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CORPORATE SOCIAL RESPONSIBILITY REPORTING IN LARGE LISTED VIETNAMESE COMPANIES

LAHTI UNIVERSITY OF APPLIED
SCIENCES

Degree programme in International Business
Thesis

Autumn 2011

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Lahti University of Applied Sciences
Degree Programme in International Business

LE, THI THUY TRANG:

Corporate Social Responsibility
Reporting in Large Listed Vietnamese
Companies

Bachelor's Thesis of Degree Programme in International Business, 87 pages, 8
pages of appendices

Autumn 2011

ABSTRACT

Corporate Social Responsibility (CSR) reporting is a necessity, as good CSR practices attract and retain capital for investment and economic growth. This study analyzes CSR reporting practices in large listed Vietnamese companies in comparison with international standards with the goal of determining the current level of CSR reporting practices in Vietnam and identifying areas for improvement.

Utilizing the induction method in parallel with a qualitative approach, the main research method of this study is content analysis applied to a carefully selected set of annual reports. Books, journals, company websites, personal observations and interviews with experts in CSR practices in Vietnam also provide data. Content is evaluated on six themes: the economy, labor, society, the environment, product responsibility and human rights. Findings are compared against the Global Reporting Initiative (GRI) guidelines and against previous studies.

Analysis reveals that CSR reporting practices in large listed Vietnamese companies lag behind the practices of developed countries' companies, particularly in comparison to GRI guidelines: human rights reporting is absent in Vietnamese reporting, for example. Overall, a trend is identified toward increasing disclosure by Vietnamese companies, though many areas require improved reporting.

Keywords: corporate social responsibility, CSR, large listed companies, Vietnam, annual report, AR

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GLOSSARY

AR	Annual Report
CEO	Chief Executive Officer
CERES	The Coalition for Environmentally Responsible Economies
CSR	Corporate Social Responsibility
GC	Global Compact
GRI	Global Reporting Initiative
HNX	Ha Noi Stock Exchange
HOSE	Ho Chi Minh Stock Exchange
JSB	Joint Stock Bank
JSC	Joint Stock Company
MOF	Vietnam Ministry of Finance
NGOs	Non-Governmental Organizations
SD	Sustainable Development
SSC	State Securities Commission of Vietnam
TBL	Triple Bottom Line
UN	United Nations
UNEP	The United Nations Environmental Programme
UNGC	United Nations Global Compact
VCCI	Vietnam Chamber of Commerce and Industry
WB	World Bank
WBCSD	World Business Council for Sustainable Development

1 INTRODUCTION

1.1 Background information

Corporate Social Responsibility reporting is considered a critical element in evaluating the impacts of corporate activities, identifying best practices and promoting continuous improvements in performance of firms (O'Rourke 2004, p. v). The emergence of CSR has brought a refocus of investment decision and consumer choices on ethical businesses, or at least on businesses that provide more transparency in their operations. As such, CSR reporting is a popular topic in recent years, receiving a great deal of attention from businesses and academics in different parts of the world. The apparent benefits of CSR reporting, particularly in promoting business and encouraging investments, has encouraged CSR reporting to become a subject of concern in every economy. The case is very true in developing countries that are in dire need of investments and export opportunities. Similar to other emerging markets, Vietnam needs to have good CSR practices in order to attract and retain capital for investment and economic growth.

Since the Doi Moi (Renovation) policy was carried out in Vietnam in mid-1980s, the country has experienced rapid growth. Due to the process of globalization, international economic integration has brought to Vietnam many business opportunities and chances. However, at the same time, the rapid development has caused many side effects that the country is trying to resolve, such as waste management, energy savings, safety standards, and ensuring the well-being of workers (Bui 2010, 75). In addition, international importers usually request from developing country's exporters guidelines or standards such as: SA8000, AA1000, ISO14000, etc., which require companies to implement business codes based on respect for people, communities and environment. For this reason, Vietnamese export-oriented companies, most of whom have little experience with CSR, have encountered many problems of CSR (Bui 2010, 75).

This research originates from the author's strong desire for the improvement of CSR reporting in Vietnam, where the awareness of CSR has just started in recent years and has been recognized by only a handful of organizations. The perceptions of CSR in the country are archaic, in part because companies and manufacturers believe that the cost of CSR is high while the return on investment is low, or nearly non-profitable. However, as an export based economy, Vietnamese businesses are beginning to understand CSR's importance in order to compete effectively in today's global arena. (Ha 2011.)

The aim of this study is to compare large listed Vietnamese companies' efforts in CSR reporting with corresponding international results. In addition, another aim is to assist companies and manufacturers operating in Vietnam with a better understanding of CSR reporting. The author believes that the outcomes of this research will be of substantial value for businesses and society alike.

The research's result sheds light on CSR practices in Vietnam, which up until now have been largely unnoticed. This will not only benefit Vietnamese companies in improving their reporting practices, but will also benefit multinational companies. The country is a popular outsourcing destination, in which a number of manufacturers, such as Nike and Nokia, have already established a presence. The increasing pressure on these manufacturers to conform to CSR codes means that transparency is required not only in the headquarters, but also in the whole supply chain. Research on the reporting practice will help identify the pros and cons of disclosure for potential suppliers in Vietnam and help them adjust or improve accordingly.

On the other hand, this firsthand research on the content of CSR information will serve as a guide for stakeholders on assessing the performance of CSR disclosure in Vietnamese companies. Consequently, the public will have a benchmark to evaluate each company's CSR, which will potentially lead to better disclosure practices.

1.2 Research objectives, questions and scope

The purpose of this study is to analyze CSR reporting practices in large listed Vietnamese companies. Afterward, the author compares the results with corresponding international results and subsequently the GRI guideline, which is the most popular international standard. The author desires to find an answer to the question: How are CSR reporting practices in large listed Vietnamese companies? In order to clarify the main question, studies are made to answer the following sub-questions:

- 1) CSR reporting regulations: How CSR reporting is regulated in Vietnam?
What kind of laws, regulations and/or standards exist and what do they say about reporting?
- 2) CSR reporting practice:
 - What are the differences between current reporting practice and previous finding about CSR in Vietnam?
 - What motives and objectives appear behind CSR reporting?
 - What documents and methods are used in CSR reporting?
 - What information is presented?

1.3 Theoretical framework

The thesis is divided into two main parts: the theoretical framework and the empirical part. Different sources of data are obtained for each part. The theoretical framework of this study consists of theories and literature on CSR reporting. The theoretical literature typically gives basic information for the research question about “CSR reporting practices” with the two sub-questions mentioned above. The theoretical framework begins with an overview of corporate social responsibility reporting that is based on previous theoretical and empirical studies which include:

- theoretical background of CSR reporting;
- factors influencing the extent and nature of CSR reporting;
- motives behind voluntary CSR reporting;
- reporting practices and methods;
- reported information;
- CSR reporting in developing countries; and
- CSR reporting in Vietnam

The research materials in the theoretical study consist of previous theoretical and empirical researches published in international scholarly journals and in scientific publications over the past two decades and published sources such as books, articles and theses about CSR.

In addition, the author has gathered invaluable insights from interviews with Ha Nguyen, Officer of Vietnam Chamber of Commercial and Industrial and Nguyen Vinh Loi, Director of Auditing and Informatics Services Company, Da Nang Branch. Information was gathered using unstructured interviews. Since CSR research in Vietnam is very limited, the exploratory nature of this thesis induces the author to rely on unstructured interviews.

1.4 Research approach

According to Saunders, Lewis & Thornhill (2009, 43), research methodology is an important part of a study determining how the study is carried out during the research process. The research methodology section is normally divided into two parts: research design and data collection.

The research approach is the most important in research design which allows for answering the research question in the best possible way and influences the quality of empirical research (Ghauri & Grønhaug 2002, 47). There are three different choices of research approach: deduction, induction and combination. The research approach applied in this thesis is induction which means that general conclusions are drawn based on empirical observation and the data that are

collected and analyzed. This is different from deduction which starts with a theory or hypothesis; research is then carried out to test the hypothesis. (Saunders et al. 2009, 124-126; Ghauri et al. 2002, 13-14.)

Based on the nature of inductive research approach, the author decided to use the qualitative method for data collection. Ghauri et al. (2002, 88) consider qualitative methods the most useful application for induction as they can lead researchers to hypothesis building and explanations. Qualitative research is a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that makes the world visible. On the other hand, quantitative method stresses the measurement and analysis of causal relationships between variables. (Denzin & Lincoln 2005, 10.) Qualitative data sources include observation and participant observation, interviews, questionnaires, documents and texts, and the researcher's reactions (Myers 2009, 8).

Furthermore, in order to obtain fuller understanding through material collected, the author employs content analysis as the main research method. Content analysis is a systematic research method for analyzing textual information in a standardized way that allows evaluators to make inferences about that information. In content analysis, evaluators classify the key ideas in a written communication, such as a report, article, or film (Krippendorff 1980, 21-27). Accordingly, content analysis is used to analyze transcription data and any other types of data that can be reduced to textual form (Brewerton, Millward & Lynne 2001, 151).

The empirical part of this study is conducted using both primary data and secondary data. Primary data are collected from the interviews with a law authority, an auditor and also from author's observations through journals and articles. Consequently, journal and articles about CSR are considered the main secondary data in this study. The author focuses on using international journals and articles because they are likely to provide most up to date information about this particular field. Additionally, secondary data also consists of ARs and special CSR reports. The empirical part of this study is constructed in three parts:

- (1) definitions, motives and objectives of voluntary CSR reporting;
- (2) location and volume of the CSR information; and
- (3) content and quality of reported information.

The author conducts this thesis by utilizing the analysis of qualitative data consisting of formal CSR reports published by large Vietnamese companies listed at Ho Chi Minh Stock Exchange (HOSE) and Ha Noi Stock Exchange (HNX). In this process, content analysis is applied to evaluate CSR policy information and stakeholder information as well as CSR's three dimensions of economic, social and environmental issues.

The following Figure 1 demonstrates the research design of this study:

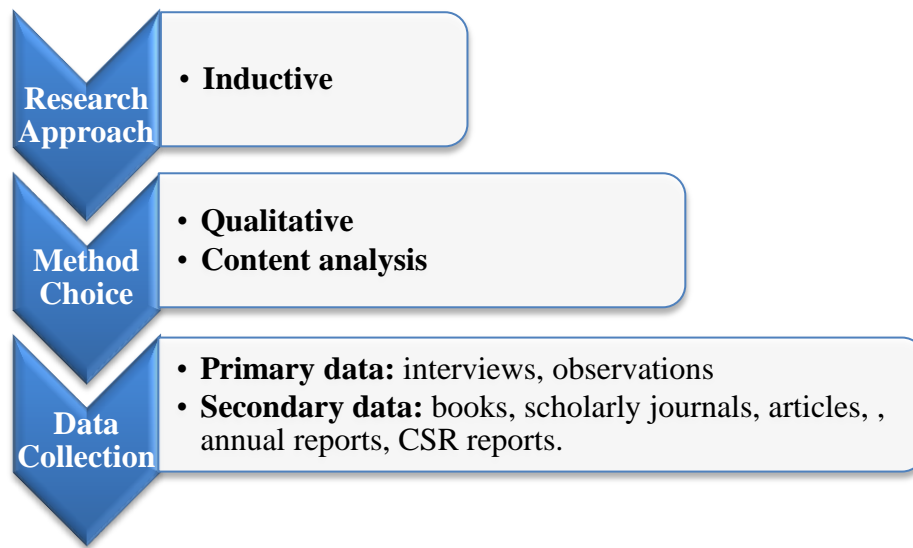


FIGURE 1. Research design.

