Trung Tin Tran

Corporate Social Responsibility (CSR) Situation in Vietnam
Abstract

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Corporate Social Responsibility (CSR) Situation in Vietnam (77 pages)

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While the application of CSR is no longer new to the developed markets, it is unfortunately not the case in developing nations. In particular, Vietnam has seen a mixture of promising and volatile results concerning this topic. Consequently, this thesis was carried out by Mr. Trung Tin Tran to answer the questions of how the CSR situation in Vietnam is currently looking.

With that goal set in mind, this thesis topic was tackled by a qualitative approach, in which five case companies were analyzed in terms of their CSR perceptions and strategies. The information for these researches was collected from the companies’ official website, annual report, CSR report and third parties’ resources.

In conclusion, the thesis contains a general discussion on the topic of CSR, as well as CSR in developing nations. The most important part of the thesis discusses the perception of five Vietnamese and international enterprises on the topic of CSR and their strategies. The result from this research concludes that the current CSR situation in Vietnam is not all grim but rather contains some very promising signs. The author also points out some solutions to the downside of the CSR situation in Vietnam. Further study on this subject can tackle either CSR practices in Vietnamese SMEs.

Key words: CSR situation in Vietnam, CSR perception, CSR implementation by Vietnamese enterprises
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1 Introduction

1.1 Background information

Corporate Social Responsibility (from now on referred to as CSR) and the awareness of the “sustainability” issue, though dated back very early in the 1950s and made universal approximately 30 years later, has increasingly been accepted as a quintessential aspects to be considered if one’s desire is to run a successful business. This trend takes its root from some following reasons:

- The degrading state of environment happening at a global scale: The state of global warming is getting worse, leading to more and more environmental catastrophes. Annually, these natural disasters result in major financial and people loss. They are mostly caused by reckless economic activities, especially in the manufacturing section. Furthermore, the over-exploitation of natural resources play a vital role in the shifting of many businesses towards a more sustainable development.

- Another reason lies in the growing uncertainty level of the global economies: The crisis in the United States (2008), which facilitated regression in Asia; the debt crisis in Europe are among the honorable mentions. Facing such problematic issues, many businesses has resorted to a sustainable way of operating.

After the 1986 Renovation, Vietnam’s economy has transformed from a centrally – planned model to market oriented with four characterized sub-periods (Vuong, 2014), which are categorized based on various factors, some of which might include: emerging cultural values or the building of market economy, the globalization progress or the influence of regional and global economic players, etc.… . During these four periods, the Vietnamese economy has been able to make immense efforts in the facet of internationalization, with many noticeable achievements, such as:

- Becoming the member of the Association of the Southeast Asian Nations (ASEAN) in 1995.
Successfully hosting many important international events such as the Asia Pacific Economic Cooperation (APEC) in 2006.

With gradually growing rate of internationalization and an open attitude towards developing its economy, it is without a doubt that the Vietnamese market, including its many components have also been engaging more and more in sustainable – oriented business campaign. Generally speaking, the main proponents for spreading CSR in Asia (Vietnam included) still are Western transnational corporations (TNCs) (Debroux, 2006). However the starting point, many Vietnam – born corporations are embracing this opportunity to take another step closer to the chance to go global and to create a certain competitive advantage against the wave of foreign business entities.

1.2 Aims of the thesis and research questions

The aims of this thesis are to draw out and analyze the general conclusion of how CSR has been applied in the Vietnamese market and from there, share some personal as well as collected opinions from different publications and from the author himself about how or which actions can be taken to make the CSR situation in Vietnam better. Also, conclusion about the causes of the current state of CSR in Vietnam will be put in consideration.

The main research question will be:

- How is the current CSR application in Vietnam?

However, this piece of writing will be carried out based on the foundation of a few smaller research questions:

- What are the factors that hinder and limit the application of CSR in the Vietnamese market?
- What needs to be done in order to facilitate the application of CSR in Vietnam?
- How do the big Vietnamese corporations perceive CSR?
- What CSR practices do the big Vietnamese corporations implement?
1.3 Delimitations and limitations

The author will tackle this topic via the analysis of five case companies. Hence, the delimitations of this thesis will focus mainly on these case companies. First of all, all five case companies are considered big corporations with the scale of more than 4,000 employees, the author will not account for SMEs as doing so will generate a rather too large research for a Bachelor’s thesis. Second of all, the case companies either originated in Vietnam or are multinational corporations that had set up operation in Vietnam for approximately 10 years. Third of all, the author will analyze the case companies in the period from 2014 to 2016 as he believes that by doing so, he can draw more reasonable results from the analysis. As for the general theoretical framework, there will be no limits of time.

As for the limitations of the thesis, the practice of disclosing CSR practices in a frequent habit is lacking in many local businesses, making the process of acquiring information for the case companies analysis very hard and time-consuming. Furthermore, there are no standards and regulations from the government enforcing the businesses to keep track and transparently report their CSR practices. Hence, the author had to deal with a very wide and diverse style of reporting. Furthermore, the perception of CSR from Vietnamese corporation is still rather limited to philanthropic activities, restricting the author’s research in some sense. Also, the thesis is limited due to the possibility of the case companies refuse to disclose all the CSR – related information and practices.

The second limitation has been mentioned earlier in the delimitation paragraph. In this thesis, the author will analyze only the case of big corporations, either Vietnam – originated or multinational corporations operating in the market. However, as approximately 80% of the Vietnamese businesses are small and medium sized, this thesis will only contribute to the understanding of the topic on a small scale.

1.4 Research Method

This following figure depicts how the author approaches this topic:
The author has chosen a qualitative approach towards this piece of writing because unlike the quantitative approach, qualitative approach will allow the author to study and analyze the data acquired and come to a conclusion based on them, hence better suits the main aim of this thesis.

The author plans to use two main sources of data: the primary data source will be the internal report publicized by chosen case companies, which will be used to analyze such facets of these companies as SWOT. The secondary data source will be coming from various publications, both online and offline, acting as supports to provide the writing a subjective view of the matter discussed.

1.5 Thesis structure

The thesis will include these following chapters:

- **Chapter 1 introduction**: In this part, the author will provide general background information, aims and research method of the thesis.
- **Chapter 2 theoretical framework**: The author will proceed to provide the most essential pieces of knowledge on the topic of CSR, such as the definition of CSR and the different facets of the concept.
- **Chapter 3 the general analysis of the CSR situation in Vietnam**.
- **Chapter 4 case studies**: There will be a brief analysis for each of the five case companies involved in the thesis.

- **Chapter 5 conclusion**: In this part, the author will attempt to draw a general picture of how CSR has been applied in the Vietnamese market and also point out some recommendations through which, the limiting factors of the process of applying CSR in the Vietnamese market can be resolved.

- **Chapter 6 summary of content**.

These six chapters will be divided into two parts: the theoretical part stretches from chapter one to chapter two; the empirical study part will be from chapter four to chapter five. Chapter six will be dedicated to summarize all the knowledge given in the thesis.

## 2 Theoretical Framework

### 2.1 History of Corporate Social Responsibility

Despite its very recent popularity and flourishing, the concept of Corporate Social Responsibility can be traced back to ancient Greece times, however in a very distinctive perspective. It is believed that from the very early days of civilization, it was understood that it would be fairer for the rest of the society if the wealthy were to share parts of their amassed prosperity with their fellow citizens. This belief was cemented from a common realization that the process of wealth making of the few would have been impossible if not for the majority of the popularity, which then led to certain laws voted by the state supporting this belief. Namely, these were the liturgies (Avlonas, n.d). Despite its seemingly similar characteristics as the taxation system of our modern society, liturgies were at that time considered a privilege of the wealthy. Eberstadt (1977) also argues that today’s corporate social responsibility movement is an attempt to restore a 2000 – year – old tradition of businesses being heavily conjoining with the community. Conclusively, even though global discussions and debates concerning the roots of CSR are expectedly many and long, the existence of CSR links to ancient Greece are well established (Visser & Tolhurst 2010, 171).
With such a lengthy origin, the concept of CSR that is being integrated nowadays in the strategic procedures of various business entities has, however, grown, manifested and flourished as a product of the twentieth century. Though the traces of evidence of CSR can be found globally, mostly in developed countries, the US is the most obvious place where a sizable body of literature has accumulated as stated by Cavrou in 1999 (Carroll, 2008). As for Europe, since the last two decades, formal interpretations of CSR, often manifested in the form of researches, conferences, and consultancies. Asia was a late – comer to this trend and has only adopted more attention into building solid CSR policies and regulations.

According to Patrick Murphy (University of Michigan Business Review, 1978), the concept of CSR has progressed through four main eras, surrounding the 1950s, during which CSR began to take form. Those four eras are demonstrated in this following figure:

![Figure 2: Four eras of CSR](image)

The philanthropic era was characterized by an increasing frequency of donations coming from companies for charitable causes. One of the key publications in this era was named *Social Responsibility of Businessman*, written by Howard R. Bowen in 1953. After the first era, the business world had seen a sharp rise...
in recognition for the matter of sustainability, leading to the burst of publications and massive attention of various scholars to define the concept of CSR. One of major writings from the era of awareness is *Corporate Social Responsibility* written by Clarence C. Walton in 1967. However, in the 1960s, there was still more talk than action on the CSR front (McGuire, 1963). The issue era was identified as when companies started to focus on specific problems outside of the financial framework, such as race and gender discrimination, environmental problems and so on. Additionally, during this era, the concept of CSR received many major upgrades as Harold Johnson, in one of the first book of this decade to tackle the topic of CSR, hinted at a number of specific interest groups, hence made clear that a company’s CSR initiatives should satisfy more than just the interests of employees or philanthropy – recipients. Another groundbreaking contribution to the concept of CSR was presented by the Committee of Economic Development (CED), a business – led public policy organization based in Washington D.C, in its 1971 publication, in which CSR was conceived to have basic purpose in serving the society in a constructive manner. To make the matter easier to understand, CED continued to release a three-circle-notion of social responsibility to state the level responsibilities of a business. (Carroll, 2008.)

![Concentric Social Responsibility Model explained](image)

*Figure 3: Concentric Social Responsibility Model explained*
- The innermost circle represents the most basic responsibilities of a company in order to function as a business entity, which are jobs, products and economic growth.

- The middle circle indicates that these above responsibilities and other economic functions be carried out with strong awareness of imminently changing social values such as employees relationship, environmental protection and many other issues.

- The outermost circle implies a broader sense of awareness towards more general social issue such as poverty. (CED, 1971.)

