

Implementing Corporate Social Responsibility Towards Sustainable Development: A Case Study of SMEs in Thanh Hoa Province

Nguyễn Phương Mai*

*VNU University of Economics and Business,
144 Xuân Thủy Str., Cầu Giấy Dist., Hanoi, Vietnam*

Received 11 March 2013

Revised 15 May 2013; Accepted 30 May 2013

Abstract: Since Vietnam joined the World Trade Organization in 2006, domestic enterprises have to operate in a more fiercely competitive market, which put significant pressures on them to find ways to do business in a more sustainable and social responsible manner. In such a context, implementing corporate social responsibility (CSR) can be an important step on the way towards fostering sustainable business for Vietnamese enterprises. However, literature review has not shown much evidence of how Vietnamese enterprises, particularly SMEs are implementing CSR, and which CSR issues are mostly concerned. This paper explores the current CSR practices and future focus on CSR issues of SMEs in Thanh Hoa province through a survey questionnaire designed on the basis of ISO26000 standard. Research results show that most companies are doing better in labor practices and community involvement and development rather than other CSR topics including environment, governance and human rights, fair operating practices, and consumer issues. In addition, two thirds of the surveyed companies claim that they will focus on several specific environmental issues and community involvement activities in the next five years as these issues play the key role in productivity and performance improvement. Therefore, it is concluded on the basis of the research results that CSR is being considered as a positive trend encouraging Vietnamese SMEs to do business sustainably, and there are clear signs that the SMEs are more committed to improving CSR implementation in the near future.

Keywords: Corporate social responsibility (CSR), enterprises, value chain

1. Introduction

The role of business in society is a hot topic amongst public policy makers, NGOs, trade unions and the business community itself. Increasing numbers of corporations are expressing the aspiration of addressing the

“triple bottom line” in their policies, strategies and practices (Swift and Zadek, 2002). This growing business group has mainly been led by global corporations with retail premium brands. In other words, companies today are confronting intense pressures to address social concerns and it is undeniable that socially irresponsible businesses may lose their competitive advantage (Cleghorn, 2004; Lewis, 2003; Drucker, 1993; Davis, 1973). Some

* Tel.: 84-975642451

E-mail: mainp@vnu.edu.vn

studies have shown that firms performing internal and external socially responsible activities enjoy benefits such as employee commitment, customer satisfaction, and long-term supply relationship (Brown and Dacin, 1997; Luo and Bhattacharya, 2006; Sen and Bhattacharya, 2001). Therefore, companies see corporate social responsibility (CSR) as a value-adding strategy to significantly improve their reputation. CSR is commonly accepted in the world as a guide for business behaviors.

Vietnam has integrated in the international community and has developed close trade relationships with the world. An increasing number of companies are aware of the philosophy and rules of CSR in the international community and put more emphasis on CSR issues. Although the concept of CSR in Vietnam has been recognized for these recent decades, the implementation of CSR is still at the embryonic stage (Nguyen and Le, 2008; Pham, 2010). In fact, the most common corporate response to CSR issues in Vietnam is still in the form of charitable deeds and donations, rather than developing strategies of engaging with different stakeholders (Nguyen, 2008; Pham, 2011). Besides, many companies still neglect their social responsibilities and make profit for themselves regardless of the benefits of other stakeholders in the society. Consequently, problems about environmental pollution, employee's working environment and workplace safety, information disclosure and the like make it questionable to the international reputation of Vietnamese firms. CSR has become a challenge that Vietnamese companies have to face.

This study chooses Thanh Hoa province as the focal area to collect samples as Thanh Hoa is a big province which has more than 6,000 enterprises, most of which are SMEs. In addition, SMEs in this province are moving forward to the global supply chain by exporting products to main markets such as USA, EU,

Japan, and some other Asian countries or being the subcontractors for big brands. As a result, they are facing the challenge how to do business in a socially responsible manner to meet the requirements of big foreign buyers.

In such a context, this paper aims to explore the current CSR practices towards sustainable development and future focus on CSR issues of SMEs in Thanh Hoa province through a survey questionnaire designed on the basis of ISO26000 standard. The study tries to figure out which CSR issues that SMEs in Thanh Hoa province are working sufficiently and which ones are of their future focus to improve their productivity and performance. Apart from that, this paper also tries to discover the relative importance of stakeholders for long-term CSR improvement in surveyed companies.

