

FACTORS AFFECTING THE IMPLEMENTATION AND REPORTING OF CORPORATE SOCIAL RESPONSIBILITY FOR THE CASE OF VIETNAM

by Dr. PHẠM ĐỨC HIẾU*

The world economic integration has exposed Vietnam to a lot of challenges. Of them, the corporate social responsibility (CSR) and the report on the implementation of CSR is such a new and weird thing to many managers and consumers as well. This paper is based on the theoretical frameworks of the Triple Bottom Line proposed by Elkington (1997), and the stakeholder theory concerning the power of financial statement users detailed by Freeman (1984) with a view to studying factors affecting the implementation and reporting of CSR in terms of the awareness of managers and consumers. Via findings, some recommendations will be proposed to managers and relevant authorities as well as accounting and auditing enterprises so as to improve the perception of the implementation and reporting of CSR in Vietnam, thereby taking it as a basic tenet in business behavior.

Keywords: Corporate Social Responsibility (CSR), CSR reporting, financial statements

1. Introduction

The CSR is a contemporary issue adhering to the operation and management of both small and big enterprises in the world. In practice, many of corporates have suffered terrible damages for not attending to CSR. For example, Nike has once been boycotted in East and Southeast Asia for its harsh working conditions; or, GAP also came under the scathing attack for employing child labor; or any deed of pollution may also spoil an enterprise's reputation.

In Vietnam, CSR is quite an infant concept for some reasons, and the most important one lies with the unsubstantial attention of both consumers and business organizations. In the context of global economic integration, and when climate changes and environmental pollution is getting

clearer, and when the success or failure of an enterprise depends much on its behaviors towards the society, it is a must to improve the perception of both consumers and business organizations on such the issue. Recently, Vietnam's enterprises have paid their attention to the CSR in some form or other such as consumer's health care, scholarship offers, environmental protection campaigns, etc. However, there is just a humble number of studies on factors affecting the implementation and reporting of CSR. Thus, it is an urgent need for studies on CSR.

This paper is divided into four parts, viz. (1) theoretical framework and hypotheses, (2) research methodology and data collation, (3) hypotheses testing results and discussions, and (4) evaluations and recommendations. At the end of the paper, some orientation for further researches

is also put forward.

2. Theoretical framework and hypotheses

a. Theoretical framework:

According to the United Nations Division of Sustainable Development (UNSD) and the World Bank (WB), CSR is construed as the commitment of an enterprise to the sustainable development in terms of economy, society and environment.

Academically, there are a lot of theories on CSR. Of them, there are two most important ones, namely the sustainable development triangle by Elkington (1997) and the stakeholder theory by Freeman (1984).

- The sustainable development triangle by Elkington (1997):

Elkington supposes that the sustainable development of an enterprise must be contemplated on three aspects, viz. economic, social, environmental. Accordingly, an enterprise does not only follow its economic targets by generating profits, but also has to protect and develop social and environmental values. For this reason, the sustainable development triangle, in addition to socioeconomic and environmental information, is also deemed as the mold of an environmentally sustainable society, and thereby needing reporting at service of the decision-making process of in- and out-enterprise entities.

- Stakeholder theory concerning the power of financial statement users by Freeman (1984):

This theory is developed from a primary model of Freeman (1984), that is, any group or individual utilizing a financial statement can affect or be affected by the fulfillment of business targets. The core of Freeman's theory is that the economic value is considered as the strategic goal of every enterprise. Besides, Freeman also supposes that enterprises must attentively weigh up the power of indirect interest groups.

By detailing the Freeman's theory, Baron (2005) has classified financial statement users into two groups, viz. market group and non-market group, each of which impacts to different extents on the implementation of CSR. In other words, these groups can both put pressures on and generate motives for the implementation of CSR.

b. Hypotheses:

- The hypothesis about the relationship between the awareness of managers and CSR:

Freeman (1984) and Baron (2005) presuppose that managers of enterprises are the only users of financial statements that have relationship with other users. The managers can directly control the decision-making process of enterprises. Thus, the awareness of financial statement users, to some extent, must be influenced by the awareness, attitude and behavior of managers who play an important role in orienting their enterprise towards a specific target. For CSR, it is a must for managers to reach a consensus via their commitment to and implementation of CSR.

Managers of enterprises are exposed to many pressures of social obligations and responsibilities. Such the pressures may be initiated from economic goals of shareholders, legal goals of local authorities, or social targets of the community. The awareness of these pressures may influence the attitude and behavior of managers, forcing them to orient their enterprise to CSR and render the implementation of CSR within their financial statements as well.

Via the above-mentioned analyses, we have the first hypothesis.

H1: The awareness of managers preserves the positive relationship with the implementation and reporting of CSR.