The last era, during which all of the researches and studies of case companies in this writing will be based on, was deemed the responsiveness era as companies started to take actions to integrate their traditional business strategies with social responsibility initiatives with a view to enhance financial profit, reduce cost as well as building a better and more pleasant public reputation.

2.2 What is Corporate Social Responsibility

Across the long and winding road leading to the modern concept of corporate social responsibility that nowadays has rightfully claimed a place in the heart of all business strategist, there has been an overwhelming wave of efforts by various writers, not only to distinguish but also to raise the level of awareness among businesses on how they can and should contribute to their surrounding society and beyond. This sub-chapter will cover a few of the most outstanding products coming from these restless efforts.

In his book Social Responsibilities of the Businessman in 1953, Howard, R. Bowen, who was considered the Father of Corporate Social Responsibility thanks to his early and influential work on the subject (Carroll, 2006), corporate social responsibility or at that time known only social responsibility was defined as referring to the obligations of businessmen to pursue the policies, make the decisions and follow the lines of actions that satisfy the objectives and values of our society (Bowen, 1953).

Being one of the household name in the field of CSR, it is only understandable that Archie Carroll’s work is mentioned. In 1983, he has put together a definition
of the concept: “corporate social responsibility involves the conduct of business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that the profitability and obedience to the law are foremost conditions when discussing the firm’s ethic and the extent to which it supports the society in which it exists with contribution of money, time and talent” (Carroll, 1999). Despite being one of the many theories that has thrived in the collection of formal literature since 1950s as stated by Visser (Hu-niche, Pedersen, 2006), Carroll’s work still plays an extremely important role in shaping how businesses nowadays perceive this subject.

In 1983, the president of Norway, Dr. Gro Harlem Brundtland chaired the World Commission on Environment and Development alongside the United Nations. This commission aims at the concern with the increasing level of ecological deterioration and the over-exploitation of natural resources as well as the consequences of such malpractices. Condensed to a final report published in 1987 named “Our Common Future”, the Commission drew out a definition of sustainable development or at that time, known only as sustainability: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (Brundtland, 1987.)

Despite the impressive number of formal writings on the topic of CSR, all of them, bear some similarities. All of them point out to the need of maintaining as much integrity in terms of social, environmental and ethical values as possible along the way of businesses making profit. Apart from the obvious cares gave out by businesses to their shareholders, it is heavily suggested by many authors that other key stakeholders, naming employees, the community, suppliers and more, should be paid enough attention as well through integrating various initiatives into the traditional business decisions. As we entered the era of globalization, the concept of CSR expanded and raised the bar for businesses. They are now expected by the mass to be among the frontier in battling global evils such as poverty, hunger and the like.
2.3 Models of CSR

In this sub chapter, three models of CSR will be discussed in order to visually back up those above-mentioned theories. The author will discuss and analyze Archie Carroll’s CSR pyramid; Wayne Visser CSR 2.0 model and the Consumer-driven CSR model, respectively.

2.3.1 Carroll’s CSR pyramid

Proposed in 1991, Carroll’s CSR pyramid aimed to shed light on how vital it is for businesses to fully respond to all aspects of the social world, naming economic, legal, ethical and philanthropic (Figure 4).

![Figure 4: Carroll's CSR Pyramids (Corporate Social Responsibility blogspot 2015)](image)

According to Carroll, the lowermost foundation of this model indicate the raison d’etre of a every firm, which are making profit and satisfying its stakeholders financial-wise (Claydon, 2011). Only when these condition is met, can the other three upper layers of responsibility occur. The second aspect of the pyramid focuses on the legal responsibilities of businesses, whereby each corporation is held responsible to laws and regulations issued by the authorities with a view to governing and ensuring conscientious business practices. The third tier, the ethical level, in which businesses are expected to treat their stakeholders fairly and rightfully and reasonably, without any harmful intentions. At the top of the
pyramid lies the philanthropic level, which indicates the responsibility of businesses to act as a good citizen to the community, and provide resources where needed (Carroll, 1991).

All in all, Carroll’s CSR pyramids lies on the notion that unless a firm’s economic function is assured, meaning that the the business manages to reach the goal of maximizing profit, the other three responsibilities will run towards a dead end.

2.3.2 Wayne Visser’s CSR 2.0 Model

Explaining his work in the ninth publication of the CSR International Inspiration Series in 2011, Wayne Visser provides a simple yet detailed description of the model. Inspired by the nitrogenous bases of biological DNA (the GCTA for short), the essence of the CSR 2.0 model are the four DNA Responsibility bases, which are Value Creation, Good Governance, Societal Contribution and Environmental Integrity (Figure 5).

![The CSR 2.0 DNA Model](Visser 2012)

Figure 5 Visser’s CSR 2.0 Model (Visser 2012)
As Value Creation is concerned, Visser believes that it should be seen in a broader perspective rather than just financial profitability. Instead of just enriching the wealth and privileges of shareholders and executive, businesses must see to building and nurturing the economical context in which they are operating through creating jobs, investing in infrastructure, offering skills development and the like. On a different note, Visser indicates that despite the abundance of KPIs to measure a firm’s economic development, beneficial products, which determines whether or not a company’s products actually improve the living standard or cause harm instead; and inclusive business, which determines how well employees, SMEs in the supply chain and the poor communities are empowered; also, this KPI calculates how effectively the business share economic benefits between different interest groups. Good Governance is determined by calculating how well a firm is doing in terms of constitutional effectiveness. This measure, in turns, is valued via a number of KPIs such as leadership, transparency or ethical conduct. Visser believes that Good Governance needs to be recognized more as, for example, failure to stay transparent in daily operation will undermine every nice gesture that a firm has accomplished for the surrounding community or has been trying to accomplish. Traditionally speaking, the third base of this model, Societal Contribution is the area where CSR is more accustomed to addressing. It provides a wider understanding to Carroll’s philanthropic responsibilities and shed light on other urgent matters of the society such as child labour and more equal labour practices in general. In short, this area’s ultimate goal is stakeholders orientation. Finally, the Environmental Integrity sets the bar higher than just lessening the negative impacts of economic development but rather building and maintaining a level of sustainability for our planet. As stated very specifically in Figure 5, businesses and economies should aspire to reach more ambitious goals such as zero waste production or 100% renewable energy. (Visser, 2011.)

2.3.3 The Consumer-driven Corporate Responsibility (CDCR) Model

As the world battles more wicked social demons such as climate change or corporation greed, the awareness and concern of the society towards civil and environmental issues are moving rapidly in an upwards trend, alongside their ex-
pectation for businesses globally to be socially responsible (Frederick, 2006). This trend is demonstrated through a series of consumer behavior studies. For example, in 2005, a Co-Operative Bank survey found out that a company’s responsible reputation played a vital role in winning the consumption preference of 60% of the survey takers (Crane & Matten, 2007).

Figure 6 The Consumer-drive Corporate Responsibility model (Claydon 2011)

Embracing that notion, and coupled with the emergence of a new ethical economy as well as the effects of social production on social relations and productive behaviors as referred to by Arvidsson et al in 2008 (Claydon, 2011), the model of Consumer-driven Corporate Responsibility (Figure 6) is born as a guideline to how companies can be profitable and socially aware and environmentally responsible.

This model creates a positive “vicious circle”, in which the business realizes the CSR demand from their customer base as a mean to attract more consumption power and better profitability. Consequently, the business not only improve their financial situation but also engages in socially and environmentally responsible activities. This leads to an improvement in the business’s reputation and in return, expanding the customer base and which contains more consumers who demand CSR. The business then applies more CSR initiatives and so the circle
continues. CDCR forms a win-win situation: the customers are satisfied whilst the company stay profitable and responsible on a social and environmental note. This model proves to be a superior compared to the previous twos in a way that it emphasizes the vitalness of businesses frequently respond, upgrade and direct their CSR strategies to suit their ever-changing demands of the customer bases.

3 CSR application situation in Vietnam

3.1 CSR in developing countries

Despite the main focus of this thesis being on the Vietnamese market, the author believes that first describing the more general CSR situation in developing countries, including Vietnam will help immensely in the upcoming chapters of the thesis.

3.1.1 What are the CSR drivers in developing countries?

As all of the abovementioned definitions and CSR models were sketched and constructed to suit the characteristics of the European and American market, it is of great importance that the author points out to what sets CSR in developing countries apart from its typical manifestation in the developed economies, as defined by American and European experts. One of the best ways to carry out this task is through examining the various drivers that influence CSR in these emerging markets. Despite not being entirely unique to developing countries, these drivers, categorized into two groups, together build up a distinctive picture of how CSR is perceived, initiated and practiced in the emerging economies. These two groups are Internal Drivers and External Drivers (Figure 7).
Wayne Visser, in his 2008 work extracted from the Oxford Handbook of Corporate Social Responsibility listed out a few main drivers, categorized into internal and external drivers (Figure 7). Internal drivers refer to influential forces from within the country.

**Political Reform:** It is impossible for CSR in developing nations to drift away from the socio-political reforming process, which inevitably drives business behaviors towards integrating CSR practices into their daily operation, as a way to correspond to the new regulations. For example, since the 1980s, the political and accompanied social and economic changes, which included democratization, liberalization and privatization have oriented businesses in the Latin America region to focus their resources more on social and environmental responsibilities (De Oliveira, 2006).

**Crisis Response:** CSR is very often listed as an immediate solution to catastrophic event. After the tsunami in Japan in 2004, the response from corporations was one of the core compensating methods (Fernando, 2007). Furthermore, various other types of crises associated with developing nations can act to catalyze CSR responses. These crises take roots from social, economic and health-related or environmental issues to name a few.
Cultural tradition: It is strongly believed that CSR in many developing countries takes its root from the ancient practices of religions such as Hinduism, Buddhism, Islam and Christianity, which promote and encourage philanthropic and community embedded activities (Visser, 2008). Vives (2006) stated in his survey of more than 1,300 SMEs in the Latin America region that religious beliefs played an important role in motivating the application of CSR.

Socio-Economic priorities: All businesses are enormously affected by the socio-economic environment in which they operate. However, the socio-economic characteristics of the developing market distinctively differ from their more developed counterparts, hence creating dissimilar development priorities. Take Nigeria as an example, Amaeshi et al. (2006) points out that the CSR initiatives in this market focus on a different set of development priorities, which are poverty alleviation, healthcare provision, infrastructure development and education, compared many Western CSR priorities like consumer protection, fair trade, green marketing and so on.

