

Labour - focused Corporate Social responsibility

case study in textile and footwear enterprises

(Summarized draft report)

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1. Objectives of the study

1. Increase the awareness of CSR for relevant stakeholders;
2. Identify the demand for Government's support from enterprises;
3. Strengthen the dialogue among export sectors in CSR's implementation;

2. Work completed so far

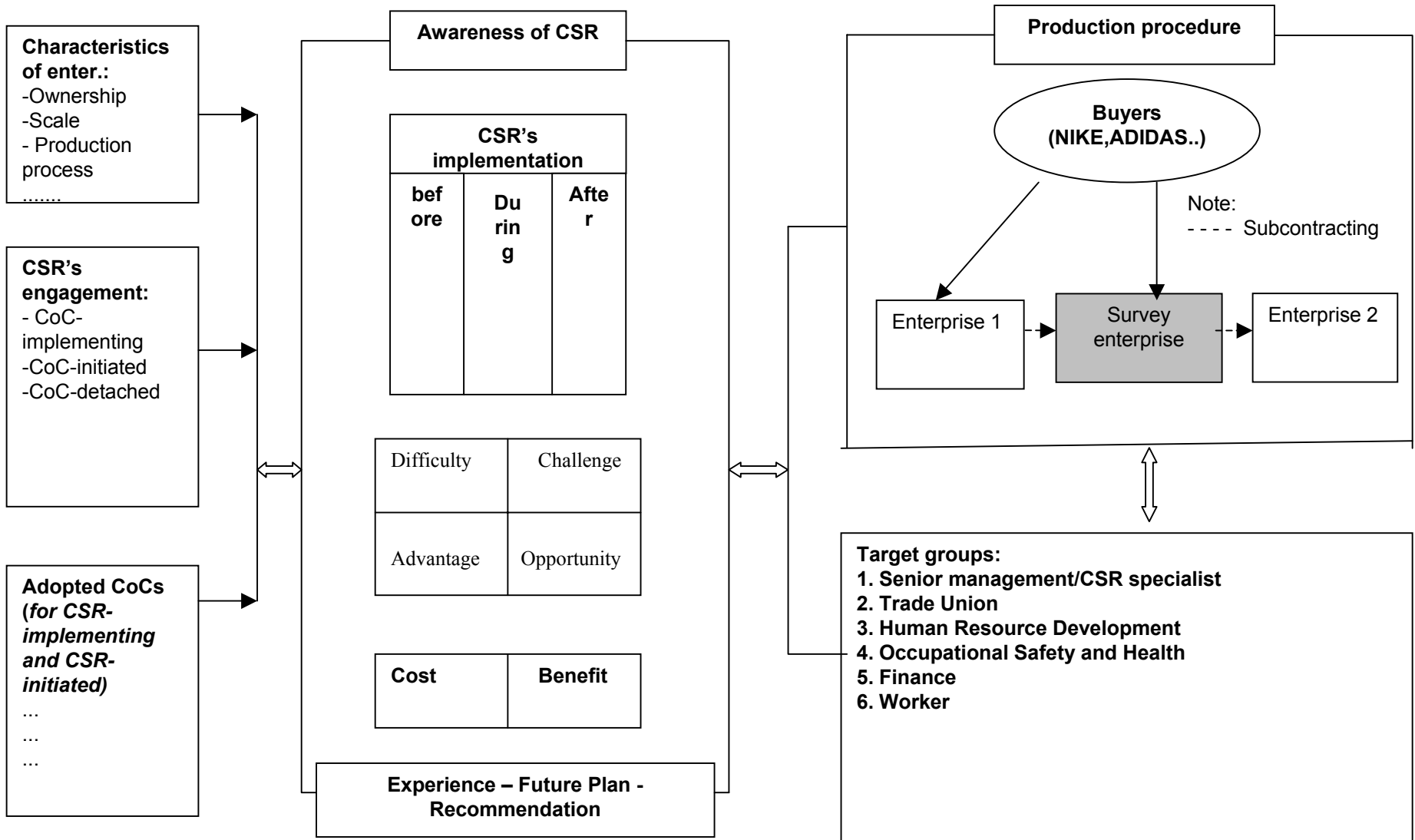
- Organized 2 start-up seminars in Hanoi and HCMC (Dec. 2003)
- Established of a multi-sectoral Advisory Group
- Conducted research on CSR's implementation in textile and footwear sectors (24 enterprises, 10 buyers, consultations and certificate granting firms)
- Disseminated information and exchanges on CSR (with additional support from ILO and WB)

