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## **Protecting Growth: The Development of ity in Vietnam**



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Greetings from Ho Chi Minh City, where I am joined by four fellow MPD students, each conducting research on key areas of potential impact that public diplomacy can have in Vietnam. While on the ground I have been meeting with various private and public sector officials to analyze the extent to which corporate social responsibility (CSR) is a priority for companies operating in Vietnam. Based upon the information gathered thus far, the answer appears to be yes, but with many shades of gray.

It is worth mentioning from the outset, that Vietnam simply does not have the comprehensive regulatory standards that govern the degree to which most Western corporations are required to take stock in addressing global concerns such as environmental degradation, social justice, workers compensation, and human rights. Yet, companies doing business in Vietnam are in the midst of a unique moment in which their potential for growth is astounding. Ho Chi Minh City is referred by many as the "New York of Vietnam," with its bustling business district, modern skyscrapers, colorful nightlife, and abundance of international goods and services. It is within this cultural microcosm and gateway to the world, where the future transcends the past. A majority of Vietnamese today are under the age of 30. They are neither victims of war nor subjects of a communist regime. While time has not healed all wounds, Vietnam has certainly arrived at a new dawn.

After the United States reestablished its diplomatic relations with Vietnam in 1995, a surge in soft resources helped usher positive social change. Within ten years, the poverty rate had

improved drastically from approximately 70 percent to approximately 12 percent. The US State Department has continued to advance educational exchange opportunities such as the Fulbright and Huber Humphrey Fellowship programs. In addition, US trade with Vietnam has increased tenfold from \$370 million in 2000 to \$3.7 billion in 2010. However, underneath the surface of these optimistic figures and generally positive public sentiment towards the US, there are many challenges towards navigating this bilateral business dynamic.

As US companies assess whether there is a need or market for their specific products in Vietnam, they are forced to deal with a very complex web of unwritten rules that make building long-term relationships and enhancing operational capacity very difficult and frustrating. Multiple sources have conveyed their sense of concern over an overall lack of transparency that exists among the wider business community. Gaining a competitive edge can often come at both a financial and moral cost that is almost always undisclosed and kept at a distance from public view. One businessman suggested that while the government does not have a choke hold on free enterprise, its treatment varies towards different organizations in the absence of systemic oversight. Given this state-inspired freelanced, ad-hoc behavior, actual reform can be stifled along with meeting the rising demands of accountability throughout the international business community.

Despite this deficit of noticeable reform, there does appear to be a collective call among many businesses towards keeping up with popular social trends such as a climate change. For instance, even though media coverage is a restricted enterprise in Vietnam, there has been substantial dialogue focusing on how citizens and corporations can protect the environment. While adopting green technology can initially be quite costly, Vietnam has also reached a tipping point in which not taking action could threaten its long term survival. A trade and commerce expert with whom I spoke, emphasized potentially irrevocable affects of pollution on Vietnam's fishing industry, a major source of national income and cultural importance, as toxic runoff from factories into the Mekong River remains severe enough to cripple an ancient way of life.

This acute awareness of eco-degradation has inspired many businesses to take matters into their own hands instead of waiting for the government to enforce its limited regulations. The CEO of a major ceramics company said that the recent example of the Vietnamese government permitting Taiwanese MSG manufacturer, Vedan, to provide a minimal settlement to farmers after discharging factory waste into the Mekong River for nearly a decade, is an example of why it still remains the duty of each business to do the right thing for betterment of society. His company was one of the first to consistently monitor its own factory emissions, use energy-efficiency resources, adopt recycling, and provide higher quality health and nutrition care to its employees. While the cost of implementing such measures were initially high, the results have payed significant dividends by increasing the longevity of resources and productivity of workers.

Measuring the success of such efforts on a national scale is difficult. Moreover, since many of the locals still prefer living with traditional means of commerce such as street market trade and food stands rather than new commercial centers, the level of genuine public interest in taking extra steps to protect the environment may not extend to those whose lifestyle yield no collective harm. Yet, there are signs of hope that progress towards a cleaner, greener tomorrow can be quantified in order to generate sustained reform. Recently, USAID has been trying to establish a rating system at the central and provincial level to help trim unnecessary regulations. Additionally, other nations such as Canada, Singapore, Australia, and the United Kingdom are collectively adding to the social responsibility dialogue as a result of their

continued investment and expansion among their most successful corporations.

Given such forward-leaning international economic interest, the strength of US-VN relations, and strong engagement from the concerned citizens, perhaps a new kind of forced CSR for Vietnam by its growing list of involved stakeholders is on the horizon. This is an exciting and fragile period, in which the care and discretion of a corporate diplomat is not only needed, but may soon be demanded.

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