2. Literature review

2.1. Corporate social responsibility and sustainable development

Nowadays, corporate social responsibility (CSR) and sustainable development (SD) are among the most important concepts applied and promoted by companies worldwide. The origin of the term SD lies in the 18th century and was actually used in forestry. In those times, it was only allowed to cut down a certain number of trees so that a long-lasting protection of the tree population was guaranteed. This method ensured a continuous supply of wood without reducing resources for forthcoming generations. Later, the formal definition of SD was launched in 1987 within a UNCTAD report known as the Brundtland report where it was stated that "*sustainable development is the development that meets the needs of the presents without compromising the ability of future generations to meet their own needs*". In this concept, there

are two key things: the concepts of “needs” and the idea of limitations imposed by the state of technology and social organization of the environment ability to meet present and future needs (Ebner and Baumgartner, 2006). Moreover, the SD concept also makes it clear about three explicit pillars of sustainability: human needs (*people*) and the capacity of satisfying them in the future (*planet*) without interfering with economic growth (*profit*), and that’s why SD is also called a model of triple-bottom-line (TBL). A company will certainly have a specific approach towards sustainable development; however, the general lines are respected - efficient link of economic, social and environmental aspects.

Whereas the term SD has mainly started to be used in the 1980s, the framework of CSR has already been established earlier. Unfortunately, it is noteworthy that in an attempt to accurately define the concept of CSR, no single conceptualization has dominated past research (Maignan and Ferrell 2004). One of the first ideas of CSR was the concept that managers needed to accept their social responsibility (Clark 1916 cited in Andriof et al., 2002). Since that early approach, the term of CSR has elaborated a lot. Bowen (1953) defined CSR as “*an obligation to pursue policies to make decisions and to follow lines of action which are compatible with the objectives and values of the society*”. Furthermore, Carroll (1979) argues that the main role of every corporation is to be profitable by the selling of products and services that have demand. Therefore, CSR includes all the economic; ethical; juristic and philanthropic demands that society requires from them.

CSR is also believed to deal with the attention of business to various matters such as community involvement, socially responsible products and processes, and social responsible

relations among the employees. So a firm operates in a social responsible manner when the firm’s aim to make profit is achieved while the firm respects individual rights and justice, and honors the morality (Bowen, 1953). Additionally, it is certain that one of the most responsible things a firm can do is to be profitable which leads to “*sustainable jobs for its employees, good returns for investors and prosperity for the communities in which it operates*” (Andriof and McIntosh, 2001). When a firm is profitable, it pays a big amount of money in taxes and some of which may return to the community in forms of government programs and investments. Likewise, Drucker (1984) debated that the first social responsibility of business is to immunize adequate profit to cover the future costs. The CSR concept is also understood as “operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business” (Business for Social Responsibility).

Moreover, CSR is also defined as a concept “whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a *voluntary basis*” as they are aware that responsible behaviors lead to sustainable business success (The European Commission, 2001) and “the continuing commitment of business to contribution to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for development” (WBCSD, 2002). It is argued that “being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders” (The European Commission, 2001).

Recently, CSR concept was updated by the European Commission in 2011 as “a process whereby companies integrate social, environmental and ethical issues into their business operations and strategy in close interaction with their stakeholders, going beyond the requirements of applicable legislation and collective agreements”. This new concept shows that “a strategic approach to CSR is increasingly important to the competitiveness of enterprises, helping them to create value both for owners and shareholders... to win the trust and respect of citizens” (The European Commission, 2011).

In conclusion, CSR can best be understood in terms of the changing relationship between business and society. Today we see CSR as an integrative and human management approach to reach the goals of sustainability (Gray, 2001). This management approach combines a strategic process, integration in daily processes and ethics. It is also a stakeholder orientated, holistic, dynamic and agile approach to enforce innovation, to reduce risks and open future chances.

The evolution of CSR and SD concepts clearly states that CSR and SD are tangent concepts. SD is also believed to provide the basis for CSR due to its concept of TBL. The framework of SD is ethically justified as it attaches importance to an intra and an inter-generative aspect (Ebner and Baumgartner, 2006). SD is rather seen as an ethical concept for institutional issues - a social related concept, whereas the ideas of SD on a corporate level are seen as CSR. Therefore, CSR relates to things such as “transparency, stakeholder dialogue and sustainability reporting”. CSR embraces a range of principles or ideas ranging from corporate governance, business ethics and sustainable

development through to human rights and environmental concerns.

2.2. Scope of CSR

CSR is such a term of wide comprehension that many stakeholders in the society may have different perceptions of the concept. There is, however, an emerging consensus that the scope of CSR is not confined to philanthropic activities, and moreover extends beyond the more obvious legal responsibilities to include labor standards in supply factories, the accessibility by poor people to life-saving drugs, and the basis by which and transparency of how management decisions are made.

It is impossible to draw up a definitive list of issues and policies, which constitute CSR. These will be different for different companies and can shift over time as changes in risk and regulation, challenges to reputation and developments in best practice redefine the boundaries of what is acceptable, possible and profitable for a company to do. Nevertheless it is possible to map out CSR in terms of a number of key interlocking dimensions, which can each range from the most narrow, compliance-based, reactive modes to the broadest, most strategic and potentially most significant in terms of addressing major social and environmental problems.