1.5 Thesis structure

The thesis consists of two main parts: theoretical framework and empirical study.

Firstly, the theoretical framework is allocated in Chapter 2 and Chapter 3. These chapters aim to provide readers with background information about CSR reporting and general knowledge about CSR reporting studies.

Secondly, the empirical part of the thesis is located in Chapter 4 and Chapter 5 focusing on analyzing CSR reporting of the large listed Vietnamese companies. Chapter 4 sets the scene for this research in which research context, data collection and methods are presented. Chapter 5 is the in-depth analysis of CSR reporting in Vietnam based on the analysis of qualitative data and the method of content analysis.

Finally, Chapter 6 is the conclusion of this thesis consisting of two main parts: conclusions and limitations and recommendations. The conclusion presents the result of this study about CSR reporting in large listed Vietnamese companies, following by a comparison with previous international results.

The thesis structure is described in the Figure 2 below:

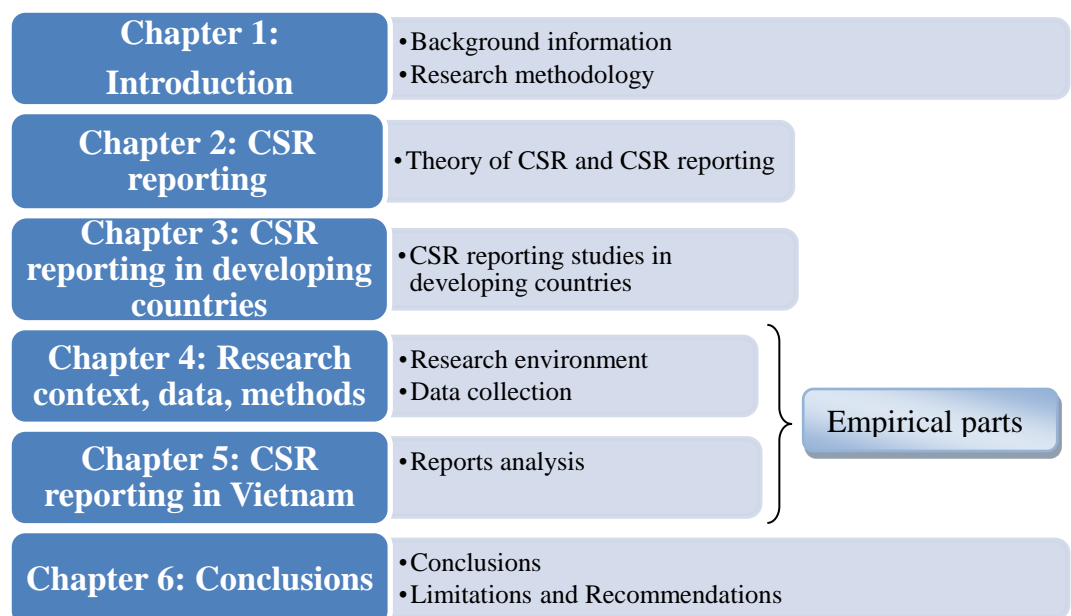


FIGURE 2. Thesis Structure.

2 CORPORATE SOCIAL RESPONSIBILITY REPORTING

The aim of this chapter is predominantly to provide the reader with knowledge about CSR reporting. The concept of CSR is thus revisited in order to assist the reader with a better understanding about CSR reporting. Afterwards, the author will address issues related to CSR reporting such as: factors influencing the extent and nature of CSR disclosures, motives behind voluntary CSR reporting, reporting practice and methods and reported information.

2.1 Corporate Social Responsibility

Nowadays, CSR is important and evident more than ever due to societal pressure regarding business environmental, social and ethical issues. The term CSR came into existence in the early 1950s. “CSR involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law are foremost conditions when discussing the firm’s ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent. Thus, CSR is composed of four parts: economic, legal, ethical and voluntary or philanthropic” (Carroll 1983, according to Carroll 1999, 286). Or, “CSR is business commitment to observe moral standards persistently; to contribute to economic development; to improve the living standards of employees as well as their families, communities and the whole society” (WBCSD 2007).

By any means, CSR stresses on two points: first, business must conform to the legislation as well as morality; second, business must be responsible for whoever is concerned, not just for the stockholders (Chang 2009, 420). Despite the numerous definitions of CSR during the past fifty years, Carroll’s CSR conceptualization has been the most durable and widely accepted in the literature (Crane & Matten 2004, 359). His CSR definition was first presented as a pyramid model in 1991, as can be seen in Figure 3. The model has been empirically tested

and supported by many findings (e.g. Aupperle, Carroll & Hatfield, 1985; Pinkston & Carroll, 1994).



FIGURE 3. The pyramid of CSR (Carroll 1991, 42).

As described in the figure above, the CSR conceptual model provides us with categories for the various responsibilities that society expects businesses to take into account. The pyramid of CSR has four components: economic, legal, ethical and philanthropic which are defined as follows: (1) Economic responsibilities of business reflect the belief that business has an obligation to be productive and profitable and meet the consumer needs of society. (2) Legal responsibilities of business indicate a concern that economic responsibilities are approached within the confines of written law. (3) Ethical responsibilities of business reflect unwritten codes, norms, and values implicitly derived from society; ethical responsibilities go beyond mere legal frameworks and can be both strenuously undertaken and nebulously and ambiguously stated. (4) Philanthropic responsibilities of business are volitional or discretionary in nature, and as such also difficult to ascertain and evaluate. (Aupperle et al 1985, 455; Carroll 1991, 40-43.)

To practice CSR is to strive for balance between the environmental, social and economic performance of a firm. CSR is therefore the interaction amongst three dimensions: economic, social and environmental to obtain sustainable

development (SD), as can be seen in Figure 4. Ali (2007, 2) defines SD as the “development which safeguards human dignity while pursuing economic and non-economic activities that equally benefit all stakeholders without imposing serious limitations on the ability of future generations to meet their own needs”. Thus, SD goes hand in hand with business development. This explains why organizations often use CSR to portray their reputation to society and to gain a competitive advantage.

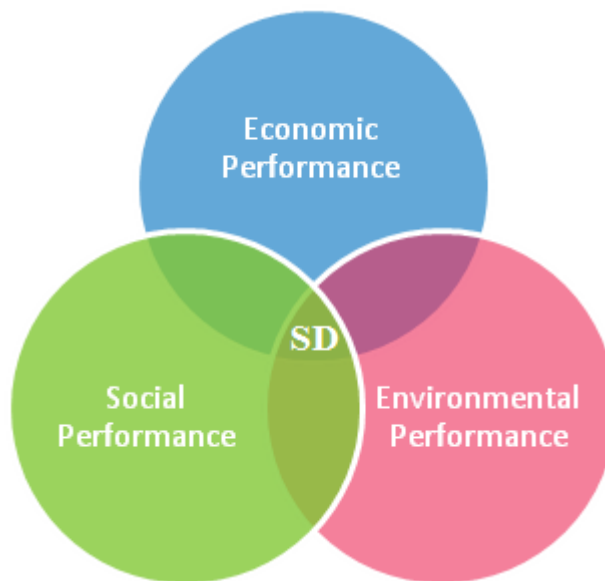


FIGURE 4. Three-dimensions of CSR.

There have been numerous arguments about the potential benefits accruing to companies, workers and community members who engage in CSR initiatives. According to Sandhu & Kapoor (2010, 48-50), CSR reporting has benefited organizations in different areas: improved financial performance and reduced operating costs; enhanced brand image and reputation; increased sales and customer loyalty; increased ability to recruit and retain employees; government support. However, the debate whether to engage CSR or not is still open. This is a controversial issue in which the opponents of CSR argue that it is not worth for a firm's CEO and other top executives to waste their precious time on CSR while the proponents of CSR support the idea that CSR is an aid to improve financial

performance, to heighten brand image and reputation, to increase sales, customer loyalty, productivity and quality, etc. (Mittal, Neena & Archana 2008, 1438).

2.2 Theoretical background of CSR reporting

In order to equip the audience with general knowledge about CSR reporting, in the two following subchapters, the author will present background information on CSR reporting and some reporting standards.

2.2.1 CSR reporting

The phenomenon of CSR reporting has attracted research attention from many different fields. In the last century, organizations were paying little attention to CSR issues which they considered unnecessary to the business. Nowadays, the enlightening in CSR awareness and perception has required more responsibilities from organizations, not only in business but also in environment and society. Moreover, many organizations find that financial reporting alone no longer satisfies the needs of shareholders, customers, communities, and other stakeholders for information about an organization's performance. As a result, organizations issue CSR reporting which announces stakeholders the company's reputation. CSR disclosures that are published separately are also known as social and environmental reports or CSR reports or sustainability reports. Douglas, Doris & Johnson (2004, 389) define CSR reporting in different forms such as social accounting, social disclosure, social auditing, social review, social reporting and sustainability reporting.

Although CSR reporting has been a subject of concern for business participants and academicians over the past two decades, there is still no single, commonly accepted definition of it. Gray (1987) defines CSR reporting as: "the process of providing information designed to discharge social accountability". Similarly, Perks (1993) defines CSR reporting as: "the disclosure of those costs and benefits that may or may not be quantifiable in money terms arising from economic

activities and substantially borne by the community at large or other stakeholders” (according to Douglas et al. 2004, 388-389). The information can be provided through several mediums or forms such as “Annual reports, special publications or reports or even socially orientated advertising” (Gray 1987, p. ix) or online versions at the companies’ websites. However, AR seems to be the main medium for disclosing CSR practices to stakeholders.

Companies use CSR reporting as a way to communicate to their stakeholders their social performance. This means of communication helps a firm to build a positive image among its stakeholders. It is also the way through which companies differentiate themselves from their less responsible counterparts, mention later on pages 23-25. (Douglas et al. 2004, 389.) Despite the importance of CSR reporting, there is still no official, regulated and harmonized CSR reporting regulation in the world. As a result, researchers and business practitioners are trying to promote the best single standardized CSR reporting model for organizations, regardless of size, industry characteristics and marketing budget.

