it works in all kinds of enterprises with the support of the Vietnamese government. This kind of comprehensive role from the apex level business organisation is absent in Bangladesh. In Bangladesh BGMEA and BKMEA's for the promotion of labour and environment related CSR is confined only to the RMG sector. A distinctive feature of BGMEA and BKMEA is their direct involvement in social and community development activities such as poverty alleviation, manpower development, and charitable donations during natural disaster.

As regards government or public sector intervention in CSR Vietnam is far ahead of Bangladesh. CSR in Vietnam is considered as an area of public policy. CSR activities are regulated and supervised by the government, although government legislations and regulations on CSR issues remain

insufficient and weak. The regulatory instruments such as Labour Code and Vietnam Agenda 21 provide a strong foundation for promotion of labour and environment related CSR. In addition, MOLISA as a government organ plays a partnering role for the enforcement of labour regulation, conducting research and providing information on CSR.

CSR issue is not yet undertaken in Bangladesh as a matter of public policy. The government's organisational support for CSR activities is almost limited to the RMG sector as it is the biggest export sector in Bangladesh. The public-private partnership and facilitating activities have not yet developed in true for wide scale promotion of CSR.

As for institutional development for CSR networking, research, campaigning, and advocacy in these two countries there has been recent progress such as in Vietnam with the VBLI and VBC and in Bangladesh with Bangladesh Enterprise Institute CSR Centre, Bangladesh Centre for Advanced Studies, and Bangladesh Partnership Forum. All these organisations also carry out their activities more or less in partnership with different development multilateral agencies or organisations, international companies and NGOs. The Vietnamese institutes are at an advanced stage as they have been working for about ten years and gained a good maturity level in comparison with Bangladesh, where the local institutes in Bangladesh are more recent initiatives and less experienced.

Against the backdrop of above discussion it may be concluded that Vietnam is comparatively more advanced than Bangladesh in the promotion of CSR. Bangladesh can draw up considerably from the experience of Vietnam particularly in public sector interventions and development of institutional partnership in regard to labour, environment and community development issues.