The above CSR dimensions are classified into seven major topics and 49 individual issues in the ISO26000 standard including organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, community involvement and development (Figure 2).

Table 1: The dimensions of CSR

Focus of accountability	<i>From</i>	Legal and traditional stakeholders	<i>To</i>	Direct stakeholders, short-term impacts	<i>To</i>	Broad range of stakeholders, long-term impact
Business case	<i>From</i>	Pain alleviation	<i>To</i>	Cost-benefit rationale	<i>To</i>	Strategic alignment
Level of engagement	<i>From</i>	Compliance with legal responsibility	<i>To</i>	Harm minimization	<i>To</i>	Social-value creation
Degree of influence	<i>From</i>	Market actions	<i>To</i>	Market remolding	<i>To</i>	Policy influence

Source: UNIDO, 2002

Social responsibility: 7 core subjects



* The figures denote the corresponding clause numbers in ISO 26000.

Figure 2: Core subjects of CSR in ISO26000.

Source: www.iso.org

It is debated by CSR experts that there is an overlap of issues of the two topics namely organizational governance and human rights. Therefore, the European Commission regrouped all the CSR issues into six subjects, and the EU approach to CSR issues is chosen to be used as a survey framework in this study.

2.3. CSR and SMEs

SMEs play the key role in socio-economic development of most economies by creating jobs, providing products and services to the society and paying taxes. In developing countries, SMEs are essential to the “path out of

poverty". However, it is doubtful about how SMEs are exposed to the CSR concept and implement CSR program in the companies. According to numerous studies, CSR is becoming a hot issue in many companies worldwide, particularly the trans-national corporations (TNCs). Globally, more and more companies in developed countries are reporting on their social and environmental impact (UNIDO, 2002). For example, over half of the world's hundred largest firm (the G100) produced Global Environmental Reports (50 percent in 2000 up from 44 percent in 1999) and 54 percent of the G100 also report on their CSR or corporate citizenship programs. Moreover, a recent survey of 45 global and large companies operating in the EU showed that over 90 percent of these reported on their mission, vision and values, workplace climate, community involvement, local economic development, marketplace and environmental impact. The figures reveal the fact that CSR is still mostly driven by global and large companies or TNCs in developed countries and then imposed on SMEs in developing countries as a consequence (UNIDO, 2002).

Apparently, CSR is intensively affecting SMEs in developing countries through direct supply chain relationships, as well as the development of legislation, and international standardization and certification (UNIDO, 2002). CSR represents not just a change to the commercial environment in which individual SMEs operate but also needs to be considered in terms of its net effect on society. If CSR, as some critics believe, introduces social and environmental clauses resulting in protectionism by the back door, imposes inappropriate cultural standards or unreasonably bureaucratic monitoring demands on small businesses, the net effect on the communities concerned will be a reduction in welfare. On the other hand, CSR offers opportunities for greater market access, cost savings, productivity and

innovation to SMEs, as well as broader social benefits such as education and community development. Whether they use CSR as a strategic marketing tool to capture a niche market or believe their good works will be recognized and rewarded later. When firms gain their CSR reputation, they also bolster recruitment and retention of quality employees as research reveals that job satisfaction correlates with greater commitment to a company and greater business success (Redman, 2005).

Despite those mentioned benefits of CSR implementation, many SMEs are still unwilling to do CSR practices. The reason most SMEs take CSR actions is either for the purpose of complying with regulations or for the results of external constraints (Jaffe et al., 1995). It is apparent that business leaders would react to CSR issues because of exogenous factors rather than because of truly understanding the advantages that CSR can bring (Chen and Wongsurawat, 2011). Thus the interaction between CSR and SMEs in developing countries is an important issue, not only for the SMEs and those supporting their development, but also for all the actors driving CSR forward: TNCs, civil society organizations (CSOs), governments, and multilateral bodies like the EU and UN, which have incorporated CSR within their strategies. It is critical that SMEs in developing countries are able to go beyond a compliance-based reactive mode to CSR to engage in the ongoing development of what effective, appropriate CSR means at all levels.

In conclusion, although larger companies in developed countries have been the primary drivers of CSR for years, this does not mean that CSR is irrelevant or not practiced by SMEs. The fact is that SMEs have a heightened requirement for good, multi-skilled employees, strong personal relationships and successful local engagement, which means that SMEs can be good environment for CSR to flourish

(Draper, 2000). Thus, this study was conducted to explore the current CSR practices in Vietnamese SMEs and their CSR issues focus in the future.

3. Research methodology

A structured questionnaire was developed on the basis of ISO26000 standard to get primary data to address the research questions, so 49 CSR issues in this standard were included as questionnaire items. Respondents in this survey were asked to give their opinions about their company's CSR practices and focus in the future. The three main questions were:

- How does your company manage CSR issues?

- Which CSR issues do you think will help to increase your company's productivity and performance in the future?