3. Sampling structure

	Textile			Footwear			Total		
Ownership	Gr. I	Gr. II	Gr. III	Gr. I	Gr. II	Gr. III	Gr. I	Gr. II	Gr. III
State owned	2			3		1	5		1
Private	4	1	2	3		2	7	1	2
Joint venture	1			2			3		
100% of foreign capital	2			1			3		
Total	9	1	2	9		3	18	1	3

Note: Group I: CSR-implementing; Group II: CSR – initiated; Group III: CSR-detached

4. Framework of Report Analysis



5. Limitation of the study

1. Small samples (24/1200 textile enter. and 350 footwear enter.) → specific conclusions rather than typical and representative for 2 sectors.
2. Only one enter. of under 500 workers (450 workers) and only one enter. of Group III (CSR-implementing) → limited comparison by labour scale and CSR's engagement group.

6. Awareness of enterprises on CSR

- Philanthropic:*** as the participation in manners of humanitarian and charitable gestures - SOEs and private enterprises.
- Supplier-led CoC specific:*** based on satisfying customer demands (commonly found among sub-contractors for South Korea or Taiwan).
- Certification-led:*** implementation a certain CoC or receipt of certification, particularly SA 8000.
- Buyer-led:*** to fulfill the obligation towards workers and community; to increase the quality of life of workers, while stabilizing and developing production - producers for big companies.

7. Main drivers of CSR's implementation

1. Response to the demand of buyers:
main and most popular.
2. Changes in awareness of enterprises :
increasing tendency.
3. Supports from other stakeholders:
Associations, consultation companies,
programmes, projects...

8. Main approaches to CoCs (18 enter. in Group I and 1 enter. In Group II)

	Clients	Experienced enterprise	National/ international workshops	Consultant companies	Association	Pro-SME projects	Self searching
Textile	10	3	2	4	8	2	2
Footwear	9			3			3
Total	19	3	2	7	8	2	5

9. Improvement activities

1. Improve, upgrade premises, machinery and equipment, technology: most costly - SOE and private enterprises.
2. Improve OSH and FCP: much concern by buyers - SOEs and private enterprises.
3. Improve production organization and labour management: Reduced cost and increased competitiveness.
4. HRD and training: low - quality labour, high labour turnover required to increase productivity and quality of products.
5. Improve management and supervision system: slowly performing, esp. in SOEs due to the limitation of staff capacity and management mechanism.

10. Comparison on the implementation of Labour Code and CoCs

Issues	Group 1	Group 3
Child labour	Not using child labour	Particular case of using juvenile workers in heavy and hazardous jobs
Forced labour	Particular cases of collecting deposit, and limiting the demand of using toilet	Few cases of collecting deposit from workers
Wage and salary	<ul style="list-style-type: none"> - Wage is paid to be equal and/or higher than minimum level provided by law - Few cases of paying over time-based wage lower than it is provided by law - The price unit of wage is posted in public - The calculation of wage is easy to make. - Wage is paid for pausing-period. 	<ul style="list-style-type: none"> -Wage is paid to be equal and/or higher than minimum level provided by law - Few cases of paying overtime-based wage lower than it is provided by law - The price unit of wage is not posted at workplace - The calculation of wage is not so clear - Few cases of not paying the pausing-period