Governance gap: In developing countries, CSR can act as a method to fill in for the lack of resources, weakness and corruption in the government, and support the institutions in adequately provide various social services such as roads, housing, electricity and more. (Visser, 2008.)

Whilst external drivers originates from international sources

International standardization: CSR codes and standards are key drivers for CSR in developing and developed markets alike. In his survey, Baskin (2006) noted that the adoption rate of ISO 14001 has been on the rise in the emerging markets. These codes and standards act as catalysts to steer the CSR strategies into serving where they are needed, as well as providing a prevention against business-wise malpractices and other social wrongdoings. Furthermore, in the case of a multinational business, operating in the same set of standards promotes a sense of global consistency among its subsidiaries. (Visser, 2008.)

Investment incentives: Many authors such as Gabriel (1972) has long believed that there is a complex relationship between multinational investments
and the social welfare of emerging nations. As a result of the blooming of CSR in the 21\textsuperscript{st} century, multinational investments are being chosen as a mean of facilitating better CSR performances in developing countries. At the same time, CSR can also act as a signaling device for developing nations seeking to assess foreign direct investment proposal from unknown foreign business entities (Goyal, 2006).

**Stakeholder Activism:** As strong governmental controls over social, environmental and ethical behaviors of businesses in emerging market is still somewhat missing, activism by stakeholder groups rise to become another critical driver for CSR (Visser, 2008). In these markets, four following stakeholder groups are considered the strongest activists for CSR, namely international NGOs (Christian Aid, 2005), trade unions (Kaufman et al., 2004), development agencies (Jenkins, 2005) and business associations (WBCSD, 2000). Together, they create a strong foundation that assists the local NGOs to provide stronger facilitation for CSR. Vivarta and Canela (2006) also believes that media, as a key stakeholder, plays a major role in promoting CSR in developing countries.

### 3.1.2 CSR pyramid model for developing countries

Having considered all the factors involved in shaping CSR in developing countries, it is baffling whether or not the most popular models and conceptions of CSR constructed by Western minds are viable if put in the context of developing countries. Take one of the most popular CSR models as an example, Carroll’s CSR pyramid in 1991 comprises of four components, namely economic, legal, ethical and philanthropic responsibilities respectively from the bottom, was constructed solely based on the American context. Nevertheless, it is believed that culture may have a profounding effect on how CSR priorities are perceived. Crane and Matten (2007) have proven this belief via using the Carroll’s CSR pyramid to discuss CSR in an European context, from which they draw out the conclusion that all levels of CSR displayed in the work of Carroll plays a role in Europe, but to different hierarchical order and also incorporate in somewhat different manner.
Bearing that observation in mind, Visser (2008) argues that in order to discuss the CSR situation in developing countries most effectively, a new CSR pyramid needs to be constructed.

As Figure 8 and 9 have clearly shown, there is a shift of order among the components of the CSR pyramid for developing countries compared to its prede-
cessor. The economic responsibilities are still emphasized. However, in the
emerging markets, philanthropic responsibilities are deemed to be of second
higher priority, followed by legal and ethical responsibilities. All of these features
(in the context of developing countries) will be discussed hereafter.

**Economic Responsibilities:** The developing countries are widely regarded to
suffer from insufficiency of foreign direct investment as well as high unemploy-
ment rate and widespread poverty. Consequently, businesses’ economic contrib-
utions to the society are highly called for and appreciated by the government
and the community alike (Visser, 2008). Furthermore, CSR strategies tailored
for emerging market tends to focus on generating investment and income, in-
vesting on human capital as well as infrastructure, supporting technologies
transfer and the spreading of international business standards (Nelson, 2003).

**Philanthropic Responsibilities:** As previously discussed, the CSR practices in
emerging countries are heavily influenced by the deep-rooted cultural and reli-
gious practices dated back thousands of years. As a result, philanthropic ges-
tures are highly appreciated and valued, and often carried out in a discretionary
manner. However, this is not the only reason why philanthropic responsibilities
are expected to be a key manifestation of CSR in the less developed markets.
This trend also stems from the immense socio-economic needs of the develop-
ing market in which companies operate, making philanthropy an expected norm
and considered by the community to be the right thing to do for these busines-
es.

**Legal Responsibilities:** Due to the overall poorly developed legal structure and
the lack of independence, resources or administrative efficiency, legal responsi-
bilities in developing countries generally received less attention compared to the
more developed nations. Visser (2008) argues that this reality does not neces-
sarily mean that companies are free to break the law, however, there are far
less pressure for good conduct. One of the most obvious examples of this is-
sue is tax avoidance by companies operating in developing market (Christensen
& Murphy, 2004).
Ethical Responsibilities: Despite being exposed more and more to the better working ethics and governing patterns of the developed markets (Reed, 2002), ethical responsibilities in the emerging nations still affect the CSR agenda the least. For instance, in Transparency International’s annual Corruption Perception Index and Global Corruption Barometer, developing nations very often occupy the most poorly ranked positions (Visser, 2008).

Being one of the developing countries in the world, the CSR situation of Vietnam will be perceived in the following chapter based on Visser’s CSR pyramid for the emerging countries.

3.2 CSR application in Vietnam

In this chapter, the author will provide a macro analysis of the Vietnamese market using PESTEL tool. Afterwards, the authors will look into the CSR situation in this market via analyzing five case companies on their CSR practices.

3.2.1 PESTEL analysis

PESTEL analyzing tool provides a framework in which six main components of the external macro environment of Vietnam, namely political, economic, social, technological, environmental and legal aspects. Doing so allows the author to grasp a more general understanding of what is driving the CSR perception and application of local businesses in Vietnam.

Political Aspect:

The Social Republic of Vietnam is regulated solely under the Communist Party (CPV for short). Founded in 1930, CPV has played its role as the sword and shield in leading the Vietnamese people out of almost a century of Western colonialism and to the unification of the country in 1975. The CPV then continued to lead the people in carrying out the country’s renovation, modernization and industrialization progress. CPV strictly adopts the socialism theory of Marxism – Leninism and President Ho Chi Minh’s thoughts as the ideology foundation, serving as the guiding light for its activities, promoting the country’s culture and traditional exoticness, and absorbing other nations’ essential idea (Vietnam
The political system of Vietnam is illustrated in the following figure:

Figure 10 The political system of Vietnam (The East Asia Local and Regional Government Congress)

It is very important to know that the political system of Vietnam is constituted from three main components: the Party, the State and the Army. However, the author will only discuss the previous two components, as they are more closely related to how CSR are perceived and applied. As the author has mentioned before, Vietnam is regulated by the Communist Party, which summons the National Congress every five years to elect the Central Committee. This Committee will then implement the policies of the Congress. The National Assembly is the highest organ of State power and is in charge of electing the President (Head of State), the Prime Minister (Head of Government) and Supreme People’s Court, among many other tasks (Osborne, et. al 2016). In January, 2016, the twelfth Central Committee of Vietnam was held, with new electors in various politically influential positions such as President or Prime Minister. These changes of leadership may bring about inevitable shifting in the Vietnamese socio-economic environment, of which CSR is one component.

**Economic Aspect:**

Starting in 1986, the “Doi Moi” initiative (or “Renovation” in English) has been the most important catalyst in shifting the Vietnam from a highly centralized economy to a mixed economy through sets of five-year plans. This initiative introduced new market rules, issued a more opened attitude towards Foreign Direct Investment (FDI) and improved the business climate in general (Rous-
seau, 2011). Before the 21st century and the open door policy, Vietnam’s foreign trade relations focused mostly on the former socialist countries (Nguyen & Bui, n.d), however, after its participation in various global and regional organizations such as the Association of South East Asian Nations (ASEAN) in 1995, Asian Free Trade Area (AFTA) in 1996, Asia-Pacific Economic Cooperation (APEC) in 1998 and most noticeably World Trade Organization (WTO) in 2007, Vietnam has been issuing and enjoying a USD 350,74 billion in terms of exporting and importing value at the end of 2016, compared USD 14,45 billion at the beginning of the 21st century (Official Vietnamese Custom portal, 2017). Furthermore, Vietnam’s participations in the above-mentioned associations and various other international trade agreement allows for better tariff and exporting/importing taxation as well as for better introduction of the country’s various exotic products. The most frequent exporting partners of Vietnam are the United State (USD 38,1 billion), China (USD 19,2 billion), Japan (USD 15 billion) whilst the top import origins are China (USD 49,8 billion), South Korea (USD 26,6 billion) and Japan (USD 13,1 billion) (OEC, 2015).

The Vietnamese economic system comprises of three sectors, namely agriculture, heavy and light industry and services. The economy is shifting from agriculture to industries and services with a view to better improving the economic efficiency and exploring the full potential of the economy. The following table will present a few KPIs so as to illustrate the current economic situation of Vietnam clearer

**THE VIETNAM ECONOMY**

<table>
<thead>
<tr>
<th>KPI</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>USD 205,62 billion in 2016</td>
</tr>
<tr>
<td>GDP annual growth rate</td>
<td>6.68% in January 2017</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>USD 2,215</td>
</tr>
<tr>
<td>Minimum Wages</td>
<td>VND 3.5 million/month in 2016</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>2.14% in October 2016</td>
</tr>
</tbody>
</table>
Export USD 176,63 billion in 2016
Import USD 174,11 billion in 2016
Inflation Rate 5.22% in January 2017

Table 1 Economic KPIs in Vietnam (tradingeconomics)

According to a study done by Price Waterhouse Cooper (2008), Vietnam maybe the fastest-growing of the world’s emerging economies by 2020 while Nguyen (2016) in her published work on Bloomberg, puts the Vietnam economy among 2016’s top performer.

![Vietnam’s Economy Seen Among This Year’s Top Performers](image)

Source: Based on median forecasts in Bloomberg surveys of economists. Excludes some of the smallest economies

Figure 11 Vietnam economy compared to other emerging nations in 2016 (Nguyen 2016)

Despite the positive notes on the economic development, the local economy is still struck by a high inflation rate and unemployment rate.

Social Aspect:
By and large, Vietnam is a very young nation with 25.2% of the population under 15 years old, 69.3% from 15 to 64 years old and only 5.5% above 64 years old. The following table will provide some significant numeric data about the demographic situation of Vietnam.