2.2.2 CSR reporting standards

The notions of CSR and triple-bottom-line (TBL) performance have become increasingly important issues among business managers, academics and policy makers in recent years. TBL reporting is the most common framework to measure a company’s performance concerning economic, social and environmental outcomes and impacts. If an organization wants to issue an AR which is comprised of equal sections of financial and social accountability, it is the TBL report. The concept of TBL was apparently coined by Elkington in the mid-1990s, he regarded the TBL as conceptualizing the ways in which “companies and other organizations create value in multiple dimensions through economic, social and environmental value added – or destroyed”. (Benn & Bolton 2011, 222.) This means that the TBL focuses on not only the economic value companies add but also on the environmental and social value they add – or destroy.

There has been a steady growth in the number of organizations reporting on non-financial issues. KPMG International survey of CSR reporting 2008 reported that

79% of the top 250 companies of the Fortune 500 (Global 250) issued separate non-financial reports, compared with 52% in 2005, while the rate of reporting among the largest 100 companies (N100) in 22 countries has risen on average from 33% to 45% (KPMG 2008, 13-14). Non-financial reporting can be considered as a tool to evaluate corporate actions concerning social and environmental issue (Nielsen & Thomsen 2007), which can be described more detail later in pages 26-28. For that reason, various certificates and auditing procedures have been published such as the AA1000, ISO14100, ISO26000, SA8000, United Nations Global Compact (UNGC), Global Reporting Initiatives (GRI), etc. Among them, UNGC and GRI are the most notable. While UNGC is considered as the world most influential CSR initiatives, GRI is one of the most prominent standards and important frameworks (Morland 2006, 355). It is voluntarily used by several hundred organizations in the world for reporting on economic, environmental, and social dimensions of their activities, products and services (Aras & Crowther 2008, 11). Because of the popularity of UNGC and GRI, the author will have a deeper look at them in this research.

United Nations Global Compact

Launched in July 2000, UNGC is both a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. As a multi-stakeholder leadership initiative, the UNGC (also known as the GC) seeks to align business operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption practices, as can be seen in Table 1. (UNGC, 2008)

TABLE 1. The ten principles of UN Global Compact (UNGC, 2011).

THE TEN PRINCIPLES OF UN GLOBAL COMPACT	
Human rights	
Principle 1	Business should support and respect the protection of internationally proclaimed human rights; and
Principle 2	make sure that they are not complicit in human rights abuses.
Labour	
Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	the elimination of all forms of forced and compulsory labour;
Principle 5	the effective abolition of child labour; and
Principle 6	the elimination of discrimination in respect of employment and occupation.
Environment	
Principle 7	Business are asked to support a precautionary approach to environmental challenges;
Principle 8	undertake initiatives to promote greater environmental responsibility; and
Principle 9	encourage the development and diffusion of environmentally friendly technologies
Anti-corruption	
Principle 10	Business should work against corruption in all its forms, including extortion and bribery

The GC is the world's largest voluntary corporate citizenship initiative, with over 8000 participants, of which 5300 are businesses, based in more than 130 countries as of June 30, 2009 (UNGC, 2009). It seeks to achieve its objectives by four engagement mechanisms: leadership, dialogues, learning and outreach/network (UNGC, 2010). GC provides a forum for entrepreneurs to learn and exchange their CSR practices at both international and regional level (Arevalo & Fallon 2008, 468). Through this forum, business participants can open dialogue and share learning (Kell 2005, 71-72) as well as operationalize the ten principles (Arevalo & Aravind 2010, 409). It creates inclusive market for different company sizes in the world by holding numerous conferences about CSR. One of the remarkable achievements of GC is its attraction of about two thirds of companies in developing countries where CSR reporting is still a new concept (McKinsey & Company 2004, 1&5). A survey of Cetindamar & Husoy (2007, 171-172) investigating the reason why companies participate in UNGC pointed out the

main reason was to be a part of sustainable development efforts. The less important reasons were to improve corporate image, to distinguish their firms and to be good citizens.

However, the GC has also experienced some drawbacks. Arevalo et al. (2010, 409) believe that business participants do not always follow a philanthropic disclosure and certainly, there is always risk in this kind of commitment. In addition, researchers realize that a good number of companies seek to positively influence their image through association with the United Nations since the GC was formed under the initiation of the UN (Arevalo et al. 2010, 409). As a result, companies adopt the UN principles but never use the principle in actual practice, Arevalo et al. (2010, 409) call this phenomena bluewashing. Thus, in order to increase the transparency of its business participant and to reduce the risk of bluewashing, the GC requires active communication from member companies via annual Communication on Progress reports (or CoPs). In this report, companies present their principles implementations as well as business activities. (Arevalo et al. 2010, 415.)

Global Reporting Initiative

GRI is one of the most typical models of the TBL report and the best framework for transparency and accountability standards. It was founded in 1997 by the Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environmental Programme (UNEP) and has been developed through multi-stakeholder engagement. The GRI's desire is to develop universally suitable guidelines for CSR reporting on the economic, social and environmental activities of a company. Its objectives are: "to elevate sustainable reporting to a an equal position with financial reporting; to desire, publish and endorse standardized reporting practices, core measurement and customized sector-specific measurements; and to guarantee a lasting and efficient institution to support global reporting". (Hopkins 2003, 141-142.)

The first version of the guideline was released in 1999 and the third generation, so called GRI-G3, was published in 2006. The latest version lays out principles and guidance for defining content and quality of the sustainability report as well as for

setting the report boundaries. The guidelines require standard contents for sustainability reporting regarding the organization's profile, its governance-structures and processes, the management of sustainability issues including goals, environmental, social and economic performance indicators (Isaksson & Steimle 2009, 175; Morland 2006, 355; Aras et al. 2008, 11). The implementation of GRI expresses a strong commitment of continuous improvement of companies' CSR practices (Drilling 2009, 19). Remarkably, there are about 1000 organizations in over 20 countries declaring their use of the GRI framework (Visser, Matten, Polh & Tolhurst 2008, 242-243).

TABLE 2. GRI 2006 Outline Requirements (GRI 2006).

GRI: OUTLINE REQUIREMENTS OF 2006 GUIDELINES	
Reporting Principles and Guidance	
Content:	Materiality; Stakeholder inclusiveness; Sustainability context; completeness
Quality:	Balance; Comparability; Accuracy; Timeliness; Clarity; Reliability
Report Boundary:	Controlling and Significant Influencing Entities
Standard Disclosures	
Strategy and Profile:	Strategy and Analysis; Organizational Profile; Report Parameters; Governance, Commitments & Engagement
Management Approach	
Performance Indicators:	
➤ Economic:	Economic performance; Market presence; Indirect economic impacts;
➤ Environmental:	Materials; Energy; Water; Biodiversity; Emissions, Effluents & Wastes; Products & Services; Compliance; Transport; Overall
➤ Social (Labor Practices and Decent Work):	Employment; Labor/Management relations; Occupational Health & Safety; Training & Education; Diversity and Equal Opportunity
➤ Human Rights:	Investment & Procurement Practices; Non-discrimination; Freedom of Association & Collective Bargaining; Child Labor; Forced and Compulsory Labor; Security Practices; Indigenous Rights
➤ Society:	Community; Corruption; Public policy; Anti-competitive behavior; Compliance
➤ Product responsibility:	Customer Health & Safety; Product and Service Labeling; Marketing Communications; Customer Privacy; Compliance

The mission of GRI is to develop and spread globally applicable sustainability reporting guidelines for voluntary use by organizations to disclose the economic, environmental and social performance of their activities, products and services. However, GRI is a comprehensive guideline since it contains a wide range of measures for social, environmental and economic dimensions. (Sutantoputra 2009, 35.)

Why does GC attract more companies in developing countries than GRI does? First and foremost, compared to GRI, GC is less complicated. GC has no required standard reporting provision as well as adequate accountability structures (Williams 2004, 770). Second, it brings a huge chance for companies in developing countries to acquire better networking opportunities and to enhance their corporate images. Concerning the type of companies participating in GC, Kallinowsky, a UNGC official, cited that “while developing country companies saw GC as a learning environment and better network of opportunities for business, larger corporations in industrialized countries considered it a tool to demonstrate their reputation” (according to Cetindamar et al. 2007, 167). Notably, it is proved that market performance of a firm runs parallel with membership age and the firm’s involvement in GC (Cetindamar et al. 2007, 173).

Other International Standardization

The AA1000 Series are principles-based standards offering a non-proprietary, open/source series of standards applicable to all organizations, covering the full range of an organization’s sustainability performance and reporting. The AA1000 Series is comprised of AA1000 Purpose and Principles, AA1000 Framework for Integration, AA1000 Assurance Standard (AA1000AS) and AA1000 Stakeholder Engagement Standard. AA1000AS is the first assurance standard that covers the full range of an organization’s sustainability performance. The standard addresses the need for an approach that effectively deals with the qualitative as well as quantitative data that reflects sustainability performance. The AA1000AS is based on assessment of reports against three principles: materiality, completeness and responsiveness. It also covers the essential elements of a public assurance

statement, and the independence, impartiality and competency requirements for assurance providers. (Visser et al. 2008, 1-3.)

The ISO 14100 series of standards reflects different aspects of environmental management, including Environmental Management Systems (14001, 14004), Environmental Auditing and Related Environmental Investigations (14015), Environmental Labeling (14020, 14021, 14024, 14025), Environmental Performance Evaluation (14031, 14032), Life Cycle Assessment (14040, 14044, 14047, 14048, 14049) and Greenhouse Gas Management and Related Activities (under development). (Visser et al. 2008, 290.)

ISO26000, launched in 2010, aims to assist all types of organization in both public and private sectors in addressing their social responsibility. The document is intended to be an International Standard providing guidance related to operational SR, identifying and engaging with stakeholders, enhancing credibility of reports and claims made about social responsibility, emphasizing performance results and improvements, promoting common terminology in the SR fields, and promoting SD. (ISO 2011.)

2.3 Factors influencing the extent and nature of CSR reporting

In order to improve the quality and quantity of CSR reporting, it is important to study not only the current extent and quality of disclosure to determine the best practice, but also to study the factors influencing corporate social accountability and reporting. A greater understanding of these influential factors will probably lead to a greater improvement in CSR reporting. The Figure 5 below summarizes all the factors that influence the extent and nature of CSR reporting.

Corporate characteristics	General contextual factors	Internal context
<ul style="list-style-type: none"> •Size •Industry •Corporate age •Financial performance •Share trading volume, price and risk •Decision horizon •Debt/equity ratio •Political contribution 	<ul style="list-style-type: none"> •Country of origin •Political context •Economic context •Social context •Cultural context and ethical relativism •Time •Pressure groups •Media pressure 	<ul style="list-style-type: none"> •Company chair and board of directors •Corporate social reporting committee •Corporate structure and governance procedure •Extent and nature of stakeholder involvement •Extent of involvement of accountants •Views on recent increase in reporting, reporting bad news, reporting in the future

FIGURE 5. Factors influencing the extent and nature of CSR reporting (Adam 2002).