10. Comparison (cont.)

Over time	Higher than 300 hours/year	Higher than 300 hours/year
Haasement, abuse and disciplines	- Particular case of beating workers by foreign manager - Few cases of cutting and reducing in bonus towards offended workers	Few cases of cutting and reducing in bonus towards offended workers
Freedom association and collective labour agreement	All enterprises have local trade union	1 enterprise has not yet set up local trade union
Occupational safety and health	All enterprises have ensured in OSH	Some cases of lacking PPE and not ensuring the requirements of technical hygienic systems
Human resource training	Long-term strategy of HRD has been developed	Concern and emphasis have not been properly placed.
Supervision and monitoring	Having internal supervision mechanism Under Buyer's supervision system Under supervision of State administration authorities	Weak internal supervision Under supervision of State administration authorities

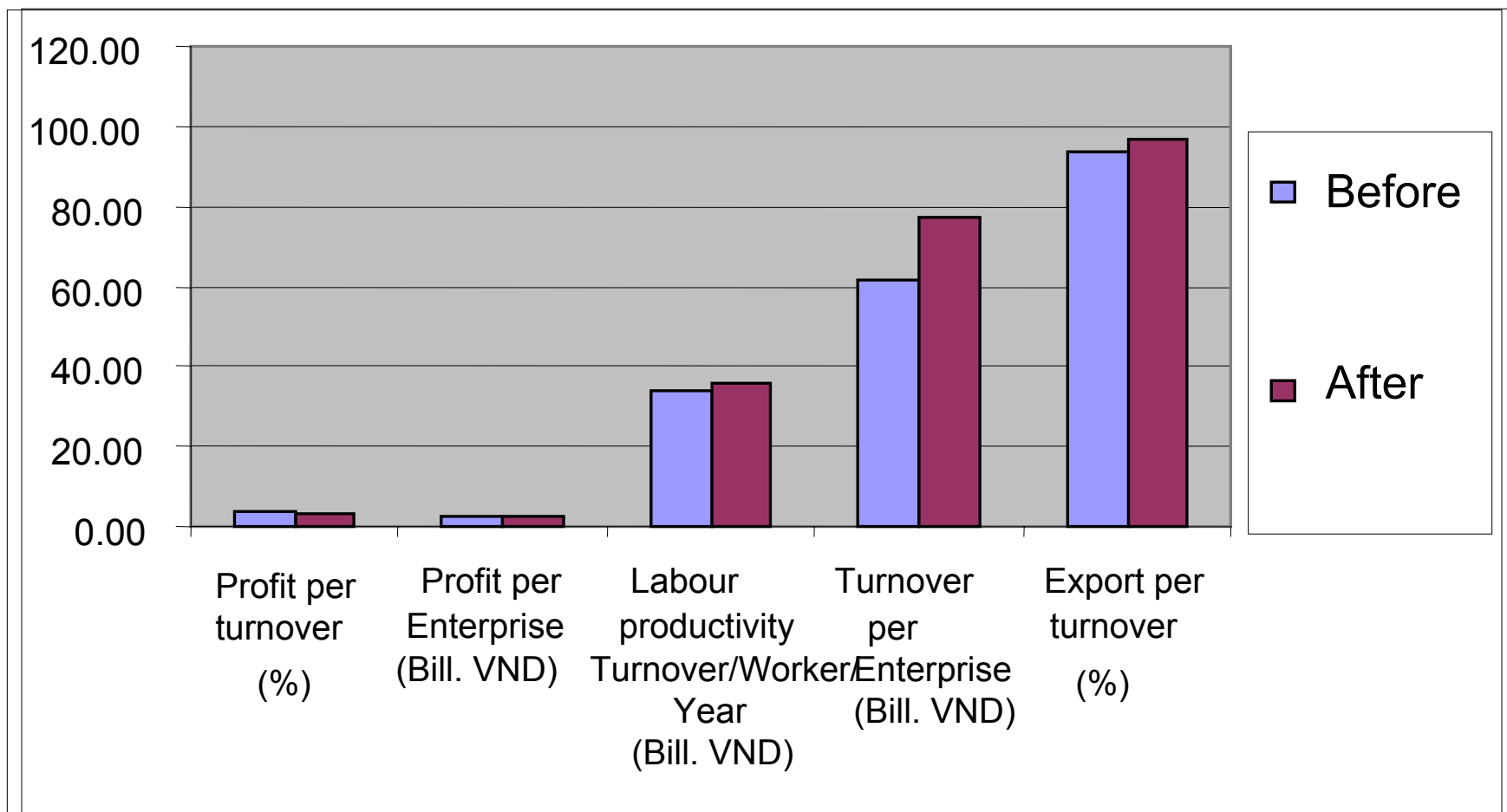
11. Barriers/challenges and Advantages/Opportunity