### DEMOGRAPHIC DATA OF VIETNAM

<table>
<thead>
<tr>
<th>Current Population</th>
<th>95,285,232 persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily increase in population</td>
<td>2,916 persons/day</td>
</tr>
<tr>
<td>Percentage of male/female population</td>
<td>49.4% male population and 50.6% female population</td>
</tr>
<tr>
<td>Daily increase in population</td>
<td>2,916 persons/day</td>
</tr>
<tr>
<td>Population density</td>
<td>286.9 persons/square kilometer (March 2017)</td>
</tr>
<tr>
<td>Total dependency ratio</td>
<td>44.4% (36.4% child dependency and 8% aged dependency)</td>
</tr>
<tr>
<td>Literacy rate</td>
<td>94.52% of the population (aged 15 and above) are literate.</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>69.7 years for male and 74.9 years for female</td>
</tr>
</tbody>
</table>

Table 2 Demographic data of Vietnam (countrymeters)

The Vietnamese society suffers from many civil inequalities stemming from the governmental monopoly on political and allowing no challenges to its leadership (Human Right Watch, 2016). This leads to restrictions in freedom of speech, opinion, press and association. Rights activists and dissident bloggers suffer from various types of harassment and even physical abusing. Religious freedom is also suppressed in many ways, including legislation, registration requirements, surveillance and even harassment. The issues of poor working
conditions, child labor, poverty among minorities are some of the many alarming social problem in Vietnam.

**Technological aspects:**

More than 30 years has passed since the start of the Doi Moi, Vietnam is on its way towards the realization of the 2020 IT Master Plan, which is an initiative that aims at forming a system of concentrated information technology park, with Da Nang high-tech park being one of several established facilities. With a young population and a median age of 30.3 years old, Vietnam has been transforming from a country with barely no IT companies some 16, 17 years ago to a country buzzing with young coders, engineers, entrepreneurs with approximately 14,000 IT companies spanning from hardware to software and digital contents (Marvin, 2015) as can be seen from the following chart

![Vietnam’s IT Services Workforce: Rapid Growth for Scale and Skill](image)

Figure 12 Column Chart showing Vietnam's IT services workforce (Marvin 2015)

Additionally, the technological aspect of Vietnam is clearly shown through an increasing level of usage of telecommunication devices and the internet, as shown in the following sets of graphics
Figure 13 Number of smartphone users in Vietnam from 2015 to 2021 (estimated) (statista)

Figure 14 Number of Internet users in Vietnam 2015 to 2021 (estimated) (statista)
Being one of the fastest growing emerging markets, Vietnam is inevitably facing a deteriorating environmental situation, emerging from many reasons, some of which are poor legislation concerning environmental practices from corporations, under-developed CSR initiatives and poor general environmental awareness from the local.

Annually, Tin Môi Trường, an online publication sits together with other environmental publications in Vietnam to pick out the 10 most influential and outstanding environmental events. In 2016, the list comprises an equal share of disturbing and promising news, showing signs of better awareness from the public.

![Figure 15 Number of social media users in April 2016 (in millions) (chabrol)](graph.chabrol.net)
market towards environmental preservation yet still lacking so much on its course towards the CSR level of more developed countries. 2016 has seen some of the worst environmental catastrophes caused by corporations and also of natural forces as well. The most noticeable of which is the Formosa incident early in April. During this time, the central coastal Vietnamese began to notice unprecedented numbers of dead fish. A month later, over 100 tons worth of dead fish have been collected, causing tremendous economic and health-related consequences. Three months after the promise made by Prime Minister Nguyen Xuan Phuc, the government has placed the crime onto a steel plant in Ha Tinh province, owned by Taiwan-based Formosa Plastic Group’s local affiliate, Hung Nghiep Formosa Ha Tinh Steel Corp (Tiezzi, 2016). This incident was considered to be the most catastrophic in the history of Vietnam by Tin Môi Trường, among many other publications.

On the brighter note, 2016 has been a year when the local and governmental awareness of the environmental issues. On the 29th of March, the first ever manufacturing plant using discarded industrial rubber tires was opened in Vinh Phuc province. In May 2016, Vietnam and the United States of America has reached an agreement on the co-operation between the two nations on battling climate change.

**Legal Aspect:**
Figure 16 The law making body and legal system in Vietnam (kenfoxlaw)

The legal system of Vietnam is based on the socialism legal theory and inherited from the period of colonialism from the French. The National Assembly – Vietnam’s supreme legislative organ issues laws while the Standing Committee of the National Assembly issues Ordinances when the Assembly is not in session, and the government passes down decrees, which are better supplemented by regulations.

Generally speaking, the legislative environment in Vietnam is complicated, unstable and unpredictable, which poses a great concern towards both local and foreign investors (The World Bank and PPIA, 2000). However, as Vietnam is entering deeper and deeper into the globalization era, the legal system is one of the main target for improvement from the Vietnamese government. For instance, a study from David Lim (2015) pointed out many new changes in different sectors such as Decree on Real Estate Business Law, Decree on Residential Housing Law. Additionally, with the EU-Vietnam Free Trade Agreement
(EVFTA) signed at the end of 2015 and Transpacific Partnership Agreement (TPP) on the verge of completion, various new configuration and improvement of the legal system will be made with a view to facilitating further international economic cooperation (Luu, 2016).

3.2.2 Current understanding of CSR in Vietnam

Generally speaking, Vietnam is listed in the group of emerging nations, so it is understood that the CSR application in this market follows the Visser’s CSR pyramids in 2008 rather than the more American – suited original version from Carroll in 1991. As discussed earlier, the emerging countries tend to prioritize the economic aspects of the CSR pyramids in order to fill in the economic deficit compared to the more developed parts of the world and the philanthropic aspect of CSR due to some dated habits (discussed in sub chapter 3.1.2).

Due to the high priority placed on philanthropic responsibilities by the Vietnamese community, CSR in Vietnam is perceived by many to solely serve the charitable purpose characterized by donations, voluntary activities and more. Additionally, many enterprises see CSR as a mean to polish their reputation a form of brand protection (Nguyen, 2011) and believe that this is the sole intention for practicing CSR. Nghia (2012) in his report of the “Business and Society Seminar” on Sai Gon Time, has quoted Mr. Ngoc Trai, CEO and Chairman of Global Integration Business Consultants, arguing that by applying CSR only to promote reputation, Vietnamese enterprises have only touched the tip of the iceberg in terms of how strategically advantageous CSR can be businesswise.

With the participation of Vietnam into WTO in 2008, along with being a young market with a cheap and available labor force, Vietnam has been welcoming various multinational corporation outsourcing and setting up their official branches, choosing the Vietnamese to be one of their strategic market. Some notable names include Honda Corp, Unilever Corp, KPMG Corp and many others. These international giants have been playing an enormous role in setting up the example for big Vietnamese corporation as well as SMEs by adopting their Code of Conduct into the Vietnamese market (Hamm, 2012). Additionally, the work of various international NGOs on raising awareness of businesses on
social and environmental issues have improved the perception of Vietnamese companies on the matter of sustainability. One significant initiative of that caliber is from the United Nations Industrial Development Organization (UNIDO for short) intending to help Vietnamese SMEs Adapt and Adopt CSR for Improved Linkages with Global Supply Chains in Sustainable Production (Hamm, 2012).

This development trend accompanied by many serious environmental issues in 2016 have forced the Vietnamese government and the local community to focus and demand businesses to adhere to social responsibilities and operation transparency more, which will undoubtedly lead to a better and more thorough understanding of CSR in the future.

4 Case Studies

Aforesaid, CSR initiatives in Vietnam are currently defined through the activities of foreign NGOs, local economic giants as well as multinational corporations and partially the local government. Hence, the author believes that by analyzing the five major and very well-known corporations operating in Vietnam, he can be able to draw out a general picture of how CSR is perceived and applied in this market, despite the fact that some 80% of Vietnamese enterprises are small or medium-sized. Another reason backing the author’s belief is that some of the most serious environmental catastrophes in the history of Vietnam as well as many of the most famous social initiatives and philanthropic activities carried out in the Vietnamese market are the crime and work of business giants operating in this market.

The five case companies that the author has chosen are: FPT Corp, KiDo Group, Bureau Veritas Corp, Vinacomin Group and Vinamilk Corp. The author bases his choices on the following reasons:

**Origin and Time of entry:** All the above-mentioned businesses are either originated in Vietnam (Kido Group, Vinamilk Corp, FPT Corp and Vinacomin Group) or have entered the Vietnamese market for approximately 10 years and more (Bureau Veritas Vietnam).
Size of the company: All of the chosen companies have a workforce of more than 5,000 personnel spanning across the globe.

Operating fields: All the chosen case companies belong to different operating fields, allowing the author to tackle the topic of corporation CSR from various angles.

Information on CSR: The author chooses these five companies based on the availability of their CSR reports and the frequency of their habits of reporting CSR. The author has made one changes in this list of case companies by replacing Cocacola Vietnam with FPT CORP. The reason for this configuration lies in the fact that FPT CORP provides a more up-to-date report on the company’s sustainable initiatives in form of report while the information acquired about Cocacola’s CSR activities in Vietnam is very fragmented. The changing of THK Vietnam to Vinacomin Group shares the same reason. Moreover, the author believes that Vinacomin Group, as a state-owned company, will provide a better and more diverse perspective into the CSR situation in Vietnam, compared to THK Vietnam.

How up-to-date the information is: The last reason that influences the author’s choices is how up-to-date the CSR and annual report from each company is. As stated in the delimitation, most of the information presented in this thesis will be after 2014 up to the end of 2016. However, the timing of all the report will fall mostly on the year 2015 and 2016.

Based on the abovementioned criteria, the author has made a few changes in the choosing process of the case companies, changing from the original list: Kido Group, Vinamilk Corp, Bureau Veritas Vietnam, THK Vietnam and Cocacola Corp. to the current list: Kido Group, Vinamilk Corp, Bureau Veritas Vietnam, Vinacomin Group, FPT Corp.

Each case company analysis will consist of a brief introduction of the company, a SWOT analysis and the author’s collections of that case company’s CSR activities, strategies and perceptions.
4.1 Kido Group

4.1.1 General introduction

Kido Group was established in 1993 by five co-founders, who are currently parts of the company's Board of Directors, namely Mr. Tran Le Nguyen (CEO and Vice Chairman of the Board), Mrs. Vuong Ngoc Xiem (Member of the Board and Deputy General Manager of Kido Group), Mr. Tran Kim Thanh (Chairman of the Board), Mrs. Vuong Buu Linh (Member of the Board and Deputy General Manager of Kido Group) and Mr. Wang Chinh Hua (Member of the Board and Deputy General Manager of Kido Group). (Kido, co-founders.)