Followings are sub-chapters explaining more details the factors related to CSR reporting:

2.3.1 Corporate characteristics

Studies of CSR reporting have explored the relationships between the level and amount of CSR reporting and corporate characteristics. Corporate characteristics are size, industry group, financial/economic performance and share trading volume, price and risk (Adams 2002, 224). Concerning the relationship between CSR reporting and corporate characteristics, Gray, Kouhy & Lavers (1995a, 49-50) temporarily conclude that CSR does not appear to be related to profitability in the same period but it might be related to lagging profits. Later on, Drilling (2010, 19), through his empirical analysis in 2010, points out corporations with higher profit margin are more likely to produce high quality CSR reports. However, corporations with a higher long-term growth rate are less likely to have CSR reports (Drilling 2010, 19).

Gray et al. (1995a, 49-50) also conclude that CSR does appear to be related to company size. This conclusion is supported by Neu, Warsame & Pedwell (1998, 276), they state that for the smaller companies, industry membership has little or no impact on the level of disclosure. Conversely, for the larger companies, industry membership is significantly related to the level of disclosure, with companies in more sensitive industries disclosing more information (Adams, Hill & Robert 1998, 12).

Industry appears to affect CSR but the studies are not clear or consistent enough to determine such effects accurately (Gray et al. 1995a, 49-50). According to Cormier & Magnan (2003, 59) industry membership does appear to play an important role in determining a firm's environmental reporting strategy. The idea is supported by Niskala (1995, 60) who indicates that industrial membership also determines the level of CSR disclosures. Similarly, Adams et al. (1998, 15) claim that the industry in which a company operates appears to be an important determinant of the disclosed information.

In addition, capital intensiveness, age, strategic posture, senior executive attitudes and the existence if a social responsibility committee may be related to CSR. Later on, in a research paper reexamining the relationship between CSR disclosures and corporate characteristics published in 2001, Gray et al. once again affirmed their previous finding that there is a relationship between CSR disclosures and corporate characteristics (Gray, Javad, Power & Singlair 2001, 327-356).

2.3.2 General contextual factors

General contextual factors consist of country of origin, time, specific events, media pressure, stakeholders and social, political cultural and economic context (Adams 2002, 224). Reverte (2009, 361) considers media exposure one of the most important factors beside size and industrial membership influencing CSR reporting. On the other hand, Williams & Pei (1999, 390) claim that country of origin is a strong determinant of CSR disclosure regardless of the medium used.

The nature and extent of CSR reporting appears to vary amongst different countries. The country in which the organization is reporting and the country of company ownership seem to have a significant effect (Gray et al. 1995a, 50). Douglas et al. (2004, 389) believe that government policies are also the factors influencing the extent to which companies have reported. He points out that a company operating in a more developed nation is likely to report more extensively in the country than in the lesser developed countries in which it also operates. Similarly, Mathews (1993) indicates that cultural and national differences are likely to affect accounting practices in general and CSR reporting practices in particular. (Douglas et al. 2004, 389.) Additionally, Tsang (1999, 624) mentions the stage of economic development is likely to be an important factor influencing CSR practices.

Adams et al.(1998, 2), however, assert that with the business integration and the international harmonization of accounting standards, the effect of country and culture may weigh less than corporate characteristics and industrial membership in term of CSR disclosures. Adams et al. (1998, 13) finally conclude that country of domicile is a significant factor determining the extent of CSR disclosures. This is consistent with Douglas et al.'s results, in which he states that the country of origin remains a strong determinant of corporate social disclosure regardless of the medium used (Douglas et al. 2004, 390).

Concerning stakeholders, Freeman (1984, 46) defines stakeholders as “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. Stakeholders include shareholders, customers, employees, business partners, governments, local communities and the public. From a stakeholder perspective, CSR can be seen as a support to worthy causes, but it can also be seen as a marketing practice with the purpose of increasing visibility rather than of creating social impact (Luo & Bhattacharya 2006, 4-5). Hohnen & Potts (2007, 84) suggest that corporations should consider which stakeholders have the ability to impact positively or negatively on their affairs and engage with those who are able to be positive in their effect.

Importantly, media visibility is considered as one of the most costly expenditures determining CSR reporting since a strong corporate image and reputation can provide a competitive advantage (Cormier et al. 2003, 43; Balmer 2009, 545). Along with increasing media coverage of CSR issues, companies themselves are also taking direct and visible steps to communicate their CSR initiatives to their various shareholders including customers (Luo et al. 2006, 1).

Through his empirical analysis of the effect of socio-political and economic factors on CSR disclosures in seven nations in the Asia-Pacific region, namely Australia, Singapore, Hong Kong, The Philippines, Thailand, Indonesia and Malaysia, Williams et al. conclude that cultural factors and the political, civil and legal systems are all significant determinants of CSR disclosure (Williams et al. 1999, 225). On the contrary, the level of economic development and of the equity market is not significantly influential. Conversely, Tsang (1998) proposes that the stage of economic development is also an important factor affecting CSR practices.

2.3.3 Internal contextual factors

There are significant internal variables which can impact the quality, quantity and completeness of reporting. First of all, the reporting and decision making processes depend on country of origin and corporate size as well as corporate culture. They influence not only the level of formality but also the cross involvement of different departments and stakeholders. Secondly, the main motivation for corporate ethical reporting is to enhance corporate image and credibility with stakeholders. The main reason for starting to report is public pressure, and this is also an important reason given for developments and changes in reporting practices. Further, a common agreement is that reporting bad news improves corporate credibility and image, although there is also a view that beyond a few sentences there would be no further image benefits. There was also some concern about public reaction to disclosures on specific issues such as fines. This fear of unknown reactions appears to explain the very small amount of bad news reporting. (Adam 2002, 224.)

2.4 Motives behind voluntary CSR reporting

As mentioned above, Carroll (1983) indicates that CSR reporting contributes to the firm's management since it can be "economically profitable, law abiding, ethical and socially supportive". Accordingly, this section addresses some statistically possible motivations encouraging voluntary disclosure of CSR. Voluntary disclosure is an attempt to close a legitimacy gap (Gray 1995a, 48) or a textually-mediated disclosure that encloses an "aura of legitimacy" (Neu et al. 1998, 268). The question of voluntary or mandatory disclosure has remained a contentious issue. In many countries, the nature of CSR practices is still largely voluntary. Consequently, decisions on whether to disclose, how much to disclose and what types of information to disclose strongly depend on the company. (Neu et al. 1998, 268.)

Regarding the motives behind voluntary CSR reporting, Freedman & Stagliano (1992) states: "It is probable that there is no single motivation for making social disclosure... Whether there is an economic motivation for the disclosure ... a reaction to user needs... or a political motivation ... it is probably a consequence of each management's particular perception of the world it faces" (according to van der Laan 2009, 24). This statement is supported by Cetindamar et al. (2007, 172) when they indicate that companies consider ethics and economics before making decisions on CSR practice. These findings are also consistent with the studies of Graafland & van de Ven (2006, 121) in which they find that companies develop CSR practices for economic and moral reasons. More evidently, through a survey of 401 financial executives and in-depth interview with an additional 20, Graham, Harvey & Rajgopal (2005, 35) point out that companies make voluntary disclosure for three main reasons: [1] to promote a reputation for transparent reporting; [2] to reduce the information risk assigned to the firm's stock; and [3] to address the deficiencies of mandatory reporting.

According to Van de Laan (2009, 26), stakeholders and legitimacy are managerial motivations for voluntary disclosures. Concerning the legitimacy issue, voluntary CSR reporting is considered as a tool for organizations to legitimize their actions (Adams 2004, 732; Hooghiemstra 2000, 64) and maintain their legitimacy

(Runhaar & Lafferty 2009, 479). Arguably, legitimacy is one of the factors that motivate companies to adopt and report social practices (Guthrie & Parker 1989, 344). CSR disclosures reduce the pressure of the public asking for greater controls over companies' activities and consequently avoid bad publicity (Runhaar et al. 2009, 479). In the mean time, voluntary CSR disclosure can help firms avoid government regulation since CSR disclosure can be an excuse for government for not proposing any legislations or regulations (Adams et al. 1998, 17; Dhaliwal, Li, Tsang & Yang 2011, 62). Hence, Adams et al. (1998, 17) argue that voluntary disclosure has little to do with social responsibility and accountability, but may be seen as a useful way of reinforcing the government's "free-market ideology and anti-legislative stance". He then states that this motivation contrasts to the perceived motivation for external reporting, i.e. managers agree that they are required to provide both financial and environmental information (Adams 2004, 732).

Regarding stakeholders, CSR disclosure is a way for an organization to communicate and provide information for stakeholders as well as respond to their requests, thus protecting or enhancing a corporation's image or reputation (Hooghiemstra 2000, 64);. Adams (2004, 732) calls it "an implied social contract between the organization and stakeholders". Obviously, CSR reporting targets at satisfying various stakeholders group such as: to comply with borrowing requirements (Deegan 2002, 290-291); to increase customer loyalty (Idowu & Towler 2004, 423); to satisfy demands of specific publics (Neu et al. 1998, 268) and community expectations (Deegan 2002, 290-291); or to gain more support from communities (Idowu et al. 2004, 423).

As a result, CSR reporting has an appreciable effect on investment decisions (Beets 1999, 141). This has been proved by Dhaliwal et al. (2011, 94) when they figure out that good CSR performance attracts institutional investors and improves analyst coverage. At the same time, CSR disclosure can be seen as a competitive advantage for organizations (Porter & Kramer 2006, 91; Hooghiemstra 2000, 64). Usually, CSR is considered as a tool to guarantee firms' globalization process and a ticket for firms to operate in different parts of the world that are varied in culture and context (Kolk & Tulder 2010, 120).

Rodriguez, Siegel, Hillman & Eden (2006, 737) note the importance of CSR disclosure in reducing information asymmetry and uncertainty related to factors affecting firm's value. This in turn reduces the cost of equity capital. This study is consistent with Dhaliwal et al. (2011, 94) who indicate that CSR disclosure potentially lowers the cost of equity capital. Likewise, Francis, Nanda & Olsson (2008, 53) find that voluntary disclosure reduces capital costs and increases credibility because of lessening asymmetry. Interestingly, a finding shows that executives believe that voluntarily communicating information can reduce their firms' capital costs (Graham et al. 2005).

Besides the above mentioned motivations, there are still some other possible motivations which might help to explain why an organization may decide upon voluntary CSR reporting, such as: to comply with industry requirements or particular codes of conducts; to forestall efforts to introduce more onerous disclosure regulations; and to win particular reporting awards (Deegan 2002, 290-291.); to reduce compliance costs (Dhaliwal et al. 2011, 62); to improve quality and productivity; to avoid potential reputation risks which may arise from environmental incidents; and to retain talented employees (Idowu et al. 2004, 423.).

In summary, it is worth noting that there was no significant relationship between CSR reporting and a company's profitability (Aupperle et al. 1985, 462). In some cases, CSR practices would be enhanced if CSR reporting was mandatory (Vogel 2006, 163). About three-fourths of the CFOs feel that voluntary disclosures enhance the usefulness of mandatory financial disclosures to investors (Graham et al. 2005, 30).