	Barriers/challenges and Advantages/Opportunity	
Fields	Advantages	Constraints
Legislation Effect on labour/enterprise/enforcement of environment law	<ul style="list-style-type: none"> - CoC is mainly based on some provisions of national laws –Its legal compliance is a good foundation for CSR's implementation; - It has a system to execute law. 	<ul style="list-style-type: none"> - There are some unclear provisions; - Low and insufficient feasibility and sanctions are still existed. - It is difficult to access to legal papers/documents.

11. (continued)

<p>Economy Labour productivity, turnover/profit, development, market participation</p>	<ul style="list-style-type: none"> - Investment will bring about profit; - It is not so hard to get the minimum standard. 	<ul style="list-style-type: none"> - Some big investment (esp. in infrastructure+equipment) causes difficulty to SMEs; - Hard to have convenient ground for long-standing enterprises in urban areas; - It takes time to deal with complicated and cumbersome procedures for SoEs.
<p>Trade union</p>	<p>It has long-time system of trade union representing workers group</p>	<ul style="list-style-type: none"> - Some joint-venture/FDI do not have trade union or have poorly-performed trade union
<p>Workers</p>	<ul style="list-style-type: none"> - Educated and skilled workers would have good capacity of accessing to new knowledge. 	<ul style="list-style-type: none"> - There has been an insufficient awareness and understanding on CSR; lack of experiences in lifestyle and industrial work style

12. Effect assessment- *Economic effect*



13. Effect assessment - *Social impact*

- a) *Improved trade mark and image of enterprises***
- b) *Better occupational safety and health.***
- c) *Labour more closed with enterprises***
- d) *Better effect of labour legislation enforcement.***
- e) *Increased cohesion and trust of workers.***
- g) *Increased satisfaction of customers.***
- h) *Better integration capacity***

14. Lesson learnt

- CoC is regarded as the requirement from buyers and not represented for State regulations;
- It is voluntary to apply with and able to increase the competitiveness:
- When implemented, it should take precaution with standards which is not compatible with Vietnamese legislation, including ILO standards which have not been ratified by Vietnam;
- When accepted more than one CoC, it should consider the different contents with the adjustment among Cocs;
- CoCs does not replace legal provisions;
- CSR would have multi participation of stakeholders.

15. Demand for Government's support from enterprise

- Provide information, consultation and guideline
- Timely amend and supplement legal documents which are no longer suitable
- Set up mechanism and policy to support financially enterprises when they make big investment in improving to meet the CoC's requirements.

16. Proposed next steps

- *Provide information and activity to increase the awareness of CSR and identify the role of relevant stakeholders;*
- *Case study on SME of footwear and textile sectors, extend the study on seafood and agriculture sectors*
- **Study on most common CoCs in 4 above sectors; formulate the “framework of CoC” and pilot in enterprises.**
- *Capacity building on CSR for researcher in Institute of Labor Science and Social affairs*

Thank you !