Throughout its 22 – year history, Kido Corporation, formerly known as Kinh Do Corporation, has managed to take up a solid place in the hearts of generations of Vietnamese, as the country’s leading food & flavor producer. They have remained the market leader in confectionary with a wide variety of products such as sponge cake, bread and especially moon cake. With the existing foundation, Kido Group aims to expand their product portfolio into the staple food category with spices, sauces, instant noodles and more, with the view to becoming the go-to-brand of any Vietnamese kitchen (Kido, Our story).

Kido Group’s vision is stated very clearly as they aspire to add “flavor’ to the customers’ life and to become one of the most prestigious food products manufacturers in South East Asia by bringing their customers safe, nutritious, convenient and unique products with awe-inspiring flavors. (Kido Annual Report, 2015.)

The Group’s missions are all clearly shown in the following figure:
4.1.2  Kido Group SWOT Analysis

**Strengths:** The most obvious strength of Kido Group lies in their owning some already established brands, some of which are Dai Gia Dinh, Merino or Cerano; and a wide product portfolio spanning from confectionary to ice cream, yoghurt, cooking oil and spices. These diverse product lines are facilitated more than 90,000 retail points and 215 distributor nationwide (Kido Annual Report, 2015). Furthermore, Kido Group attracts an enormous customer base of more than 50,000,000 (more than half of the Vietnamese population) in 2015. Additionally, the investment that Kido made on machinery in their plants has played an important roles in ensuring Kido’s competitive advantage (Boi, 2010). Lastly, with more than 200 suppliers, local and international alike, Kido benefits from having quality and price competitive raw materials, which helps tremendously in keeping the production line cost-efficient.
**Weaknesses:** There are a few weaknesses that Kido Group can improve. The biggest issue comes from the unbalanced investment of time and resources into the very wide products portfolio. For instance, the confectionery category is strongly prioritized, similar to the cooking oil and instant noodle product under the small brand Dai Gia Dinh while the ice cream category receives less attention, despite the fact that this product is under the brand name Cerano, which is very well-known locally. Another room for improvement that Kido should exploit is diversifying their international activities by increasing the exporting of their products rather than processing products for foreign partners or working with foreign suppliers.

**Opportunities:** Kido Group has many opportunities of different natures, social, economic, or even climatic. This following figure shows the developing trend of the confectionery and sweets market.

![Confectionery and sweets market outlook](image)

Figure 18 Confectionery and sweets market outlook (Source: cesti.gov.vn)

In the figure, the blue column stands for production (1 unit equals 1,000 tons) while the red line stands for revenue (1 unit equals VND 1,000 billion). As can been seen from this figure, the Vietnamese market outlook on confectionery and sweets is expected to rise in the upcoming future. Furthermore, with a hot climate and various traditional holidays, the demand for ice cream products is always available whilst the market segment for traditional sweets such as moon cake is also of great demand. With Vietnam being a full member of WTO, Kido Group will be among many other Vietnamese originated corporations that are exposed to the international market.
Last but not least, the important M&A between Kido Group and American based Montelez International in 2015 allows Kido Group on their most prestigious brand Kinh Do allows the corporation to focus on other facets of their business as well as more financial power to make investments.

**Threats:** There is a common perceptions among Vietnamese consumers that foreign products are superior to domestic products. This poses a strong threats to the local businesses, Kido Group included, as they battle the swamp of foreign products entering the Vietnamese market, again as a result of the open market strategy set by the government and the participation of Vietnam into various global trade organizations and agreements.

### 4.1.3 CSR strategies and activities

Kido Group perceives CSR using a set of three commitments tailored based on the nature of their business and claims that social responsibilities should be the efforts of the whole workforce rather than any individual. Kido Group’s sustainable commitment includes:

**Commitment on the quality of the products:** It is of great important to Kido Group to present the community with products that not only delicious but also safe and healthy. In order to achieve that, the company relentlessly works with its suppliers to acquire the best possible raw materials while at the same time constantly upgrading the production line and the management process according to international standard. (Kido Annual Report, 2015.)

**Commitment on sustainable development:** Kido believes that a company can only deliver positive results in a sustainable working environment. The company is fully aware of how devastating the results of reckless business practices can be and is committed to following sustainable production requirements.

Kido Group regulates their production line based on various international standards such as ISO 1400-2005, OHSAS 18001-2008, ISO 9001-2008 or ISO 22000-2010 …… Another method used by Kido to ensure that all sustainable requirements are met is to employ the requirement to protect and preserve the surrounding environment into the personal KPIs of their employees, alongside
with frequent training on this matter. Last but not least, Kido realizes their sustainable goals through adhering strictly to governmental and international regulations on wastewater, reducing air pollution through using clean fuel and solar energy as well as using LED bulbs to cut down on costs and reuse treated wastewater. (Kido Annual Report, 2015.)

Commitment on building a stronger society: Kido is fully aware that the successes of the corporation is owed a great deal to the community as they have consistently chose to believe in the company’s products. At the same time, Kido Group is one of the leading Vietnamese corporation in terms of social activities. The following table provides a few examples of their social initiatives.

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**KIDO GROUP’s SOCIAL ACTIVITIES**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 &amp; 02/2015</td>
<td>Spend over VND 750 billion to support the poor households in the South of Vietnam.</td>
</tr>
<tr>
<td>2015</td>
<td>“Kien Tao Nhip Cau” initiative, in which Kido funded the construction of at least three cement bridge in the some Southern Province of Vietnam, replacing the old rusty and dangerous wooden bridge.</td>
</tr>
<tr>
<td>2015</td>
<td>Sponsor VND 3 billion for a beauty pageant contest for university students for the third consecutive year</td>
</tr>
<tr>
<td>07 &amp; 08/2015</td>
<td>Spend more than VND 100 millions and other products as support after the Quang Ninh province in the North of</td>
</tr>
<tr>
<td>Year</td>
<td>Description</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>2016</td>
<td>Give more than 1,000 health insurance cards as well as other gifts to the poor household in the South of Vietnam.</td>
</tr>
<tr>
<td>2017</td>
<td>Give more than 200 gifts for the poor households in Tien Giang province to help them have a better Lunar New Year.</td>
</tr>
</tbody>
</table>

Table 3 Kido Group’s social activities (Kido Annual Report 2015)

4.2 Bureau Veritas Vietnam

4.2.1 General Introduction

Bureau Veritas was created in 1828, and has been one of the global pioneer in Testing, Inspection and Certification (TIC for short), supporting their partners to meet with the growing challenge of quality, safety, environmental protection and social responsibility by offering innovative solutions that stretch beyond mere compliance to local and international standards, and facilitate risk reduction, performance enhancement and promoting sustainable development. Bureau Veritas currently employs 66,000 personnel working in 1,400 offices and labs in 140 countries. (Bureau Veritas Annual Report, 2015.)

There are eight core global businesses constituting Bureau Veritas, namely Marine & Offshore, Certification, Industry, Commodities, In-service Inspection & Verification, Consumer Products, Construction and Government Services & International Trade.

Bureau Veritas’s vision is to become a leader in TIC and a major player in each of their core businesses and market segment. The Group defines their missions as to deliver economic values to customers by providing Quality Check, Health, Safety, Environment and Social Responsibility management of their assets, projects, products and systems. In 2003, under the leadership of the
International Federation of Inspection Agencies (IFIA), Bureau Veritas managed to draft their first Code of Ethics and defined their core values as “Integrity and Ethics” and “Impartiality and Independence”. (Bureau Veritas, Vision&Mission.)

Bureau Veritas Vietnam was established in 1998 with the operation license number 2402/GP issued by the Vietnamese Ministry of Planning & Investment in the 6th of March, 1998. Mostly similar to the mother company, Bureau Veritas Vietnam is a service provider of a wide variety of technological solutions, including accreditation, evaluation, certification, alongside with offering professional training on quality check, safety, health, environment and sustainable development. (Bureau Veritas Vietnam, Thông Tin Chung.)

4.2.2 Bureau Veritas Vietnam SWOT Analysis

**Strengths:** First of all, Bureau Veritas Vietnam Vietnam’s strongest asset lies in the brand power of their mother company. As discussed earlier, Bureau Veritas is a world-leading provider of certification, accreditation, performances enhancement and consultant services. Therefore, Bureau Veritas Vietnam inherits an almost 200-year developing journey, with sublime experiences in this field and an already established business culture recognized by international community. Second of all, Bureau Veritas Vietnam possesses a strong, skillful and experienced workforce that are trained according to international standards. Last of all, as Bureau Veritas is a multinational organization, Bureau Veritas Vietnam can introduce standards and business practices that are far more developed compared to the general practices in Vietnam and gains a major competitive advantage.

**Weaknesses:** The most obvious weakness that Bureau Veritas Vietnam has to face comes from the price tag that goes with the level of expertise of their specialists, which narrows down their market segment in Vietnam as 80% of the enterprises in this market are small or medium-sized.

**Opportunities:** As the environmental situation in Vietnam is moving towards a rather grim scenery and many business-related social issues such as workplace safety, food quality to name a few, are not yet fully solved, the local market is paying more and more attention to fulfilling the social requirements and
setting up goals to reach a sustainable state of developing. This opens up many cooperating opportunities for Bureau Veritas Vietnam. Furthermore, as Vietnam became a full member of WTO in 2008, the expectation placed on the Vietnamese products by international partners increased tremendously, calling for the exact type of service that Bureau Veritas Vietnam provides: one that acts as guidance of how to satisfy internationally approved standards, business practices and quality requirements.

**Threats:** The biggest threat that Bureau Veritas Vietnam has to face is the establishment of many organization providing similar services. A few notable examples are Det Norske Veritas (DNV), SGS Vietnam, Vinacert and many more. Moreover, despite the increasing level of awareness among Vietnamese enterprises, the actual demand on this market sector is still rather small.

### 4.2.3 CSR strategies and activities

Being a provider of quality checking methods, certification training and sustainable development consultants, Bureau Veritas in general and Bureau Veritas Vietnam in particular approaches CSR in a distinctive way comparing to the other case companies presented in this thesis. It is safe to say that Bureau Veritas Vietnam perceived CSR as a way to generate confidence between economic players. Their CSR commitments to stakeholders aim at constructing sustainable future growth (Bureau Veritas CSR report, 2015).