- The hypothesis about the relationship between the awareness of consumers and CSR reporting:

Consumers are more and more aware of social responsibility when buying a commodity. Concept of "responsible consumers" or "smart consumers" and changes in the consumer behavior have profound impacts on the corporate business approach.

In the event that consumers will be well aware of the significance of CSR, they will care more about the undertaking of CSR. Therefore, the adequate and transparent information and communication is needed when production conditions, quality standards, and above all the social efficiency of the CSR implementation is much more attended to by consumers. Studies by Cone Inc (2004) have proven that around 86% of American consumers have a desire to know the business strategy and method of enterprises. The study by Dawkins (2004) also shows that some 74% of consumers in the UK suppose that their buying decision is affected by information about and implementation of CSR. Such the findings point

out that a majority of consumers are interested in and have a desire for information about CSR. Accordingly, we have the second hypothesis.

H2: The consumer awareness owns a positive relationship with the CRS implementation and reporting.

2. Research methodology and data collation

The quantitative study is executed with the support of firsthand data. There are two versions of questionnaire, viz. one for managers of 30 businesses in banking, beverage and garment, and one for consumers of such the businesses. Due to limitation on time and cost, samples are mainly collated in HCMC and Hà Nội. Accordingly, 100 questionnaires for managers and 200 ones for consumers were directly sent to respondents via face-to-face contacts, emails or postal mails.

3. Findings and research results analyses

a. Findings from investigating managers:

Of 100 questionnaires sent back by managers, there are only 32 appropriate ones, accounting for 32%. The data processing results is set forth in Table 1 & 2.

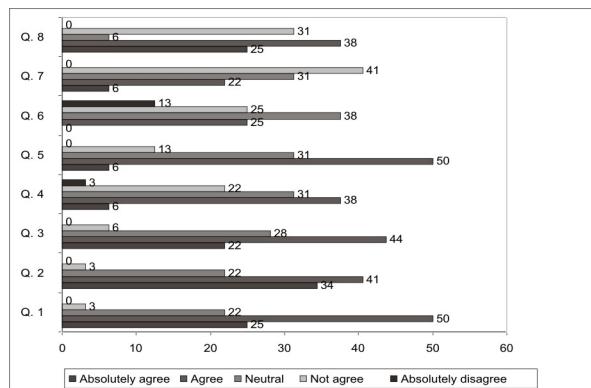


Figure 1: The results from investigating managers expressed as percentage

The Table 1 and Figure 1 show that five out of eight questions gain over 50% of agreement and absolute agreement concerning CSR. Around 75% of respondents agree that to organize and join in social welfare activities is the social responsibility of enterprises. Over 75% of managers confirm that their enterprise had covered extra expenses so as to improve the labor quality and working conditions. Some 68% of respondents suppose that enterprises, by joining in social welfare programs, can help gain consumer awareness and polish

Table 1: Comprehensive results from responses of managers

Questions	5	4	3	2	1
1. To organize and join in social welfare activities is the social responsibility of enterprises.	8	16	7	1	0
2. The enterprise must accept extra expenses so as to insure the labor safety and health.	11	13	7	1	0
3. The implementation of CSR will help polish the corporate public image.	7	14	9	2	0
4. To improve the living standards of the local community will help enhance the financial performance of the enterprise in a long run.	2	12	10	7	1
5. An enterprise with good CSR performance can improve its relationship with employees.	2	16	10	4	0
6. The implementation of CSR will enhance the competitive advantages of the enterprise.	0	8	12	8	4
7. The CSR reporting will have positive impacts on the decision of investors.	2	7	10	13	0
8. The CSR reporting will become popular in near future.	8	12	2	10	0

NB: 5 = absolutely agree, 4 = agree, 3 = neutral, 2 = not agree, 1 = absolutely disagree

their image in the society. Only 6% of respondents are doubtful about long-run benefits generated by

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CSR implementation. Besides, some 56% of managers agree that an enterprise with good CSR record can improve its relationship with employees. Such the results reflect a fact that managers are highly aware of CSR. Moreover, 63% of respondents hold a belief that the CSR implementation and reporting will definitely become well-known in near future. This is to say that managers are well aware of the significance of CSR, and that they will have to assume more responsibilities for rendering their implementation of CSR in time to come.

Table 2: Brief description of managers' responses (1)

Question	Mean	Mode
1	4	4
2	4	4
3	4	4
4	4	4
5	4	4
6	3	3
7	3	2
8	4	4

As per Table 2, the mean of first five questions and the eighth one is 4, conveying the agreement; and the mode of these questions is also 4, that is, the agreement is popular. This is to draw a conclusion that managers' awareness of CSR is positive.