2.5 Reporting practices and Methods

The world has witnessed a significant increase in the level of CSR disclosure from 1988 to 1990 in both quality and quantity. In some countries like France (2003), Sweden (2007), China (2008), Malaysia (2006), Denmark (2008), there has been an increasing number of government reporting requirements. Change in

legislation, pressure from consumers and concern for reputation have forced even the most reluctant managers to disclose the impact of business on the environment. (Lydenberg & Sinclair 2009, 49-50.)

As a result, CSR reporting increased dramatically. The following Figure 6 is the KPMG survey on CSR reporting during the period 2005-2008. As can be seen from the figure, there is a significant increase in stand-alone CSR reporting. This is reasonable since stand-alone reporting demonstrates organizations' special effort and commitment to improving transparency regarding long-term performance and risk management and, consequently, provides incrementally useful information for investors to evaluate firms' long-term sustainability (Dhaliwal et al. 2011, 63).

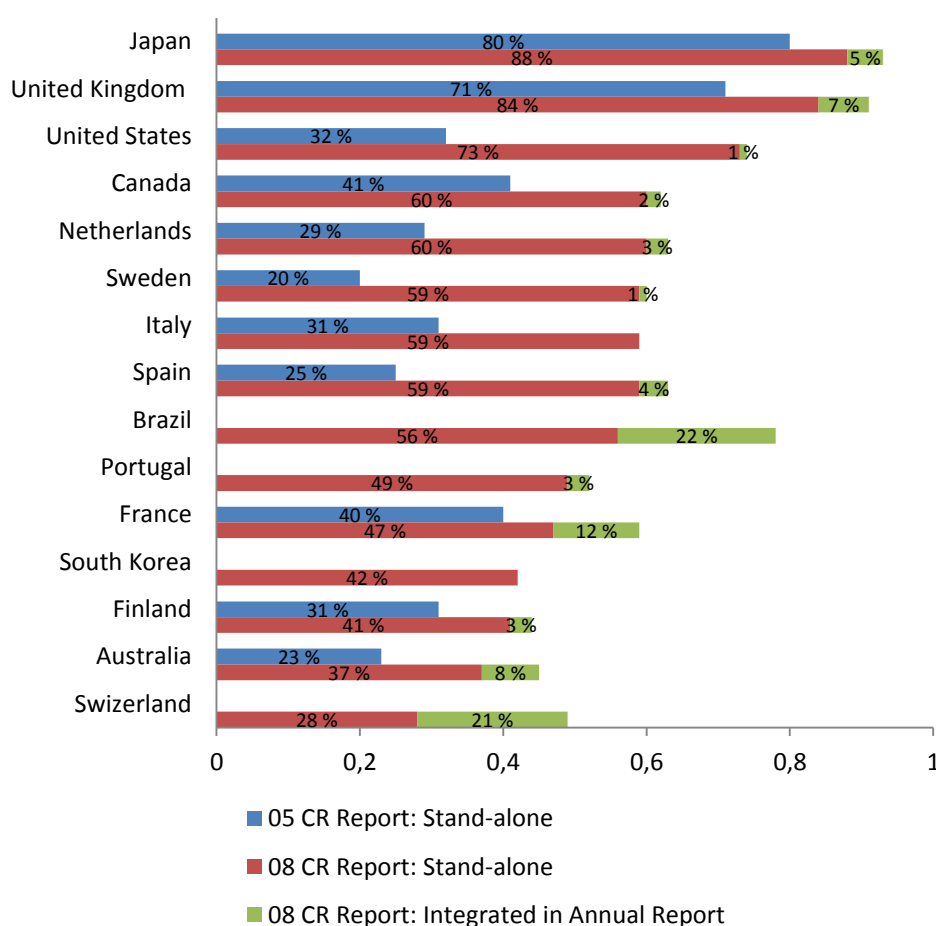


FIGURE 6. Companies with stand-alone and integrated corporate responsibility reports, by country 2005-2008 (N100) (KPMG 2008, 16).

Continentially, there is not much difference between European and North American countries. It is apparent that the inclusion of Mexico has lowered the level of CSR practices in North America. Welford states that excluding the presence of Mexico, the difference between European and Canada and the US are insignificant. (Welford 2005, 40.) At the same time, Chapple & Moon (2005, 438) indicate that CSR practices in Asia companies lag behind their counterparts in Europe and North America.

This indication is opposed by Welford's findings through the result of his research on CSR in Asia, Europe and North America. This research demonstrates that in some extent, Asian companies are superior to European and North American ones. Asian companies are more likely to be taking actions on the issues that directly affect them. This explains why in some areas such as ethics, bribery and corruption, there are more Asian companies than European or North American companies reporting written policies. Finally, Welford concludes that while German and the UK lead Europe, and Japan and Korea lead Asia, Mexico lags behind in North America. (Welford 2005, 51-52.)

Regardless of the medium used, CSR disclosure practices varied across national boundaries (William & Ho Wern Pei 1999, 410). Since 1980, there have been significant changes in the content of CSR reports evident in the reduction of social information disclosures and the increase in environmental disclosures and regulations (Mathews 1997, 490). This is consistent with Gray's findings which point out that employee-related disclosures decreased while community and environmental disclosure increased significantly in the UK (Gray et al. 1995a, 62).

Brown & Deegan (1998, 30) indicate that media attention determines the level of CSR disclosures in AR in most of the industries. Since 1989, total AR disclosures have increased significantly but the quality of disclosures is low in general (Gamble, Hsu, Kite & Radtke 1995, 34). Companies focus on the disclosure of petroleum refining, hazardous waste management and steel works and blast furnaces (Gamble et al. 1995, 34). Notably, more companies are increasing the reporting of environmental matters (Gamble et al. 1995, 47). Niskala (1995, 463)

proves this by pointing out that Finnish firms, as well as firms in developed countries, tend to spend more on disclosing environmental protection investments and expenditures. By contrast, some companies appear to use the report as a public relations exercise, while others reluctantly do it as a “fashionable” trend (Idowu et al., 2004, 434).

The advent of the Internet as a powerful means of communication has diversified the medium of CSR disclosures. Many companies now display their corporate environmental reports on their website. Website report reflects a high hierarchical level of disclosed information. The more important the information is, the easier is its accessibility from the homepage (Moreno & Capriotti 2009, 165). However, online reporting is less common in developing countries than in developed countries because of the accessibility and popularity as well as knowledge and skills of internet users (Othman & Ameer 2009, 309). Despite the overwhelming importance of the Internet, online reporting is still in the very early stage and somewhat underexplored, especially in developing countries (Othman et al. 2009, 310).

Othman et al. (2009, 309) notice that online reporting is less common in developing countries than in developed countries due to the limits of the accessibility and popularity as well as knowledge and skills of internet users. A review of these online or printed environmental reports reveals extreme diversity on format and data provided. An example of a detailed report is that of Sanofi-Aventis whose report is presented on a CD-ROM in multiple languages with background music and video clips (available at: <http://en.sanofi-aventis.com/csr/csr.asp>).

Finally, Othman et al. (2009, 307) conclude that the disclosure practices of small firms are different from those of large corporations because of the lack of public and political pressure. Moreover, small firms tend to focus on their customers as the stakeholder group, and to resist any proposal to promote or mandate social responsibility. This explains why some countries such as Norway, Sweden, France, The Netherlands and Denmark have introduced reporting legislation in order to heighten companies' CSR disclosures. (Othman et al. 2009, 307.)

2.6 Reported information

The voluntariness of CSR reporting has led to a great diversity of reporting methods, styles, and guidelines as well as reported information. Typical disclosed information includes: report scope, corporate environmental values and commitment, legal compliance, enforcement actions and liabilities, and financial data related to environmental issues as well as third party audits/reviews (Beets 1999, 131). Gray, Kouhy & Laver (1995b, 99) and Douglas et al. (2004, 391) divided reported information into seven categories:

- (1) Financial statements disclosure, which refers to any quantifiable information in the financial statements, including accounts' notification.
- (2) Quantifiable, non-financial statements, which refers to contents of the AR relating to social issues presented in a quantifiable form, but not forming part of the financial statements.
- (3) Descriptive social disclosure, which refers to narrative forms of information typically contained in the body of the AR (company's financial contribution to charity activities).
- (4) Negative news disclosure, which refers to social disclosure presenting news that could potentially damage the company's reputation from a CSR perspective or news that provides a true and accurate account of company operations that may have negative social consequences (such as business scandals or branch closures).
- (5) Neutral news disclosure, which refers to social disclosure representing neither good news nor negative news from a CSR perspective.
- (6) Good news disclosure, which refers to social disclosure representing specific news that could potentially enhance the company's reputation from a CSR perspective.
- (7) Total social disclosure, which represents the sum of the previous six categories. The total amount of social information disclosed in each AR and in each category was aggregated.

The disclosure of information depends on manager's willingness to communicate that information. They may hesitate to disclose some information which is

harmful to the firm (Berthelot, Cormier & Magnan 2003, 6). This explains why firms facing serious environmental problems (lawsuits or toxic discharges) are less likely to disclose information about these incidents (Li, Richardson & Thornton 1997). However, some company's executives believe that releasing bad news can be beneficial if it reduces information risk more than it reduces expectations about cash flows. Another advantage of releasing bad news is that it can help a firm develop a reputation for providing timely and accurate information. (Graham et al. 2005, 28.)

Understandably, the better companies' performance in environmental, social and economic area is, the more they are eager to disclose their CSR report (Douglas et al. 2004, 389). Moreno et al. (2009, 167), through their analysis of website reported information, conclude that CSR report through a website tends to be presented primarily from a commercial, rather than an ethical, perspective. It is reasonable to see that larger companies are more concerned about legitimacy since their activities may have stronger effect on the environment.

On average, companies disclose less environmental information than employee-related information (Roberts 1991, 69). The less commonly reported information includes working hours, maximum overtime, and fair wages structures (Welford 2005, 40). Othman et al. (2009, 302) conclude that most of the studies on CSR reporting find that firms tend to disclose social and environmental issues in narrative terms. Noticeably, Douglas et al. (2004, 389) point out that the volume of CSR disclosure does not necessarily reflects the quality of CSR reporting.

3 CSR REPORTING IN DEVELOPING COUNTRIES

Although CSR has been substantially researched for more than two decades, the CSR literature is dominated by studies in industrialized countries like the UK, Australia and the United States (Tsang 1998, 624). This part illustrates the CSR reporting situation in developing countries. World Development Report defines developing countries as the countries where globalization, economic growth, investment and business activities are likely to have the most dramatic social and environmental impacts both positive and negative (World Bank, 2006). The author chooses developing countries as the target group in this part because the topic in this research is Vietnam, also a developing country.