- How important are the stakeholders for your company CSR improvement?

In this study, SMEs in Thanh Hoa province that engage in CSR initiatives were selected for the survey from the list of SMEs provided by Thanh Hoa SMEs Association and VCCI branch in Thanh Hoa. Therefore, a total of 1,000 questionnaires were distributed to SMEs in the province, 310 responses were collected and usable for analysis, presenting a success response rate of 31 percent. The characteristics of the sample respondents are presented in Table 1.

Table 1: Profile of surveyed SMEs

Criteria	Frequency	Percentage (%)	Criteria	Frequency	Percentage (%)
<i>Industry</i>			<i>Number of years since establishment</i>		
Construction	40	12.9	Less than one year	10	3.2
Food processing	65	21.0	1-5 years	124	39.4
Textile and garment	50	16.1	5-10 years	57	18.1
Electronics	40	12.9	10-15 years	48	15.2
Education and training	36	11.6	Over 15 years	76	24.1
Tourism	42	13.5			
Leather and shoe	37	12.0	<i>Position of the surveyed person in organization</i>		
<i>Number of employees</i>			Top management	67	21.6
1-50	134	43.2	Middle management	100	32.3
51-100	90	29.1	First-line management	143	46.1
101-200	86	27.7			

Source: Survey results in this study.

4. Results and discussion

The first objective of this study is to figure out to what extent SMEs in Thanh Hoa province are implementing CSR practices towards sustainable development. Therefore,

potential respondents were asked to express their opinions of 49 CSR issues in six CSR topics proposed by EU Commission. The Likert-five-point scale was used with "1= Unaware" to "5 = Fully implement". Table 2 shows the results of the survey.

Table 2: Current practices of CSR issues in surveyed SMEs

Code	Labour Practices	Mean	Code	Environment	Mean
LP1	Keeping overtime in the legal limits	4.37	ENV1	Reducing emissions to air	3.28
LP2	Considering living wages rather than legal minimum wages	4.12	ENV2	Wastewater treatment	4.07
LP3	Formalize all employments	4.03	ENV3	Reducing waste and proper discharge	3.12
LP4	Active, respectful dialogue with workers' representatives	4.10	ENV4	Active control of chemicals	2.53
LP5	Same job- Same salary	4.32	ENV5	Active search for cleaner/ safer substitute of toxic/hazardous substances	1.72
LP6	Respecting urgent family matters	4.73	ENV6	Reducing noise emission	2.38
LP7	Providing complete and correct personal protection equipment	4.07	ENV7	Efficient energy use	2.79
LP8	Providing health and safety trainings regularly	4.21	ENV8	Reducing water consumption	2.46
LP9	Workplace Hygiene (Water, Sanitary, Canteen, etc.)	4.04	ENV9	Improving efficiency of use of raw material	3.82
LP10	Providing regular vocational trainings	4.54	ENV10	Control and reduction of GHG (Greenhouse Gases)	2.91
LP11	Publish a transparent promotion policy	4.68	ENV11	Applying the principles of "green procurement" in the supply chain	1.43
Code	Fair Operating Practices	Mean	Code	Community Involvement and Development	Mean
FOP1	Putting in place and publish an anti-corruption policy including a clear description of sanction in case of violation	2.83	CID1	Using the company's core competences and employees' skills to support the local community	4.83
FOP2	Making the anti- corruption policy integral part of contracts (supply, sales and recruitment, etc.)	1.91	CID2	Recognizing the concerns of the community by initiation of an ongoing dialogue	4.02
FOP3	Transparent business to business procedures (publishing price lists, discount schemes, contractual clauses, etc.)	4.54	CID3	Respecting local culture and tradition	4.32
FOP4	Not selling bellow costs	4.92	CID4	Supporting education and vocational trainings on the community level	4.63
FOP5	No defamation of completions	4.07	CID5	Supporting local health care and health related awareness raising initiatives	4.16
FOP6	Respecting property rights (physical and intellectual) by adequate mechanisms	3.74	CID6	Actively considering local suppliers	4.85

Code	Consumer Issues	Mean	Code	Governance and Human Rights	Mean
CI1	Publishing unbiased product information	4.07	GHR1	Respecting and following the national law in a traceable way	4.82
CI2	Respecting warranty and liability	4.53	GHR2	Paying taxes and duties properly	4.97
CI3	Transparent procedures for “Product - Call- Back” in place	3.12	GHR3	Respecting applicable international rules explicitly acknowledging them	3.52
CI4	Controlling product safety continuously	3.03	GHR4	Setting in place an anti-discrimination policy (race, sex, religion, origin, health...) for all procedures of the company like recruitment, promotion, sales, income...	2.41
CI5	Protecting client’s data and respecting privacy	2.95	GHR5	Banning child-labor inside the company and in the supply chain by strict control	3.57
CI6	Using sales information to promote sustainable consumption	2.53	GHR6	Banning physical and verbal violence against employees at the workplace	3.23
CI7	Ensuring accurate labeling and instructions	3.79	GHR7	Effective control of compliance with Human Rights throughout the supply- chain	3.75
CI8	Setting in place a consistent procedure for consumer’ complaints	4.14			

Source: Survey results in this study.