However, there are also a large number of opposite ideas. For the question six, around 25% respondents are doubtful about the significance of

CSR in the business strategy, i.e it is able to enhance the competitive advantages. Only 8% of them believe that CSR reporting can influence the decision-making process of investors (question 7). However, the impacts of CSR implementation is not clear enough when around 31% of respondents keep neutral.

Analyses of mean and mode show that there is not a great gap in CSR perception of managers in surveyed fields (banking, beverage, and garment). In addition, findings also figure that managers of beverage field are more aware of CSR than the remainder. This can be explained by the fact that its products have an immediate and direct impact on consumers. Thus, managers of such the field should pay more attention to CSR.

The chi-square test for the relationship between awareness of managers and CSR implementation and reporting has produced the results as $\chi^2=7.10$, whereas $\chi^2_{\alpha,(r-1)(c-1)}=\chi^2_{.05,6}=12.59$ (with $\alpha = 0.05$ and $df=6$). With $\chi^2 < \chi^2_{\alpha,(r-1)(c-1)} = \chi^2_{.05,6}$, the H1 is rejected. In other words, the awareness of managers, to some extent, is independent from CSR implementation and reporting.

b. Findings from investigating consumers:

There are only 97 appropriate questionnaires out of 200 sent ones, accounting for 48.5%. The investigation results are set forth as follows.

The Table 4 shows that six out of eight questions are responded with over 50% of agreement. Around 71% of respondents admit to be aware of meaning and content of CSR. Besides, some 52% of respondents suppose that enterprises must undertake CSR; and over 62% of respondents state they want to buy and will keep buying products

Table 3: Brief description of managers' responses (1)

Questions	Mean			Mode		
	Banking	Beverage	Garment	Banking	Beverage	Garment
1	4	4	4	4	4	4
2	4	4	4	4	4	4
3	4	4	3	4	4	4
4	3	4	3	2	4	4
5	4	4	4	4	4	4
6	2.5	3	3	3	3	3
7	4	3	4	2	4	2
8	4	4	3	3	4	4

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Table 4: Comprehensive results from responses of consumers

Questions	5	4	3	2	1
1. CSR implementation has an important role in the enterprise's operation.	20	48	14	9	6
2. Enterprises need to plan and execute specific social programs.	9	43	14	25	6
3. To sponsor charity organizations or community-oriented activities is the obligation of an enterprise.	9	34	18	25	11
4. You buy and will keep buying products from enterprises with good CSR implementation.	8	52	29	8	0
5. You never buy products from enterprises with poor CSR performance.	7	15	8	38	29
6. You are willing to pay higher for products from enterprises with good CSR performance.	6	20	3	54	14
7. In order to make a right purchase choice, you need to know about CSR strategies or programs of producers.	14	35	7	36	5
8. You will change our behavior so as to support and undertake social responsibilities.	20	31	7	36	3

NB: 5 = absolutely agree, 4 = agree, 3 = neutral, 2 = not agree, 1 = absolutely disagree

from enterprises with good CSR performance. Moreover, some 51% of respondents suppose that it is needed to know about the CSR strategy of enterprises; and 53% of respondents say that they will change their behavior towards the implementation of social responsibility.

Nonetheless, the above-mentioned results are not meant that all consumers support the implementation of CSR due to the fact that approximately 69% of respondents confirm they will keep buying products from enterprises violating business ethics and social responsibility; and most of them disagree (56%) or absolutely disagree (14%) to pay higher to acquire products from enterprises with good CSR records.

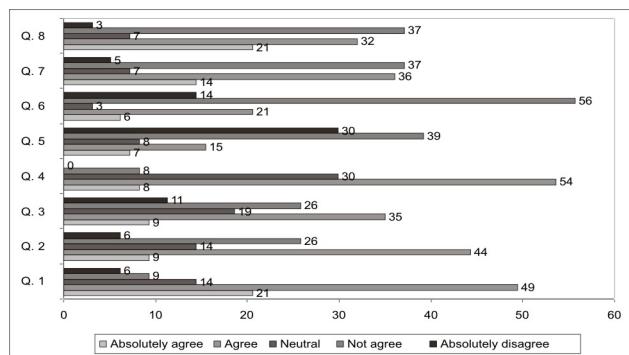


Figure 2: The results from investigating consumers expressed as percentage

As per Table 5, the first four questions possess the mode of 4, which shows a quite positive attitude of respondents towards CSR, or in other words, consumers have some knowledge of the so-called corporate social responsibility. However, their advocacy of CSR implementation is not strong enough. Respondents answer that they, when making a purchase decision, attend to price

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Table 5: Brief description of consumers' responses (1)

Question	Mean	Mode
1	4	4
2	3	4
3	3	4
4	4	4
5	2	2
6	2	2
7	4	2
8	4	2

much more than quality or the environmental friendliness of a product.

some extent, is affected by information about CSR implementation and reporting.