Further speaking about Bureau Veritas ‘s CSR perception, the organization defines itself as a “supporter” of sustainable growth through constantly developing more innovative solutions to assist their partners and clients in dealing with risks coming from current social changes such as rapid population growth, resource scarcity, climate disruption or technological development. As Bureau Veritas Vietnam is a branch of Bureau Veritas Group, which means that Bureau Veritas Vietnam shares this perception.

Bureau Veritas has formed their CSR approach around 20 key challenges, illustrated in their CSR materiality matrix:
Figure 19 Bureau Veritas's CSR materiality matrix (Bureau Veritas's CSR report 2015)

From the illustration, it can be seen that these 20 challenges are categorized into four different groups, each comes along with the general commitments from the organization.

**Governance and operational excellence:** Bureau Veritas commits to carrying out their activities in an ethical and responsible manner as well as to sharing the same quality standard across all their activities global.
**Human Resources:** Bureau Veritas commits to attracting and developing talent as well as ensuring the safety of their employees at work.

**Society:** Bureau Veritas commits to reducing risk throughout the customers’ value chain, to meeting stakeholder expectations as well as to developing local employments.

**Environment:** Bureau Veritas commits to limiting their carbon footprint as well as to reducing their energy consumption.

With the prevailing trend of CSR in Vietnam and other developing countries of prioritizing heavily on philanthropic responsibilities, Bureau Veritas Vietnam’s CSR initiatives seem very underlying as they focus very heavily on providing professional course on business ethics and practices as well as certification evaluation. Some of the noticeable courses set up by Bureau Veritas Vietnam are:

- ISO 15489-1 on files and documents management
- SA 8000 course on awareness of social responsibilities standards
- Courses on risk management

and plenty more (Bureau Veritas Vietnam, training).

In additions, Bureau Veritas Vietnam provides a wide range of performance enhancement initiatives, ranging from consulting on building design for better environmental sustainability (Bureau Veritas Vietnam, Consulting) to auditing services on compliance to health and safety requirements, environmental preservation and the like (Bureau Veritas Vietnam, Auditing).

In order to cut down on operating cost, Bureau Veritas Vietnam has moved some of their services online through some individual portals such as Veristar, tailored to provide general information on nautical products and services or OneSource Suite, a cloud computing platform that allows users to track and manage efficiently a product life cycle. This method does not only help Bureau Veritas Vietnam to cut down operation cost but also help their partners achieve this goal and move one step closer to a more sustainable and economical operating procedure. (Bureau Veritas Vietnam, Dịch Vụ Trực Tuyến.)
4.3 Vinamilk Corp

4.3.1 General Introduction

Vinamilk Corp, short for Vietnam Dairy Products Joint Stock Company was established 41 years ago on the 20th of August, 1976 on the basis of three factories from the past regime: Thong Nhat Dairy factory (formerly known as Foremost factory), Truong Tho factory (formerly known as Cosuvina factory) and Dielac Powdered Milk factory (formerly known as Nestle factory (Swiss). (Vinamilk, Vinamilk story.)

Vinamilk takes pride on being the leading dairy products provider in the Vietnamese market, with a wide portfolio ranging from traditional liquid milk to yoghurt, nutrition drinks for all age sectors as well as ice cream and other beverages, all adding up to a product portfolio of more than 200 items. Vinamilk’s products are distributed to 30 countries while enjoying a consumption rate of 18,000,000 products per day (Vinamilk, products). Vinamilk is currently the only Vietnamese company to be listed in the Asia’s Fab 50 Companies list presented by Forbes Asia (Forbes, 2016). In 2016, Vinamilk has contributed an amount of VND 4,131 billion as tax money and continues to stay in the top ten private business with most profound taxation contribution (Vinamilk Annual Report, 2016).

Vinamilk’s vision is stated as to become a world grade brand in food and beverage industry, where people put all their trust in nutrient and health products. Their mission is to deliver valuable nutrition to community with our respect, love and responsibility. (Vinamilk, Vinamilk story.)

Vinamilk operation surrounds five core values, which are shown in the following figure.
4.3.2 Vinamilk SWOT analysis

Strengths: Vinamilk is one of the biggest dairy producers in the Vietnamese market and is a long-standing brand close to the heart of generations of Vietnamese. This is shown by the consumption rate of 18 million products per day that Vinamilk is currently enjoying. The company has a wide product portfolio, tackling the demand on more than just traditional liquid milk but rather stretching out to nutritious drinks and other dairy products. The wide range of 200 products is paired with a complex and widespread distribution channels of more than 200,000 retailers and 575 wholesalers, resulting in impressive market share: 50% in the local liquid milk market (Dairy Vietnam, 2016), 85% of the yoghurt market, 80% of the condensed milk market and 40% of the powdered milk market (Vinamilk Annual Report, 2016). This following figure shows how extensive Vinamilk’s distribution channels and producing facilities are:
Another strength that Vinamilk possesses is the constant awareness to update their production line with a view to maximizing capacity and reaching closer to the goal of sustainable development.

Weaknesses: The biggest weakness that Vinamilk has to face stems from their wide product portfolio, leading to unbalanced allocation of resources. For instance, the ice cream product line of Vinamilk is not well-known in the Vietnamese market. Furthermore, the unbalanced distribution of production
facilities among the Northern and Southern market can generate more production costs. Despite owning facilities that produce raw materials for its production line, Vinamilk still has to rely a great deal on imported raw materials.

**Opportunities:** Internally speaking, Vinamilk has recently opened their first organic dairy cow ranch that was considered to be on par with European standards. Furthermore, the company has taken action to expand their sale channels by opening up the Vinamilk eShop and by working together with FPT Retail to open up more dairy selling chains. Mrs. Mai Kieu Lien, CEO of Vinamilk, is also believed to be working to strike an M&A deals with a dairy company in the United States of American with a view to expanding Vinamilk’s international markets (Phuong, 2016). All of these actions introduce many development opportunities for the company.

Alongside various other local businesses, Vinamilk is exposed to great number of opportunities after Vietnam became a full member of WTO in 2008. At the end of 2016, the Vietnamese dairy industry was expected to grow 8% annually, which poses a huge development opportunity to Vinamilk. This trend is paired with the government decision to issue approximately VND 2,000 billions to develop the dairy industry in Vietnam until 2020 (Ministry of Industry and Trade, 2010).

**Threats:** With Vietnam joining the WTO, local businesses will have to face the challenges coming from international brands. Another force to be reckoned with is the challenge of the local dairy producer such as TH Corp. Furthermore, the Vietnamese market poses some threats such as high rate of inflation.

4.3.3 CSR strategies and activities

In 2012, Vinamilk was one of the first Vietnamese businesses to conduct a full sustainable report of their operation. It is even more impressive, putting in mind that in 2012, the perception of CSR and sustainability in Vietnam was somewhat lacking and underdeveloped. The following timeline points out a few noticeable internal initiatives that Vinamilk has carried out to pursue the goal of sustainable development during the period of 2012 to 2016.
Another aspect of internal CSR that Vinamilk has placed tremendous consideration concerns their human resource. In 2016, Vinamilk ranked second in the top 100 best workplaces in Vietnam according to a research by Nielsen and Anphabe based on several factors such as salary, bonus, working quality, and other benefits (Vinamilk Annual Report, 2016). In order to solidify their prestigious position as an ideal workplace, in 2016, Vinamilk has come up with various schemes dedicated to each facet of the working environment.
<table>
<thead>
<tr>
<th>FACET</th>
<th>INITIATIVES IN 2016</th>
</tr>
</thead>
</table>
| Talent Management        | • Management Trainee Program 2016.  
                          | • Talent Management Program. |
| Training                 | • Training Consultant Initiative for high-ranked managers.  
                          | • Leading Paradigm Training Program to ensure the correct ethical requirements and leading practices among all levels of management. |
| Working Environment      | • Frequent assessment of work safety.  
                          | • Apply a coherent code of evaluation to assess performances among different units of Vinamilk. |
| Workforce Relationship   | • Completely adhering to the new regulations on workforce issued by the government in the Worker Convention 2016 |
| Salary and Benefits      | • Finish issuing salary raise based on examination of performance for 2016.  
                          | • Finish deploying employees stock program |
| Internal Communication   | • In 2016, Vinamilk initiates the “Diamond Idea” program to promote creativity in the workplace |

Table 4 Vinamilk Human Resource Initiatives (Vinamilk Annual Report 2016)
Externally speaking, Vinamilk is a major contributor of social welfare, with activities catering for the needs of people from all age groups. Some of their most outstanding activities in 2016 include:

- Vinamilk cooperated with the Vietnam Pediatric Association to host the 22nd National Pediatric Conference and provide nutrition consultancy for children (Son, 2016).
- Vinamilk Initiated 'Sua Vuon Cao Vietnam 2016’ Fund, gifting VND 22,500 billion worth of dairy products for more than 40,000 children from over 40 provinces (P.V, 2016).
- Organizing conventions for the elderly in many provinces and cities such as Dong Nai, Nghe An, Hanoi, etc... and provide health consultancy for over 3,500 elderly. Furthermore, Vinamilk worked together with Cho Ray Hospital to provide nutrition consultancy for over 1 million patients and medical training for over 600 employees of the hospital. Vinamilk even went the extra miles to develop many nutritious products dedicated for specific diseases (Vinamilk Annual Report, 2016).

4.4 Vietnam National Coal – Mineral Industries Holding Corporation Limited (Vinacomin Group)

4.4.1 General Introduction

The Vietnam National Coal – Mineral Industries Group (Vinacomin), formerly known as the Vietnam National Coal Corporation was established on October the 10th, 1994 according to Decision No.563/0DD-TTg issued by the Prime Minister of Vietnam, to answer to the needs of a representative body for the State’s coal and mineral industries. With that goal set in mind, the Group has employed the mindset of developing diversified businesses based on coal operation as well as setting up plan for innovation of structure and management with a view to improving efficiency. (Vinacomin, history.)

Vinacomin has seven main business areas:
Vinacomin’s management and administration body consists of three components: The Board of Management chaired by Mr. Tran Xuan Hoa; the Supervision Bureau and the Executive Board with Dr. Le Minh Chuan being the President and CEO. Additionally, Vinacomin Group has 60 subsidiaries, including 23 companies of limited liability and state-owned companies with 100% legal capital being owned by the Group, 32 joint-stock companies in which Vinacomin holds more than 50% of legal capital and 5 non-profit units. (Vinacomin, Organization chart.)