As shown in Table 2, all of CSR issues from LP1 to LP11 in the topic of Labor practices are being quite sufficiently implemented with mean values higher than 4.00. It is also noteworthy that SMEs are aware of the significance of a transparent promotion policy and vocational trainings to recruit and retain talents in the company. These surveyed companies also report that they respect urgent family matters and allow their employees to take a leave if they have family matters. Moreover, among 11 issues of environment topic, only one issue “wastewater treatment” (ENV2) is reported to be partially implemented by 80 percent surveyed companies while other issues are just recognized and being considered in company’s plan to be done in the future. The two environmental issues with lowest mean values are “active search for cleaner/safer substitute of tonic/hazardous substances” (ENV5) and “applying the principles of green procurement in the supply chain” (ENV11).

The results show the fact that most surveyed companies tries to comply with the environmental protection regulations set by the government rather than proactively produce in a socially responsible manner.

According to the survey results, 85 percent of the companies responded that they are highly acknowledge of their responsibilities in community involvement and development. Therefore, all CSR issues in the field of community involvement and development have the mean values higher than 4.00 (Table 2). It is also noteworthy that an increasing number of companies understand that CSR is not just giving charity but actively getting involved in the activities of the community such as training, providing health care services, etc. Concerning the fair operating practices, three out of six issues are claimed to be sufficiently implemented with mean value higher than 4.00. The remaining issues are believed to be less effectively managed

by the SMEs, particularly the issue of anti-corruption inside and outside the company has the lowest mean value ($\mu = 1.91$).

With regard to CSR practices in consumer issues, only two out of eight issues are reported to be managed effectively by the surveyed SMEs which have the mean values higher than 4.00). They are basic issues that companies often have to consider when they sell products to customers such as publishing unbiased product information and respecting warranty and liability. It is understandable that many SMEs are trying to attract more customers to boost sale and they still have a limited number of customers. Consequently, they are not really aware of and willing to implement other CSR issues particularly the issue “using of sales information to promote sustainable consumption” (CI6). In terms of governance and human rights, the responded SMEs are believed to substantially fulfill the basic obligations under the law such as respecting the national law (GHR1) and paying taxes and duties (GHR2).

To sum up, it is clear from the survey that CSR has been a pragmatic response to the requirements of the government and foreign buyers in Thanh Hoa SMEs. Some CSR issues are being quite sufficiently managed by the

surveyed companies. However, most CSR issues are just only detected and being considered to be implemented in the future. Current CSR emerging issues cut across most of the core CSR subjects in ISO26000 such as energy sustainable use, anti-corruption policy in the supply chain, transparent promotion policy for labors, compliance with human rights, etc. These issues should be addressed if the surveyed SMEs want to achieve sustainable development and a competitive advantage in the global production chain.

The second objective of this study is to explore which CSR issues are mostly concerned by the SMEs to improve their productivity and performance in the future. Therefore, a critical question was raised in the questionnaire: “Which CSR issues do you think will help to increase your company’s productivity and performance in the future most?” The respondents were expected to show their ideas about 49 CSR issues following the Likert five-point-scale ranging from “1 = *Strongly Disagree*” to “5 = *Strongly Agree*”. Results from the survey reveal that most SMEs pay a lot of attention to several specific environmental issues and community involvement and development (Table 3).

Table 3: List of CSR issues mostly concerned by surveyed SMEs to improve productivity and performance

Rank	CSR issues	Mean	Percentage (%)
1	Wastewater treatment (ENV2)	4.85	82.3
2	Reducing waste and proper discharge (ENV3)	4.76	81.5
3	Actively considering local suppliers (CID6)	4.53	79.2
4	Improving efficiency use of raw material (ENV9)	4.50	78.8
5	Efficiency energy use (ENV7)	4.32	79.1
6	Supporting local health care and health related awareness raising initiatives (CID5)	4.26	73.5
7	Controlling product safety continuously (CI4)	4.21	74.3
8	Putting in place and publish an anti-corruption policy including a clear description of sanction in case of violation (FOP1)	4.15	73.2
9	Same job - same salary (LP5)	4.11	87.6
10	Ensuring accurate labeling and instructions (CI7)	4.03	80.9

Source: Survey results in this study.