3.1 Drivers of CSR in developing countries

CSR in developing countries is defined as the “formal and informal ways in which business makes a contribution to improving the governance, social, ethical labor and environmental conditions of the developing countries in which they operate, while remaining sensitive to prevailing religious, historical and cultural contexts” (Visser 2007, 474). This definition is different from that of developed countries, see Figure 3. As a result, Ragodoo (2009, 31) concludes that the way through which CSR is carried out, its drivers, and its model, in developing countries are different from CSR initiatives in developed countries. This view is also supported by previous study of Visser (2008, 489) about the CSR pyramid in developing countries, as shown in Figure 7.



FIGURE 7. CSR pyramid for the developing countries (Visser, 2008).

In comparison to Carroll's CSR pyramid shown in Figure 3, page 9, Visser orders the four classes differently. This distinction underlines the fact that culture may play a key role regarding the perception of CSR priorities and partly explains why CSR practices are varied among countries (Ragodoo 2009). Consequently, the practice of CSR in developing countries shows a different tendency. First, multinational companies play an important role in importing good CSR practices. Second, the key drivers for CSR are the requirements of the global marketplace and their supply chains. Third, due to the loose regulation and legislation in these countries, there is a tendency for global protocols to influence local CSR practices. As a result, there are some major challenges for engaging CSR in these countries, such as raising CSR awareness, enhancing CSR adoption, and transferring competencies to individual companies. (APEC 2005.)

According to Visser (2008, 480), there are ten major drivers which differentiate CSR in developing countries from the developed ones. These drivers are divided into two main groups, as shown in Figure 8 below, in which internal drivers refer to pressures within the country while external drivers originate from global context.

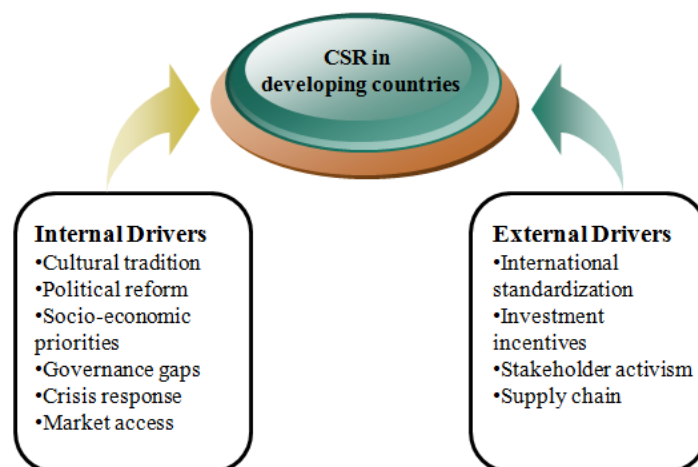


FIGURE 8. Drivers of CSR in developing countries.

The following sub-chapters present ten major factors which influence the CSR practice in developing nations.

3.1.1 Internal Drivers

Cultural tradition

As mentioned above, the country of origin plays a crucial part of CSR disclosure. The situation is even clearer in developing countries where local cultural traditions of philanthropy, business ethics and community embeddedness are the core motivations for doing CSR (Visser 2008, 481). Among them, religion is a major influential factor for CSR in Latin America countries (Vives 2006, 39). The study is consistent with Nelson's study (2004, 56) in which he asserts that Buddhist traditions are aligned with CSR in most of Asian countries. In the context of African countries, typically Nigeria, CSR is formed by socio-cultural influences such as communalism, ethnic religious beliefs and charity (Amaeshi, Adi, Ogbechie & Olufemi 2006, 89).

Political reform

CSR in developing countries cannot be separated from the political reform process. In another way, political issues are always accompanied with CSR practices. The political changes in Latin America since 1980s have advanced the responsibility for social and environmental issues (De Oliveira 2006). Political systems are also significant factors influencing the quantity of CSR information disclosed by listed companies (Williams et al. 1999, 2009).

Socio-economic priorities

The socio-economic environment in which firms operate and the development priority are considered the two most direct factors in shaping CSR practices in developing countries (Visser 2008, 482). In these countries, CSR aims at resolving the socio-economic challenges such as poverty, healthcare, infrastructure, education, etc. A chief executive of South Africa Foundation recommended that companies in developing countries have to actively shape the socio-economic and political landscape in order to create an environment which is contributive for business. (Middleton 2005, 2.)

Governance gaps

It is apparent that weak institutions, poor governance and lax regulations often go hand in hand with developing countries. As a result, CSR in the nations is seen as mean of filling gaps in governance caused by corruption and under-resourced governments. (Visser 2008, 483.)

Crisis response

Crisis is advocated as a catalyst for CSR in developing countries. Crisis can be economic, social, environmental, health-related, or industrial. For instance, the economic crisis in Argentina in 2001-2002 landmarked a remarkable acceleration of CSR reporting in the country. (Visser 2008, 484.)

Market access

Studies have proved that there is a strong relationship between globalization and CSR reporting. CSR, therefore, can be seen as a tool enabling companies in developing countries to access international market. (Visser 2008, 485.)

3.1.2 External Drivers

International standardization

Since CSR reporting is voluntary, there is no single accepted standard for it. As a result, CSR codes and standards are key drivers for CSR practices in developing countries. (Visser 2008, 486.)

Investment incentives

Goyal (2006, 145-163) claims that CSR may serve as a signaling function for developing countries who want to attract foreign direct investment.

Stakeholder activism

There are four stakeholder groups considered as the most powerful activist for CSR: development agencies, trade unions, international NGOs, and business associations. The media also appears to be a key stakeholder for promoting CSR in developing countries. (Visser 2008, 487.) Stakeholders have stringent

requirements. The nature of stakeholder capitalism is challenging for developing countries environments where returns may be lower and time horizons longer, particularly if the state is weak and there is policy inconsistency and governmental interference (Middleton 2005, 3).

Supply chain

According to the McKinsey survey 2007, CEOs are challenged to manage supply chains across countries with different regulations and norms for social responsibility (Visser 2008, 488).

3.2 CSR reporting in Asia

Due to the lack of CSR studies in Vietnam, in this subchapter, the author will describe previous studies about CSR reporting practices in Asia, ASEAN and Vietnam, respectively. The purpose of this arrangement is to make the findings in this study comparable and conclusive.

Generally, “CSR does vary considerable among Asian countries but that this variation is not explained by development but by factors in the respective national business systems” (Chapple et al. 2005, 415). In the report about CSR in Asia, Lloyd’s Register Quality Assurance lists eight key drivers of CSR in the region, namely, institution, the move from voluntarism to the law, corporate, transparency and accountability, the new media, financial sectors, staff recruitment and retention, and supply chain. The continent is also experiencing some inadequacy problems, such as corporate governance, environment and climate change, poverty, community impacts, human rights, product responsibility, all of which made the adoption of CSR in Asia even more challenging. (LRQA 2010.)

According to Imam, listed companies in Bangladesh are reporting in different trends compared to their international counterparts. Companies greatly focus on human resource and randomly mention environmental impact, product and service contributions. Disclosures concerning environment, consumer, community and other social aspects are completely ignored by most of the companies. Narrative

qualitative information is the most popular type of information. (Imam 2000, 140.)

The ASEAN context region is experiencing an increasing amount of CSR disclosures (ASEAN 2008). A study of CSR disclosures in Singapore's three industries, banking, food and beverages, and hotel during the period from 1986 to 1995, points out that human resource has the largest coverage, followed by community involvement and the environment. However, issues such as environmental protection and energy savings are not a subject of concern. (Tsang 1998, 629.) HongKong is in the same situation with Singapore as Xiao's study (2005, 241) indicates that little information about environment or health and safety are disclosed. None of HongKong's companies discloses energy information. Xiao finally concludes that company size and industry composition have a strong impact on the level of CSR disclosures in the country (Xiao 2005, 241).

In Thailand, Kuasirikun & Sherer (2004, 649) cite that employee information is the most disclosed subject, followed by community involvement information. Among them, declarative, good news disclosures are predominated. (Ratanajongkol, Davey & Low 2006, 67.) In addition, Ratanajongkol et al. (2006, 80) emphasize that industry membership strongly influences the key themes of CSR disclosures. For instance, environment is the dominant theme in the manufacturing sector while in service sector, it is least presented. They finally conclude that legitimacy theory and political economy theory are the two main factors influencing CSR reporting in Thailand. (Ratanajongkol et al. 2006, 80.)

Sumiani, Haslinda & Lehman (2007, 900), through their study on environmental information reported in Malaysian annual reports, conclude that the level of reporting is relatively low. Interestingly, ISO certification is an influential factor on the motivation of environmental disclosures (Sumiani et al. 2007, 900). Another study indicates that the engagement with CSR practices may help Malaysian public listed companies attract and maintain their institutional investors (Saleh, Zulkifli & Muhamad 2010, 607). In term of CSR regulations, codes, and awards, Malaysia is the pioneer in the region (LRQA 2010).

The level of CSR reporting in Indonesia is relatively low (Gunawan 2007, 26). A study about CSR information disclosure in ARs of public companies listed on Indonesia Stock Exchange shows that the main focus of CSR disclosures of these companies are labor, customer, society and environment (Mirfazli 2008, 281). In addition, there are three main reasons for Indonesian companies to disclose CSR information: to create a positive image, to act accountably and to comply with stakeholders' needs. In the Indonesian context, firm size has a positive impact on CSR; profitability and leverage, on the other hand, do not have any significant influence. (Gunawan 2007, 29.)

However, research predicts that CSR disclosure will have a positive effect on companies' future performance (Siregar & Bachtiar 2010, 247). It is worth noting that almost 100 percent of disclosed information is positive. This indicates that CSR disclosure is not only an accountability measure of the company towards its stakeholders but also a means of public relations. (Utama 2011.)

3.3 Previous study of CSR reporting in Vietnam

Although CSR disclosure is a popular or even a compulsory activity in developed countries, it is still new in the developing world. Consequently, while there is an abundant literature about CSR reporting in developed countries, in developing countries the literature is scarce. Studies of CSR disclosure in Vietnam in particular are rare. The most notable research pertaining to Vietnam was found in a paper, *Corporate Social Disclosures in Southeast Asia: A Preliminary Study*, written by Riandy Hermawan, presented at 10th International Conference on Corporate Social Responsibility in New Orleans 2011.

Table 3 presents the result harvested from annual reports of 19 listed Vietnamese companies. Annual reports from 2007 and 2008 were examined by Hermawan applying content analysis.

TABLE 3. Corporate Social Disclosures by Vietnamese listed companies
(Hermawan 2011, 14)

No	2007		2008	
	Theme	Percentage	Theme	Percentage
1	External relations	72.20	Sustainability	89.47
2	Sustainability	66.67	Others	84.21
3	Product	59.26	Product	80.70
4	Others	50.00	External relations	78.95
5	Human resources	46.10	Human resources	64.21
6	Community involvement	31.30	Community involvement	50.72
7	Environment	7.69	Environment	17.81
8	Energy	5.56	Energy	15.20

The result indicates that external relations is the most disclosed information in 2007, reported by 72.2 percent companies. The year 2008 marked a change in reporting trend, turning from external relations to sustainability. This change signals a positive trend in CSR reporting in Vietnam, stemming from the awareness of social and environmental issues. Generally, from 2007 to 2008, all manner of disclosed information increased. This finding may indicate increased CSR disclosures in the future and the necessary of CSR reporting in doing business. Energy remained the least disclosed information.