4.4.2 Vinacomin SWOT analysis

**Strengths:** With the Vietnamese marketing still depending heavily on coal to generate energy, Vinacomin thrives as the sole provider of coal for many industries and plays their part in protecting the national energy security and regional shifting of economic structure. Vinacomin possesses a broad range of subsidiaries that span across various businesses, allowing flexibility in their
operation. Additionally, Vinacomin is in charge of some of the biggest coal and mineral ores in Vietnam, giving them stable sources of raw materials.

**Weaknesses:** Vinacomin’s first and foremost weakness lies in the lack of qualifying methods in terms of labor workers, which might reduce working efficiency or induce extra costs on training. Also, the poor management on environmental and safety in the workplace from Vinacomin can weigh down the potential profitability of the Group. Furthermore, with a large number of subsidiaries and associated companies, it is extremely challenging for Vinacomin to focus their resources evenly, considering that the revenue after tax acquired from the the coal-related businesses of the Group has been exploited to make up for the lost coming from other businesses in Vinacomin portfolio (Nguyen, 2013). Also, the lack of efficient management from the Vinacomin Group towards many of their subsidiaries has resulted in financial losses.

**Opportunities:** The biggest opportunity for Vinacomin comes from the natural potential of Vietnam in terms of coal and minerals, which allows for a massive amount of raw materials. Statistically, Vietnam has more than 36,000 billion tons of coal across all mines of the country (VIGMR, trang chu). At the same time, the government realizes the importance of the coal industry in general and Vinacomin in particular, leading to a number of decisions that facilitate the operation of Vinacomin such as Decision No. 549/QD-TTg (Vietnam Government Portal, 2012).

**Threats:** Vinacomin has to face with the shifting of the society in general towards a more sustainable future, meaning that the use of coal to generate energy is and will be limited in the future while more sustainable sources of energy being promoted. Due to over exploitation, the fossil fuel capacity, coal included of Vietnam has been shrinking tremendously, which will affect Vinacomin heavily in the future. In addition, with Vietnam joining the WTO 2008, Vinacomin has to face with foreign competitors with better and more efficient technologies and business practices. The last threat that Vinacomin has to face comes from the decision of the government in 2001, turning the Group’s mother
company into a one member Co., Ltd owned by the Government, limiting the growth potential of the Group in general (Vietnam Government Portal, 2010).

4.4.3 CSR strategies and activities

Unlike the other case companies, Vinacomin internal CSR is the least impressive. However, the Group has made efforts to raise their bar in terms of improving their environmental controls and work safety, showing through many decisions made by its subsidiaries such as Decision No. 3870/ QD-THL on issuing the hygiene and safety standards for Than Ha Long Vinacomin one member Co., LTD.

What they are current lacking in internal sustainable initiatives, Vinacomin makes up for by becoming one of the most active businesses in terms of taking care of social welfare on a nation-wide level. Some of their most preeminent activities in 2016 are shown in this table:

<table>
<thead>
<tr>
<th>PLACE</th>
<th>ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Binh Lieu District</strong></td>
<td>Quacontrol, a subsidiaries of Vinacomin, has presented poor students with VND 39 million worth of stationery and school essentials.</td>
</tr>
<tr>
<td><strong>Mong Cai City</strong></td>
<td>Vinacomin supports a poor household VND 50 million to help them rebuild their house.</td>
</tr>
<tr>
<td><strong>Many coastal provinces in the Central of Vietnam</strong></td>
<td>VND 800 million as support for many provinces in the central region after a natural disaster.</td>
</tr>
<tr>
<td><strong>Binh Dinh Province</strong></td>
<td>Staff members of the coal-mining hospital support VND 13 million worth of rice for more than 256 patients.</td>
</tr>
</tbody>
</table>
Phnom penh, Cambodia

Vinacomin Informatics, technology, environment Joint Stock (Vite), a subsidiairies of Vinacomin has supported Vietnam – Khmer school in Cambodia 5 sets of computer.

Quang Ninh Province

Vinacomin Group has supported Quang Ninh General Hospital two modern blood filtering equipments.

Table 5 Vinacomin outstanding social activities in 2016 (Vinacomin official webpage 2017)

4.5 FPT Corporation

4.5.1 General introduction

The following graphic shows a few noteworthy time points in the development of FPT Corp.

Figure 24 FPT Corp through the year (FPT Annual Report 2016)

FPT Corp is built surrounding six business values:
Popularly known as the number one IT service company in the Vietnamese market, FPT Corp operates in the fields of IT, with expertise ranging from software development, system integration, IT services to telecommunication, high end IT training. All of these operations are categorized under four main business sectors:

- **Technology Sector**
  - Software development
  - System integration
  - IT services

- **Telecom Sector**
  - Telecom services
  - Digital contents

- **Technology product distribution & retail sector**
  - Technology product distribution
  - Technology product retail

- **Education & others**
  - Education
  - Others

Figure 25 FPT Corp Business Cultures

Figure 26 FPT Corp business sectors (FPT Annual Report 2016)
Being a Joint Stock company, the organization structure of FPT Corp is as following:

![FPT Corp organization structure](image)

Figure 27 FPT Corp organization structure (FPT Annual Report 2016)

In 2016, FPT Corp’s services and products cover 63 cities and provinces nationwide and reach out to over 21 countries, bringing the company a revenue of USD 1.8 billion.

### 4.5.2 FPT Corp SWOT analysis

**Strengths:** First of all, FPT Corp is the leading IT service provider in Vietnam, with a strong brand power and popular reputation among the Vietnamese. Second of all, FPT developed businesses in foreign markets not only bolster the brand reputation, but in the long run, can also enhance the company business ethics. The last strength of FPT Corp that the author wants to mention is their
ability to self provide many functions of their own business. For instance, FPT products are then distributed by the corporation’s own distributing and retailing units. Furthermore, by opening their own education unit (university level), FPT can train their future workforce.

**Weaknesses:** Having four business sectors means that FPT Corp will have a hard time allocating their resources balancedly to maximize the potential of each sector.

**Opportunities:** As the author has discussed earlier in sub chapter 3.2.1, the Vietnamese population is very young, allowing for faster and more optimized exposure to new technologies. Furthermore, in the same sub chapter, the author has drawn out a conclusion that the rate of internet and smart devices in Vietnam is on the rise, which creates the ideal environment for FPT Corp to develop. Additionally, operating in foreign markets, some of which are more developed compared to Vietnam, means that FPT Corp will have the chance to learn and develop their business practices.

**Threats:** With Vietnam being a member of WTO, the battle to win market share in the local market will be severe due to the entrance of various international competitors. Furthermore, the local economy still holds many threat towards businesses such as high inflation rate.

### 4.5.3 CSR strategies and activities

To FPT Corp, sustainable development is equal to fulfilling the economic responsibilities, social responsibilities and environmental responsibilities in a balanced fashion, with the biggest priority being placed on the economic responsibilities as without financial success, FPT Corp cannot provide sustainable values to their stakeholders. Over the year, FPT Corps has steadily carried out their sustainable plan based on three main directions, as stated by FPT's CEO, Mr. Bui Quang Ngoc:

**Sustainable development indicators need to be quantified, measured and controlled with the suitable tools.** FPT has been making use of the Balanced Scorecard since 2012.
Contributions to the development of society and environmental protection have to be based on Technology – the core strength of the company. As an IT company, FPT is urged to employ technologies to enhance performances, efficiency and cut down on operation costs as well as assisting in solving social problem such as energy saving, emissions reduction and more.

Humans are always the key factor in sustainable development. FPT vouches to focus on developing the aspect of human resource and investing on talents.

The following illustration provides a general overview of FPT’s sustainable initiatives in number.

Figure 28 FPT’s 2016 CSR in number (FPT Annual Report 2016)

FPT’s CSR orientation is divided to six main objectives:

Quality education: Though FPT university, they integrate advanced educational technology and IT into the process of learning, alongside with training program that are built according to international educational standards. Furthermore, FPT pays great attention to building their online university FUNiX with a view to creating chances for students to connect with IT experts working
in the local market. FPT University also provides scholarship as a way to promote education.

**Industrialization, Innovation & Infrastructure:** FPT focuses on offering IT solutions for many national economic industries, contributing to the process of modernization and efficiency enhancement. Furthermore, FPT aims to employ IT tools to solve many other social issues.

**Creating jobs & boosting economic growth:** FPT’s goal is to bolster sustainable revenue growth by boosting R&D and by offering new products or services as well as by geographical expansion. Being an IT and technology based business, FPT closely attends to initiating policies to discover and foster new talents as well as building a learning workplace with high level of competition for their existing workforce.

**Clean & sustainable energy; Responsible consumption & production; Actions to respond to climate change:** FPT makes use of technologies to minimize the use of natural resources while coming up with various ways to raise the awareness of environmental protection and energy saving among their employees. Other actions such as periodically evaluating the discharge of wastes to minimize environmental pollution or using efficient energy solution in corporate buildings are all considered and executed. (FPT Annual Report, 2016.)

Additionally, FPT Corp contributes to the society through philanthropic activities such as hosting "FPT for the society” day annually to help poor or handicapped children and the society in general. The event consists of various activities like supporting students in poor regions with school essentials, cleaning the coastline, planting trees, blood donations, etc… In 2016, it is estimated that all FPT offices nationwide have put together VND 100 billion for charity (Ngoan, 2016).
5 Conclusion

This chapter will aim to provide a general remarks of how the CSR situation in Vietnam is looking, via the analysis of how CSR is perceived and implemented in the abovementioned five case companies. Additionally, the author will attempt to provide a list of solution to improve the CSR situation in this market.

5.1 The reasons for the Vietnamese perception of CSR

As shown in the analysis of the five case companies, CSR perception is very much leaning towards charity acts and philanthropic activities, especially in the case of Vietnamese-based, state-owned company (Vinacomin). As for Kido Group, Vinamilk Corp and FPT Corp, their attentions are placed in a more balanced manner between social philanthropic activities and internal & environmental initiatives, but these companies still have a long way to go to reach the Western level of Corporate Social Responsibility and sustainability. The last case company, Bureau Veritas Vietnam approaches the concept of CSR from a more indirect manner on account of their line of business. The reasons for this approach will be analyzed subsequently.

As the author has mentioned earlier in the PESTEL analysis, Vietnam is ruled by the Communist Party, which is the most powerful institution and has the last words on various aspects including politic, economic, educational, environmental to name a few. However, as the governmental activities of the Communist Party is full of bureaucracy and is relatively burdensome, the quick development of the economy relies heavily on foreign direct investment (FDI). With the lacking of governmental actions, the community looks for major corporations in the provision of social service such as infrastructure investments, life enhancing initiatives or educational ones. Furthermore, Vietnam inherits a deep-rooted sets of religious beliefs for Buddhism, which encourages kindness. This also has some effects on Vietnam originated businesses’ perspective on CSR.