It is shown in Table 3 that among ten mostly concerned CSR issues by SMEs in this survey, four CSR issues are related to the environment with more than 70 percent of surveyed companies claim that the issues play the key role in productivity and performance improvement in the near future. It is also worth to notify that as environmental issues are not being controlled effectively in Thanh Hoa SMEs, many companies believe they should change the situation to produce in a more sustainable way or they will lose their chance to move forward in the global supply chain as foreign buyers are becoming more and more demanding in terms of environmental responsibility. Besides, the consumer issues such as product safety and accurate labeling are increasingly considered to be very important by the SMEs as they help to improve the reputation of the companies from the customer's perspective.

In addition to exploring how CSR issues are being implemented in Thanh Hoa SMEs and which CSR issues are on the top priority, this study also aims at identifying the relative importance of different stakeholders in the CSR program conducted by surveyed companies. Therefore, the question "How important are the following stakeholders for your company CSR improvement?" was raised in the questionnaire. Being asked such a question, most respondents replied that internal stakeholders including the board of directors, managers and employees are more important than external stakeholders

(Figure 3). Specifically, nearly 90 percent of the respondents believe that the board of directors is extremely important in CSR implementation while nearly 80 percent of the respondents would say employees play the key role. The reason for this fact is that CSR policies in the companies are often proposed and decided by the board of directors, particularly the CEO of companies. As a result, CSR issues cannot be improved without the commitment of the managers. Moreover, the employees are main actors in implementing CSR issues. Accordingly, the more aware of CSR the employees are, the more commitment they may have to practice CSR. Furthermore, the importance of managers at middle and first-line levels in CSR implementation is also emphasized by more than 80 percent of surveyed respondents.

From all the above mentioned points, it is certain that CSR is gaining increasing concern from many companies in Vietnam, particularly SMEs in Thanh Hoa province. Although the SMEs are often said to lack finance and human resources, they are showing better awareness and higher commitment to implement CSR program in their companies especially the environmental and community CSR issues. Furthermore, it is concluded on the basis of the research results that CSR is being considered as a positive trend encouraging Vietnamese SMEs to do business sustainably, and there are clear signs that the SMEs are more committed to improving CSR implementation in the near future.