According to Hermawan (2011), the difficulties in calculating energy consumption and less awareness of energy efficiency may be the main reasons for the small amount of energy information disclosures. Hermawan (2011) concludes that external relations is the major disclosed information of CSR disclosures in Vietnam. A similar conclusion is reached for CSR disclosures in the Philippines, East Timor, Cambodia and Laos. Hermawan also points out that the significant increase in percentage of companies disclosing CSR information demonstrated a growth of CSR information in the future and that CSR reporting may become a significant topic in many business areas in the country.

In addition, Bui (2010, 78) stated that companies in Vietnam disclose CSR practices in order to increase labor productivities and turnover, to build a good image in the perception of customers, to create customer satisfaction and loyalty, and to attract skilled workers and talents in their companies. More importantly, requirements from multinational corporation customers have pressured some companies to disclose their CSR reports. However, it is apparent that CSR credentials are not a priority for Vietnamese companies. They prefer to solve rather short term problems on quality and price than issues of sustainable development. Bui sites some reasons explaining why Vietnamese companies pay little attention to CSR such as lack of knowledge (59%), lack of budget (57%), the high cost for implementing CSR (43%), and the weak impact on a company's performance (35%). (Bui 2010, 81.)

3.4 Current understanding of CSR in Vietnam

CSR was firstly introduced in Vietnam by international corporations sourcing in Vietnam, under the form of CoCs or social standard requirements. Similar to other developing countries, Vietnam lacks of knowledge regarding CSR. The understanding of CSR as a concept in Vietnam is still poor and inconsistent. CSR is perceived as philanthropic activities, cause-related marketing or public relations. There is also a misperception that CSR is costly and a waste of time. This has discouraged companies from adopting CSR in their corporate policies. (Ha 2011.)

Currently, Vietnam has no mandatory requirement for listed companies to disclose their environmental management and performance, and the enforcement of social and environmental legislation is negligible. In addition to that, social and legal problems in Vietnam, such as poor legal enforcement, corruption and excessive overlap among different laws, have been common problems to all sectors – particularly business. This results in legal uncertainties regarding substance, additional administrative costs, and bureaucracy. (Ha 2011.) The situation of CSR in Vietnam is described in Figure 9 below:

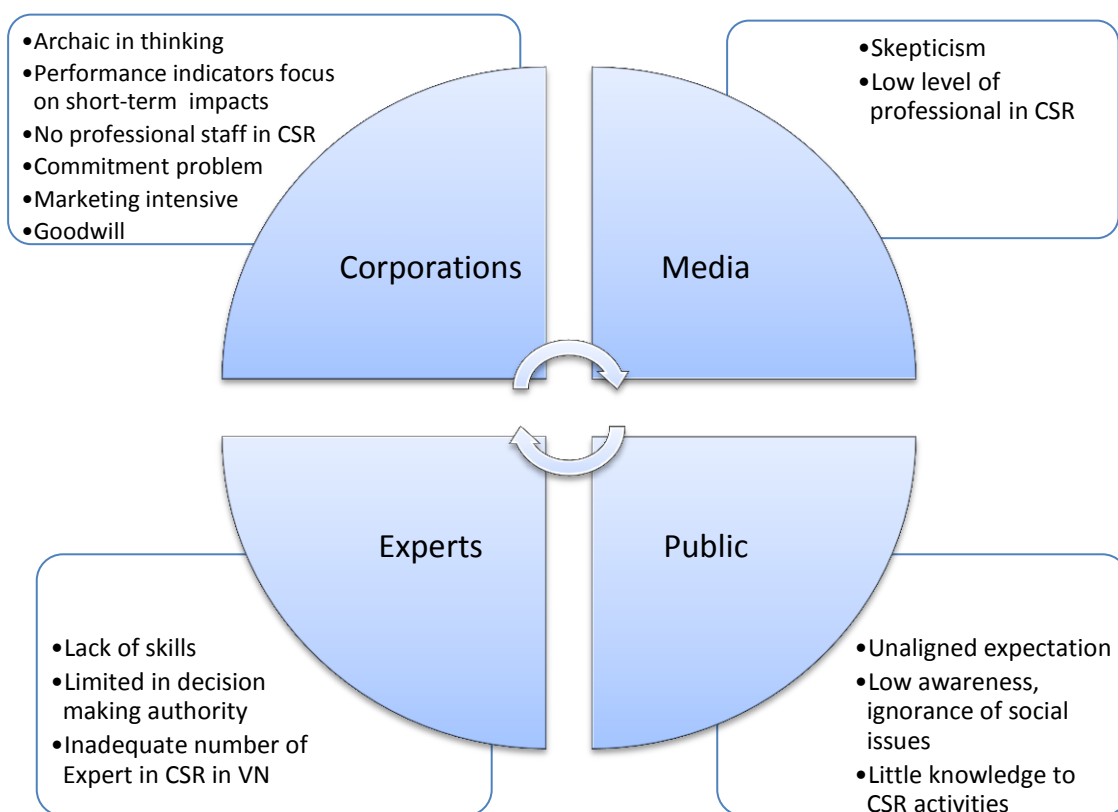


FIGURE 9. CSR situation in Vietnam (VCCI 2011).

The concept of CSR in Vietnam is a relatively new one. As a result, CSR activities are very limited. According to the WB report, there are five obstacles and challenges when doing CSR in Vietnam: 1. The awareness of the CSR concept; 2. Productivity is effected by applying overlapping Code of Conduct (CoC) at the same time; 3. Lack of funds and technology; 4. Misunderstanding between CSR and Labor law; 5. The effects of domestic obligations on CoC. (World Bank 2003.)

Similarly, VCCI points out four challenges at the national level in adapting CSR in Vietnam: poor adaption of the concept of CSR to the Vietnamese context, the gap between National Labor Code and CoCs, lack of law enforcement, lack of cooperation. At the industry level, the challenges lay on the lack of term comment to CSR, overlapping of CoCs, weak capacity of local Trade Union. More specifically, at the corporate level, the lack of understanding of the benefits from

the applications of CSR is the main challenge for Vietnamese corporations. In such a difficult situation, is it worth for organizations to adapt CSR? The answer is quite clear since stakeholders are increasingly concerned about the effects of globalization to workers, the environment and society. Corporations without CSR doption will soon lose their opportunity of entering international markets.

In recent years, mostly because of the requirement of foreign partners, Vietnamese entrepreneurs have adopted CSR. A survey on 24 companies in the footwear and garment industry conducted by VCCI shows that by adopting CSR practices, total revenue of these company increased 25 percent, productivity increases from 1700 USD to 1850 USD/worker/year, and export proportion increased from 94 percent to 97 percent. Beside economic effectiveness, these companies also create a good image to consumers, maintain employees' loyalty and attract skilled and professional employees. (Ha 2011.)

According to Ha (2011), CSR is still not well-supported by Vietnamese entrepreneurs. Explaining this, Ha states that Vietnamese companies have not realized the benefits of CSR as they are not willing to change or are afraid of changing. In order to increase the competitive advantage in the area, Vietnamese entrepreneurs have to reach three criteria: quality, price and CSR. CSR is a tool which the country's companies can use to gain competitive advantage over Chinese companies. (Ha 2011.)

CSR activities in Vietnam are regulated and supervised by the government as well as corporate social policies. The two main players in the promotion of CSR are companies and government, in which firms determine the success of CSR while government devises policies, supervises the enforcement of regulations and provides information on CSR issues. Moreover, raising the level of awareness of CSR remains the main challenge, as public concern of CSR is limited, and fails to associate it in the choice of products, as well as does not relate CSR with social concerns (ASEAN 2008.)

In 2004, the Vietnamese government approved the Strategic Orientation for SD in Vietnam, the so-called VN Agenda 21. One of the eight principles to pursue SD in

Vietnam is to apply science and technology, particularly in modern, clean and environmentally friendly technology in production. Moreover, with the aim of assisting footwear and leather enterprises in fulfilling CSR requirements, the Vietnam Leather and Footwear Association in cooperation with the Vietnam Leather and Footwear research institute developed the “Code of Conduct” applied in the Vietnam Leather and Footwear Industry. The Code of Conduct presents regulations concerning employment, vocational training, labor relations, wages, time of work, time of rest, occupational health and safety, medical service and collective welfare, Trade Unions, monitoring and inspection.

Most importantly, the CSR Toolkit, published in December 2010, seems to be the most complete guideline, given the current situation of CSR regulations in Vietnam. While developing the toolkit, different laws of Vietnam (Labor Code, Law on Environment Protection, etc.) have been referred to and combined with the content of UNGC framework and guidance on CSR of other countries. This toolkit is recommended by VCCI and can be used by any enterprise irrespective of size, sector or geographical location. (VCCI 2011.)

4 RESEARCH CONTEXT AND METHODS

This chapter presents the general overview of the two stock exchanges in Vietnam, HOSE and HNX, and the context of large listed Vietnamese companies. Afterward, the author describes data collection and the analysis processes.

4.1 Research context: Large listed Vietnamese companies

After the initiation of Doi Moi policy, the process of industrialization and modernization has put Vietnam in the dire need of investment capital. In addition, the country's government believed that equitization of state-owned enterprises along with the securities market would create a more open and healthier business environment for investors. For these reason, on July 10th 1998, the Prime Minister signed Decree No. 48/1998/ND-CP on the stock and securities market and a Decision to set up two securities trading centers in Ha Noi and Ho Chi Minh City. The Ho Chi Minh Stock Exchange market, first known as HoSTC, was officially put into operation in 2000. Seven year later, HoSTC was renamed as HOSE. Ha Noi Stock Exchange (HNX), on the other hand, officially started in 2005. (SSC 2011.) The two stock exchanges are state-controlled and are administered by SSC, which is under the Ministry of Finance (MOF).

While HOSE is devoted to equities trading alone, HNX is dedicated to equities trading, bonds and over the counter securities (SSC 2011). As of March 2011, there are 286 listed companies on HOSE and 319 companies on HNX (FPTS 2011). Both exchanges are dominated by a few companies. The biggest ten companies on HOSE account for 50 percent of HOSE market capitalization. Similarly, the biggest ten companies on HNX account for 48 percent of the market capitalization. These companies can easily move the market. (HSBC 2010.)

In term of sector composition, financials are the dominant sector on HOSE. Although there are only 39 financial institutions on HOSE, they constitute more than 50 percent of HOSE's total market capitalization. Following are consumer staples, industrials and materials sectors with 14 percent, 12 percent and 10

percent shares, respectively. The largest listed company on HOSE is Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank), whose market capitalization accounts for 9.6 percent. Bao Viet Holdings is the second largest company with an 8 percent weight, followed by Vietnam Dairy Products JSC (Vinamilk) with a 6 percent weight. On the other hand, HNX skews towards the industrials sector which constitutes 41 percent of the total market capitalization. Financials sector is a dominant sector here with 30 percent weight, followed by materials and energy sectors with 12 percent weight for each. The largest company on HNX is also a commercial bank, Asian Commercial Bank with a 17 percent weight. (HSBC 2010.)