Visser (2008) also constructed the CSR pyramid for developing countries, in which philanthropic responsibilities are deemed to be more important than legal
and ethical responsibilities. Vietnam is regarded as a developing country, meaning that the CSR development in this market adhere to Visser’s studies.

5.2 The current situation of CSR in Vietnam

Many experts in CSR, including Brigitte Hamm (2012) has affirmed that the CSR developing progress in Vietnam was initiated and is currently largely maintained by International economic players. The concept of CSR at first was introduced into this market via the investments of multinational corporations, who brought and enforced their Code of Conducts on Vietnamese facilities and branches to ensure global coherence among their organizations. Aside from the examples shown in the Chapter 4, the author would like to list out a few similar cases: “Toi Yeu Viet Nam” Program tailored by Honda to raise awareness on safe commuting, or the program on educating personal hygiene for children organized by Unilever, or in the case of Cocacola Vietnam, they come up with various initiatives to provide clean, drinkable water for the poorer regions of Vietnam. Witnessing the profound impacts these strategies and initiatives have had on the brand and the society as a whole, together with Vietnam’s participation into the WTO, big local businesses with mindsets of going global quickly learned from these international players and started putting efforts in integrating CSR in their daily operation. Along with this realization comes better financial results, in 2008, the Institute of Labour Science and Social Affairs conducted a survey on 24 enterprises in the field of leather footwear and textile, which retracted results showing that thanks to CSR implementation, these businesses have witnessed increase in revenues, labor capacity and even better exporting rate (Vietnam Textile and Apparel Association, 2008).

As from the governmental point of view, the topic of CSR is drawing more and more concerns due to the increasing number of environmental and social violations (which will be discussed in this chapter also) and the pressure coming from the society regarding the protection of the environment. This leads to many decisions regarding the prevention of environmental violations as well as setting up economic initiatives to facilitate sustainable social development. One of such decisions is Decision No. 192/QD-TTg in 2017 that gave approval to the plan of developing the environmental industry until 2025 (VEA, 2017); or Decree No.
155/2016/NĐ-CP that provided a punishment framework for violation of the environment, applied for many units including businesses (VEA, 2016). At the moment, the most active governmental institution in terms of CSR is the Vietnam Chamber of Commerce and Industry (VCCI for short) with various topic-related initiatives from the 2005 inauguration of the “CSR towards sustainable development” award alongside other governmental bodies such as the Ministry of Labor, Ministry of Industry and Trade to name a few (Nguyen et al., 2015), to the launching of the Global Compact Network Vietnam as the cooperation between VCCI and the United Nations (Hamm, 2012). Another governmental body that is relatively active in CSR reformation in Vietnam is the Vietnam General Confederation of Labor (VCGL for short) whose branches are cooperating more and more union of Western countries to strengthen labor rights in Vietnam.

However, the CSR situation in Vietnam is not all bright. Records are still showing various violation of ethical and environmental standards. Some of the most catastrophic environmental violations in the history of Vietnam includes:

**The Vedan Incident:** Vedan’s MSG plant in Dong Nai Province plays an important role in the ecological balance of Thi Vai river as its water treatment system is very close to this river. However, for 14 years, Vedan’s MSG plant has been secretly discharging untreated waste water into Thi Vai river, causing tremendous ecological deterioration (Luu, 2011). This malpractice was only stopped after the government organized an investigation into the matter.

**The Formosa Incident:** Taiwanese – owned steel plant Formosa Ha Tinh Steel was the culprit in the worst case of environmental violation in the history of Vietnam as they were concluded by the government investigators to have caused the massive fish dead in the Coastal area of Vietnam by discharging poisonous wastewater directly to the sea with no treatment whatsoever. From April 6th to April 18th, the death of millions of fish along 200 km of coastline has severely threatened the livelihoods of fishermen, restaurants and fishsauce producers (Boudreau, Pham & Mai, 2016). Answering questions as part of Reuter’s investigation, the Vietnamese Ministry of Natural Resources and
Environment claimed that it could take at least ten years for the area’s ecological system to restore (Pham & Nguyen, 2016).

Another field of violation currently frequent in the Vietnamese market for the past few years is poor quality control from the food industry. In 2014, the Center for Food Safety Application, a subsidiary of the Ministry of Health, conducted a survey on food quality and stated that in the same year, there have been 189 food poisoning cases, affecting more than 5,000 people. According to an inspection of more than 500,000 food manufacturing facilities, the rate of violation of sanitary conditions, unhygienic producing instruments and equipments was nearly 22% (Hien, 2014)

Additionally, the Vietnamese market has to face with many business-related social issues such as the use of child labor. A research conducted by ILO in 2012, indicates that there are approximately 1,75 million child workers from the age of 5 to 17, which is an equivalent of 9,6% of children from this age group (Vu, 2015). Poverty, unbalanced distribution of wealth, poor living standard and poor working conditions are also among many other issues looking to be solved through better social awareness of local businesses and governmental social initiatives.

With 80% of local businesses being small and medium-sized, the journey towards modern CSR practices and sustainable development in Vietnam is still full of challenges. Despite the examples set by multinational enterprises and local big businesses as well as various workshops and complementary award hosted by the government, many SMEs still refuse to comprehend the long-term benefits of CSR strategies but rather solely focus on delivering the best possible economic results, resorting to even exploitation of employees, avoiding tax, fraud and other malpractices.

5.3 Causes and solutions

5.3.1 Causes of the poor CSR practices in Vietnam

The currently sluggish application of CSR in Vietnam can be traced back to these reasons: First and foremost, it is undeniable that the level of awareness of
CSR varies considerably among businesses in the market. Multinational corporations carry their more advanced Code of Conducts and a sense of willingness towards CSR integration into the Vietnamese branches whilst local major businesses pursue this topic with a learning attitude. Local SMEs, as discussed earlier engage very limitedly in this process. Secondly, the lack of financial power from businesses and from the market forces corporations to focus even more on short-term financial responsibilities and limits their budgets for long-term investment on sustainability and CSR initiatives. Thirdly, the contradictions in the regulations system of Vietnam concerning salary, compensations and other working-related issues make implementing CSR very complicated, moreover, there are many differences in the Vietnamese Labor Code compared to international partners’ Code of Conducts, causing misunderstanding for the local companies. Lastly, having to adhere to multiple sets of Code of Conducts, both from the government and from the more developed partners, creates confusion inside the organization and productivity decreasing, which may lead to hesitation to apply them.

5.3.2 Solutions

In order to facilitate the implementation of CSR in the Vietnamese market, efforts and inputs from all parties are equally important.

From the State: The most important thing that the State could do to facilitate the implementation of CSR strategies is to supplement and perfect the national legal frame in order to close any loopholes, shortcomings and inadequacies that might be used by businesses to avoid social responsibilities. Furthermore, by upgrading and configuring the parts of the legal system that concerns business ethics and working environment in general according to those of more developed markets, the State can allow more smoother application of more developed CSR strategies in the case of international cooperation or M&A for instance. Coordinating activities of governmental agencies, departments and organization should also be a matter of concern.

Another way the State can expedite the implementation of CSR is to include this concept into university level education as well as cooperating with major corpo-
rations to organize workshops or talk shows to introduce and explain this topic to private SMEs.

The government can also attempt to promote the implementation of CSR and sustainable initiatives among businesses by means of policies while at the same time, reorganizing the inspecting function of governmental agencies to get rid of bureaucracy.

**From the businesses:** From the viewpoint of businesses, it is extremely important to raise the internal awareness of the employees, regardless of their hierarchical positions. Furthermore, building the business around the long-term ultimate goal of sustainable development should be constantly considered by business leaders. Local business owners need to realize that CSR integration is not a simple matter and it requires serious attitude and dedication of time and resources. As human resource plays an important role in the success of CSR strategies, businesses, rather than just focus on internal training, should pay attention to help building stronger labor and trade union.

**From the community:** The most significant driver for businesses’ financial success is the consumption power of the community, meaning that they can play an important role steering corporations of all sizes towards more responsible ethical and responsible practice simply by choosing the brand carefully.

### 5.4 Recommendations for further study

It is strongly believed by the author that the CSR “big picture” in the Vietnamese market will be fulfilled with the analysis of SMEs’ CSR practices. Because SMEs play an important role in the country GDP and are the main drivers of the country’s economy, their impacts on the society and the environment are of great significance. Further studies in the future can tackle this topic in two directions, either focusing on the CSR practices and malpractices of Vietnamese SMEs or focusing on initiatives to enhance the awareness and implementation of CSR by Vietnamese SMEs.
6 Summary

The author chose this topic thanks to the inspiration he found in CSR related courses at Saimaa University of Applied Sciences as well as his personal concern towards the increasing prejudice on the CSR situation in Vietnam based on the increasing number of environmental violations. Hence, the author has conducted this research in order to show that there is a very bright side to the CSR situation in this market, in which big local and international corporations are trying to be exemplary in conducting CSR practices, thus helping not only themselves financially but also helping the society as a whole.

The general aim of the thesis is to draw out a general picture of CSR application in the Vietnamese market via the studies of five case companies: KiDo Group, Vinamilk Corp, Bureau Veritas Vietnam, FPT Corp and Vinacomin Group. The thesis is divided into two parts:

The theoretical part, in which the author discussed the history of CSR, various definitions and models of CSR. From his point of view, the most effective and most applicable CSR model is the customer driven model as it tackles CSR from a different and more modern viewpoint in the nowadays market economy era.

The empirical part, in which the author analyzed the distinctive CSR model tailored for developing countries and the Vietnamese market in particular. He also analyzed this market based on the PESTEL method before digging into the five case companies. This research was conducted based on the information provided in the case companies’ official website, annual reports, CSR reports and other third party sources. From there, it can be seen that Vietnamese originated companies tend to perceive and report CSR on the philanthropic side more (KiDo Group, Vinacomin Group) while in the case of FPT Corp, Bureau Veritas and Vinamilk Corp, their level of exposure to more developed market and CSR strategies is higher, resulting in more well-rounded CSR perception and report culture. The author ended the preliminary part by providing reasons for the general perception of CSR in Vietnam, the current situation, causes and solutions for bettering the CSR implementation in Vietnam.
To summarize, the conclusion part answered all the research questions alongside the author’s indication of limitations and recommendations for further researches for this subject.

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