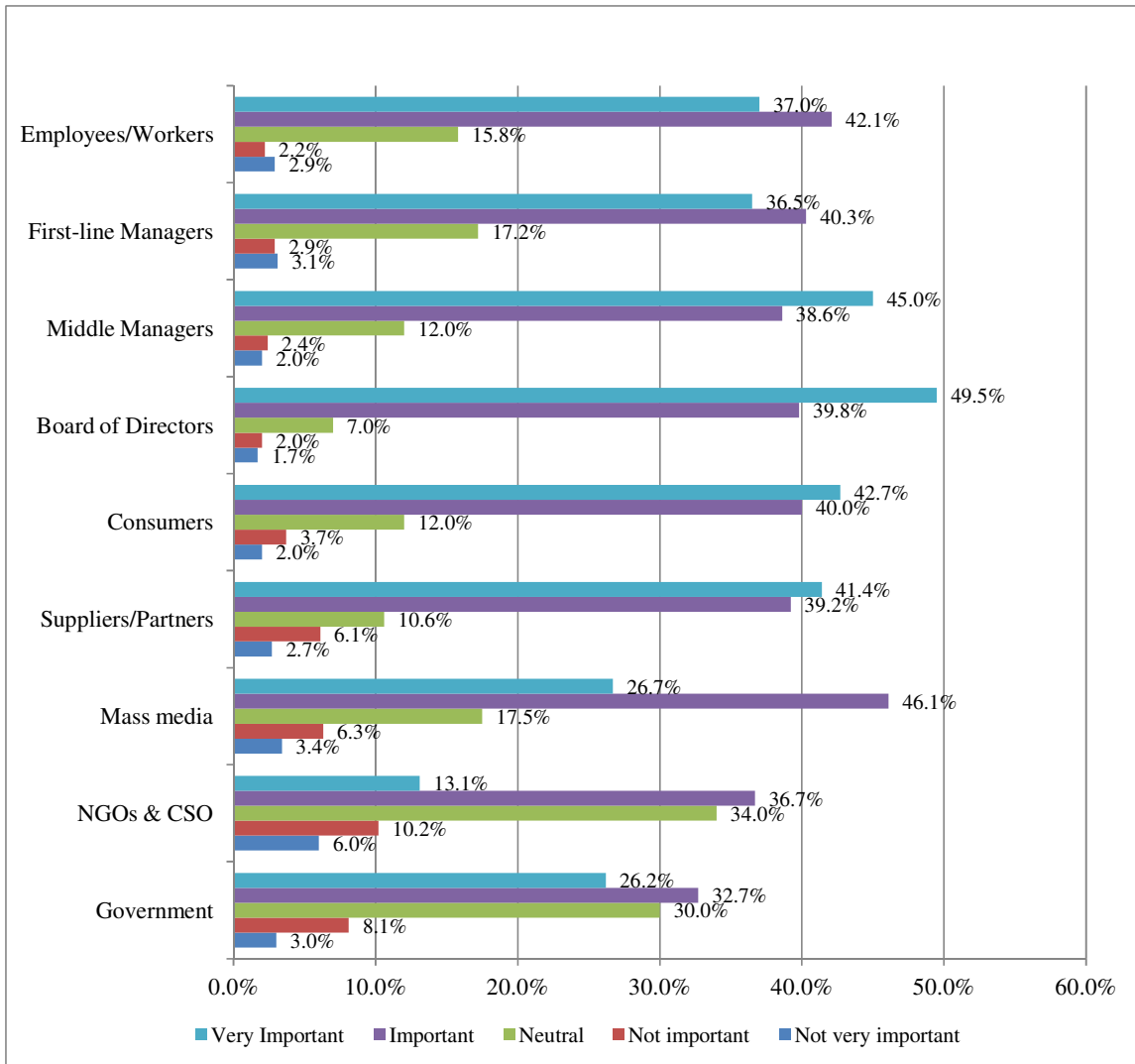


Figure 3: Relative importance of stakeholders in CSR improvement
 Source: Survey results in this study

3. Conclusion

The globalization context has created a crucial need for Vietnamese companies, especially SMEs to develop their competitive edge. It is becoming more essential for SMEs that strive to be sustainable to have the right reputation. In addition, CSR also has gained prominence against a backdrop of relative economic stability and growth. As a result, an increasingly number of companies are now

choosing to implement socially responsible programs in response to this increasing demand that business give something back to the society. It is shown that CSR is now the trend to encourage SMEs to produce in a sustainable way. It is important to acknowledge that in developing countries like Vietnam, CSR is imposing new demands on SMEs which happen through local competition, by strengthening mechanisms for ensuring compliance with local laws, by targeting investment or through shift in

consumer demand (UNIDO, 2002). In an effort to cope with all these CSR challenges, SMEs in Vietnam in general, and Thanh Hoa SMEs in particular have put more concern on CSR implementation. Results of the survey in this study have provided evidence that some CSR issues are detected to be insufficiently concerned by the companies. Nevertheless, the surveyed SMEs are still showing their positive attitude to improve their CSR execution in the near future. In other word, the SMEs are believed to build a strong business case for improving and demonstrating their social responsibility.

To do business in a sustainable manner, CSR needs to be integrated in core business strategies of SMEs if it is to survive global recession or insecurity. However, the trend of global economic cycles means that this pattern of growth will at some point slow down and possibly go into recession (UNIDO, 2002). If any downturn is compounded by global insecurity as a result of increased political conflict, the further development of CSR may be seriously challenged. Where CSR is integrated within the core business strategy, it is likely to remain strong, whereas, CSR as a philanthropic add-on is vulnerable to cost cutting. Ultimately, the long-term success of CSR will be based on its ability to be positioned within the core of business strategy and development, thereby becoming part of “business as usual”. To sustain CSR programs, SMEs will surely need support from stakeholders in the society to further enhance their CSR implementation. The case of SMEs in Thanh Hoa province in this study have proved that it is time to seriously review the situation of CSR among business community in Vietnam with support of the government and the public. Sound policies and proactive cooperation from company managers and other

stakeholders would strongly make the bright future of CSR and sustainable development in Vietnam to be true.

Last but not least, it is clear from this study and previous ones that CSR in Vietnam has recently developed from a mere business consideration to a conceptual framework that enables cooperative solutions to societal problems. As shown in many other countries, CSR has become an important tool to help countries everywhere address some of the key challenges posed by today’s globalizing world like sustainable growth, prosperity, social stability and justice (Nguyen, 2008). There is a great potential for CSR to do so as Vietnamese government commitment to social cohesion is very strong, and level of integration in global economy and the level of privatization is continuously rising.

References

- [1] Andriof, J., McIntosh, M. (eds) (2001), *Perspectives on Corporate Citizenship*, Sheffield UK: Greenleaf Publishing.
- [2] Andriof, J., Waddock, S., Husted, B. and Rahman, S. S. (eds) (2002), *Unfolding Stakeholder Thinking*, pp. 19-43, Sheffield UK: Greenleaf Publishing.
- [3] Bowen, H. R. (1953), *Social Responsibility of Businessman*, Harper & Row, New York.
- [4] Brown, T. J., Dacin, P. A. (1997), “The Company and the Product: Corporate Association and Consumer Product Responses”, *Journal of Marketing*, Vol. 61, No. 1, pp. 68-84.
- [5] Carroll, A. B. (1979), “A Three-dimensional Conceptual Model of Corporate Performance”, *The Academy of Management Review*, Vol. 4, No. 4, pp. 497-505.
- [6] Chen, C. H., Wongsurawat, W. (2011), “Core Construct of Corporate Social Responsibility: A Path Analysis”, *Asia-Pacific Journal of Business Administration*, Vol. 3, No. 3, pp. 47-61.
- [7] Cleghorn, B. (2004), “CSR: Creating Greater Competitive Advantage”, Opening remarks by the British High Commissioner at the Corporate Social