4. Conclusion and recommendations

The study has exposed interesting and noteworthy results concerning two factors affecting the CSR implementation and reporting in Vietnam's context. For managers, a high perception of CSR is not a decisive factor insuring an enterprise to fulfill the CSR implementation and reporting. For Vietnamese consumers, although they do not express a clear-cut attitude towards CSR, the findings prove that their awareness and purchase decisions are affected by information about CSR implementation and reporting.

So far, many enterprises believe that their so-

Table 6: Brief description of consumers' responses in terms of age (2)

Question	Mean					Mode				
	A1	A2	A3	A4	A5	A1	A2	A3	A4	A5
1	4	4	3	4	3	4	4	3	4	3
2	4	3	4	4	4	4	4	3	5	4
3	2	3	3	4	4	4	4	4	4	4
4	3	4	3	3	3	2	4	2	4	4
5	3	2	3	4	3	2	2	2	4	3
6	4	2	4	4	4	3	4	2	2	2
7	4	4	3	4	2	2	4	3	2	2
8	3	4	4	3	2	3	2	2	2	4

NB: A1=20-30; A2=30-40; A3=40-50; A4=50-60; A5=over 60 (years old)

Respondents are classified into five age groups as in Table 6. Statistical descriptions shows that young consumers' attitude towards CSR is more positive than elder ones. Many of them are students and young laborers. They are interested in the completion of CSR as well as strategies to fulfill it. However, they also affirm that they still buy products from enterprises violating business ethics or CSR due to their financial problems.

The Chi-square test for the relationship between the consumers' perception on CSR and the CSR implementation and reporting has produced the results as $\chi^2 = 163.91$, whereas $\chi^2_{\alpha, (r-1)(c-1)} = \chi^2_{.05, 12} = 21.03$ (with $\alpha = 0.05$ and $df = 12$). With $\chi^2 > \chi^2_{\alpha, (r-1)(c-1)} = \chi^2_{.05, 12}$, the H2 is acceptable. In other words, the purchase decision of consumers, to

cial responsibility is to provide high-quality products at a reasonable price. Yet in fact, they are also needed to publicize their responsibility towards workers, community, and above all the environment. Impacts of production on environment are very serious and even incurable. The amount of wastes and exhausts, risk-handling costs, consumption of non-renewable resources, and evaluation of impacts on the environment by a unit of product are also obligatorily publicized in addition to financial statements. However, there is neither a law enforcing Vietnam's enterprises to comply with international standards concerning CSR reporting nor any strong requirements from relevant authorities, investors and consumers. Thus, consumers do not have, or have just a little, information about CSR implementation and reporting with the result that they cannot recognize all ben-

efits from CSR. Most consumers are interested in the price rather than whether the enterprise undertakes its CSR. However, a group of consumers responds that they hope enterprises commit social responsibilities; and relevant authorities work out appropriate policies to encourage the implementation of CSR as well as make it a common standard in business operation.

Such the findings have put forward challenges to enterprises in execution of CSR; and the point is how to operate effectively to generate more added value for the enterprise itself, consumers, and the society as a whole.

In order to gain such the targets, CSR should aim at three aspects:

- For social responsibility: It is necessary to supply high quality products, insure the labor health and working conditions, meet consumers' needs, and establish strong bonds with the local community and authorities.

- For environmental responsibility: This aspect is attached to the obligation of environmental protection and improvement, pollution reduction, efficient utilization of resources, and etc.

- For economic responsibility: It is needed to treat investors fairly, protect their legitimate rights and interests, pay taxes properly, and enhance the risk management.

However, in order to bring the CSR implementation and reporting into reality, it is necessary to have a strong cooperation among policy-making agencies, especially the Ministry of Finance, the Ministry of Natural Resources and Environment, and the Ministry of Industry and Trade, so as to guide specified offices to work out and promulgate a form of reporting CSR, especially social and environmental responsibilities. Besides, the role of Vietnam Accounting Association (VAA) and Vietnam Association of Certified Public Accountants (VACPA) in instructing the execution of social accounting and environmental accounting as per standards of IFAC must also be concerned. However, it is impossible to ignore the role of communication, and education and training in improving the awareness of managers, workers and consumers on evaluating comprehensively the business performance of an enterprise.

In addition to above-mentioned results, this paper still has certain limitations. The number of

samples is quite humble due to the fact that the study is just undertaken with managers and consumers of 30 enterprises located in Hà Nội and HCMC. The low rate of response also sharply influences the analyses. Thus, the author hopes to expand the scope of research in time to come, combine statistical researches and intensive investigations according to scope of business and the enterprise's size so as to improve the comprehensiveness of the primary research results■

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