- Responsibility Conference, Kuala Lumpur, 21-22 June.
- [8] Davis, K. (1973), "The Case For and Against Business Assumption of Social Responsibilities", *Academy of Management Journal*, Vol. 16, No. 2, pp. 312-322.
- [9] Draper, S. (2000), *Corporate Nirvana: Is the Future Socially Responsible?*, London, Industry Society.
- [10] Drucker, P. (1984), "The New Meaning of Corporate Social Responsibility", *California Management Review*, Vol. 26, No. 2, pp. 53-65.
- [11] Drucker, P. (1993), *Post-Capitalist Society*, HarperCollins, New York.
- [12] Ebner, D. and Baumgartner, R. J. (2006), "The Relationship between Sustainable Development and Corporate Social Responsibility", Paper presented at Corporate Responsibility Research Conference 2006, Dublin, 4-5 September.
- [13] [European Commission (2001), *Promoting a European Framework for Corporate Social Responsibility: Green Paper*, Office for Official Publications of the European Communities, Luxembourg.
- [14] European Commission (2011), "A Renew EU Strategy 2011-2014 for Corporate Social Responsibility", Brussels, <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:EN:PDF>>, retrieved on 25th August, 2012.
- [15] Gray, R. (2001), *Social and Environmental Responsibility, Sustainability and Accountability, Can the Corporate Sector Deliver?*, Glasgow, Centre for Social and Environmental Accounting Research, University of Glasgow.
- [16] Jaffe, A. B., Peterson, S. R., Portney, P. R. and Stavins, R. N. (1995), "Environmental Regulation and the Competitiveness of US Manufacturing: What does the Evidence Tell Us?", *Journal of Economic Literature*, Vol. 33, pp. 132-163.
- [17] Lewis, S. (2003), "Reputation and Corporate Social Responsibility", *Journal of Communication Management*, Vol. 7, No. 4, pp. 356-364.
- [18] Luo, X., Bhattacharya, C. B. (2006), "Corporate Social Responsibility, Customer Satisfaction, and Market Value", *Journal of Marketing*, Vol. 70, pp. 1-18.
- [19] Maignan, I., Ferrell, O. C. (2004), "Corporate Social Responsibility and Marketing", *Journal of the Academy of Marketing Science*, Vol. 32, No. 1, pp. 3-19.
- [20] McGuire, J. W. (1963), *Business and Society*, McGraw-Hill, New York.
- [21] Nguyen, Cam Van, and Nguyen, Chan (2008), "CSR – A Model for Sustainable Social and Ecological Development in Vietnam", *International Vision, Special Issue in Corporate Social Responsibility*, No. 12, pp. 49-56.
- [22] Nguyen, Dinh Tai, and Le, Thanh Tu (2008), "Corporate Responsibility towards Employee – The Most Important Component of Corporate Social Responsibility", *International Vision, Special Issue in Corporate Social Responsibility*, No. 12, pp. 95-106.
- [23] Pham, Duc Hieu (2011), "Corporate Social Responsibility: A Study on Awareness of Managers and Consumers in Vietnam", *Journal of Accounting and Taxation*, Vol. 3, No. 8, pp. 162-170.
- [24] Pham, Van Duc (2010), "Corporate Social Responsibility in Vietnam: Some pressing Theoretical and Practical Issues", *Journal of Philosophy*, No. 2 (14), pp. 3-14.
- [25] Redman, E. (2005), "Three Models of Corporate Social Responsibility: Implications for Public Policy", *Roosevelt Review*, pp. 95-108.
- [26] Sen, S., Bhattacharya, C. B. (2001), "Does Doing Good Always Lead to Doing Better? Consumer Reactions to Corporate Social Responsibility", *Journal of Marketing Research*, 38 (May), pp. 225-243.
- [27] Sethi, S. P. (1975), "Dimension of Corporate Social Responsibility", *California Management Review*, Vol. 17, No. 3, pp. 58-64.
- [28] Swift, T. and Zadek, S. (2002), *Corporate Social Responsibility and the Competitive Advantage of Nations*, Copenhagen Center and Institute of Social and Ethical Accountability.
- [29] UNIDO (2002), *Corporate Social Responsibility: Implications for Small and Medium Enterprises in Developing Countries*, Vienna.
- [30] WBCSD (2001), *Corporate Social Responsibility: Making Good Business Sense*, World Business Council for Sustainable Development, Geneva.
- [31] WBCSD (2002), *The Business Case for Sustainable Development: Making a Difference Towards the Johannesburg Summit 2002 and Beyond*, World Business Council for Sustainable Development, Geneva, Switzerland.