4.2 Data collection and analysis

First and foremost, the author selected companies based on their size. Company size can be measured by number of employees, total asset value, sales volume, market capitalization, or an index rank. In this study, companies were selected based on market capitalization referenced on 1 March 2011 from HOSE and HNX. The author chooses market capitalization as a criterion for two reasons. First, through the author's observation, companies having such a large amount of market capitalization have strong influences on the stock market as well as on smaller companies. Second, these companies are trend-setters in their respective industries (Ha 2011).

Since none of large listed Vietnamese companies discloses stand-alone CSR reports, primary sources in this study are the company's annual reports. The author chose AR as the main research document not only because it is readily available on the company's website but also it is an official way through which companies communicate their financial performance and their activities to investors and stakeholders. ARs are a primary information source for investors, creditors, employees, environmental groups and the government.

Moreover, in a developing country context like Vietnam, ARs are considered the main channel of information distribution (Ha 2011). Gray et al. (1995b, 82-83)

point out that the AR is widely viewed as a major official and legal document by which a firm communicates its political, social and economic system to stakeholders. Later on, Gray et al. (2001, 345) explain three reasons why CSR researchers prefer companies' AR for their studies: AR presents a true picture of the organization; there is no need to look for other source of information; the amount spent on social and environmental activities are reported.

In addition, ARs can also be viewed as the most widely used documents in the analysis of corporate social activities in spite of a broad range of other available mediums (Murthy & Abeysekera 2008, 42). Neu et al. (1998, 269) believe that environmental disclosures in ARs provide organizations with an effective method of managing external impressions.

The collection of data took place during spring 2011. At the start, the 100 largest listed companies were picked up. ARs for the fiscal year 2010 were then collected from the companies' websites. After initial research, the result of ARs represented in English and Vietnamese is presented in Figure 10.

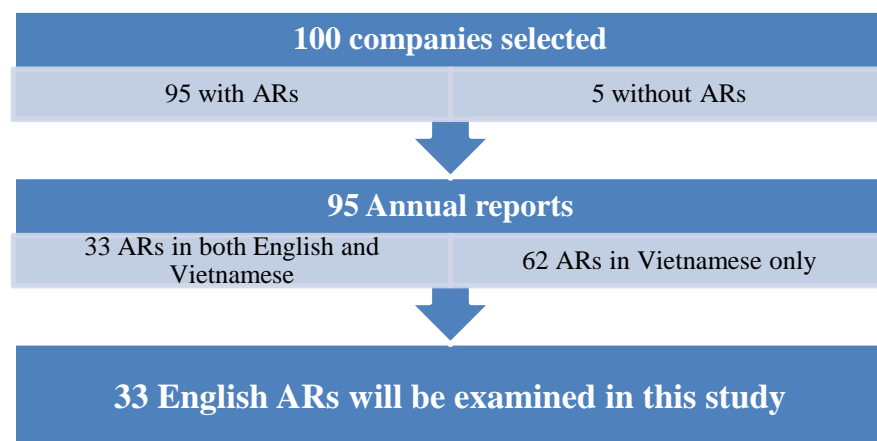


FIGURE 10. Company selection process.

As can be seen from Figure 10 above, 5 out of 100 companies did not issue ARs. Since it is obligatory for a listed company to disclose its annual report within 100 days after the last day of the financial year – December 31st (MOF, Circular 09-

2010-TT-BTC), there may be two explanations for this lack. First, some companies are subsidiaries of the larger corporation who already published an AR. Second, the remaining companies have been listed for a short period and may issue their first ARs for the fiscal year 2010.

Among the 95 companies which issued their ARs, 33 of them wrote the ARs in both Vietnamese and English. In order to maximize the creditability and reliability of this study, the author decided to examine only the 33 English ARs. Table 4 lists these companies and their industries.

TABLE 4. Companies included in this study.

Name of company	Industry
JS Commercial Bank For Foreign Trade Of Vietnam	Banks
Bao Viet Holdings	Financials
Masan Group Corporation	Consumer goods
VINCOM JSC	Financials
Vietnam JS Commercial Bank For Industry and Trade	Banks
Vietnam Dairy Products JSC	Consumer goods
HAGL Corporation	Financials
Phu Nhuan Jewelry	Consumer goods
Vietnam Export Import Commercial JSB	Banks
PetroVietnam Fertilizer and Chemical JSC	Basic materials
SaiGon Thuong Tin Commercial JSB	Banks
FPT Corporation	Technology
PetroVietNam Drilling & Well Services JSC	Oil & Gas
Hoa Phat Corporation	Basic materials
Kinh Bac City Development Share Holding Corporation	Financials
Saigon Securities Incorporation	Financials
Kinh Do Corporation	Consumer goods
Tan Tao Investment Industry Corporation	Industrials
PetroVietnam Insurance Holdings	Financials
Hanoi Building Commercial JSB	Banks
Hau Giang Pharmaceutical JSC	Healthcare
Nam Viet Commercial JSB	Banks
Refrigeration Electrical Engineering Corporation	Industrials
General Forwarding & Agency Corporation	Industrials
Ocean Group JSC	Financials
PetroVietnam Finance JSC	Financials
Hoa Sen Group	Basic materials
Bao Viet Securities Company	Financials
Ho Chi Minh City Securities Corporation	Financials
CMC Corporation	Technology
Thu Duc Housing Development Corporation	Financials
Vietnam Securities Investment Fund	Financials
Thanh Cong Textile Garment Investment Trading JSC	Consumer goods

In order to obtain a fuller and deeper understanding through the material collected, the author employed content analysis. It is an established research technique in CSR (Abbott & Monsen 1979, 504). Content analysis is defined as “a technique for gathering data that consist of codifying qualitative information in anecdotal and literary form, into categories in order to derive quantitative scales of varying levels of complexity” (Abbott et al. 1979, 504). Later on, Krippendorff (1980, 21) defines content analysis as “a research technique for making replicable and valid inferences from data to their context”. Accordingly, content analysis is used to analyze transcription data and any other types of data that can be reduced to textual form (Brewerton et al. 2001, 151). The principle requirements of content analysis are “reliability”, “objectiveness” and “systematicness”, of which reliability is considered as the most important one (Krippendorff et al. 1980, 21).

Companies’ ARs are analyzed basing on the following four dimensions:

1. Themes: Economic, Environmental, Social (Labor Practices and Decent Work), Human Rights, Society, and Product Responsibility
2. Types of news: Financial information, Non-financial information, Descriptive information, Negative news, Good news, Neutrals news
3. Volume: page measurement
4. Time period of different CSR information and time period in the annual reports

ARs were read carefully by the author. Disclosed information was then recorded manually. In order to obtain full information from ARs and increase the accuracy of the research’s result, a checklist was then created. The checklist and its components were formed based on GRI guideline 2006

TABLE 5. Content themes and sub-themes

Content themes	Sub-themes
Economic	Economic performance Market presence Indirect economic impact
Environment	Materials Energy Water Biodiversity Emissions, effluents, and waste Products and services Compliance Transport Overall
Labor practices & Decent work	Employment Labor/Management relations Occupational Health & Safety Training & Education Diversity & Equal Opportunities Equal remuneration for women and men
Human rights	Investment & Procurement Practices Non-discrimination Freedom of Association & Collective Bargaining Child labor Forced and Compulsory labor Security Practices Indigenous rights Assessment Remediation
Society	Local communities Corruption Public policy Anti-competitive behavior Charitable donation and services Compliance
Product responsibility	Customer Health & Safety Product & Service Labeling Marketing Communications Customer Privacy Compliance

5 CSR REPORTING IN LARGE LISTED VIETNAMESE COMPANIES

The empirical study is carried out using content analysis on the annual reports of 33 chosen companies. Basing on the information extracted from these reports, the findings are presented in accordance with GRI guidelines which groups appropriate information into their respective themes: economic, environmental, labor practices, human rights and society as well as product responsibilities. This chapter discusses these findings in detail in order to identify prevalent trends and practices in CSR reporting of large listed Vietnamese companies.

5.1 Reporting volume disclosed in annual reports

The dominating trend in CSR reporting nowadays is the integrating of CSR reports into annual reports. Given that CSR reporting practice in developing nations is lagging behind that of developed nations, the author is somewhat surprised to find that all companies in this study report their corporate social responsibility as an integrated element of their annual reports, which is parallel with today's trend. This suggests a positive result of the globalization process, i.e. increasing information flow has made it easier for the developing world to catch up with its developed counterpart.

In including CSR information in the annual reports, Vietnamese firms have done a surprisingly good job; only one company amongst the 33 examined does not disclose CSR information of any kind in its AR. The firm with the least CSR disclosure manages to dedicate 3 pages worth of information in its annual report, while Hau Giang Pharmaceutical discloses CSR in 37 pages, the most among examined firms. On average, an annual report includes 13 pages of CSR related information, with the median number around the same figure. Given that the average length of an annual report is 85 pages, then CSR related information accounts for almost 15% of the total disclosure. This is a notable figure, since almost half of the content of a typical annual report is dedicated to the financial statements.

TABLE 6. Number of reports by quantity of CSR information

Average number of pages	Number of companies	Percentage of total number of reports
No CSR information	1	3%
Less than 13	19	57%
13 - 20	11	33%
More than 20 pages	2	6%

The major theme of the disclosed CSR is economic concern, following by labor practices and society. Only a small number of companies (Vinamilk, Hau Giang Pharmaceuticals, PetroVietnam Fertilizer) choose to report environmental and product responsibilities topics; however the amount of conveyed information is limited. Human rights issue, which is one of the major themes of the GRI guideline, is completely neglected. This is evident in the number of pages devoted to each subject, in which economic issues claims an average 9 pages per report, the most numerous among subjects. Trailing behind are social issues, which include charity activities, sport sponsorship and educational grants, with 2 pages per report, for a total of 29 reports. Labor issues such as employee benefits, wages and welfare are the third most reported theme, appearing in 24 reports and claiming 2 pages in average. The other themes, including environmental and product responsibilities, are disclosed by three and four companies, respectively.

TABLE 7. Number of pages by themes

Themes	Number of reports	Average number of pages per report
Economic	33	9
Environmental	3	3
Labor practices	25	2
Human rights	0	0
Society	28	2
Product responsibilities	4	3

Overall, the information conveyed is 72% economic issues and 28% non-economic issues. This is the major implication that complements the initial respectable figure of CSR disclosure, since it shows that although Vietnamese firms are concerned about CSR in their operation, most of them only focus on the economic aspects of CSR, and choose to report accordingly. On the other hand, human rights disclosure is absent, which may indicate that companies either see this issue as irrelevant to their businesses, or perceive that the public is not interested in this theme.

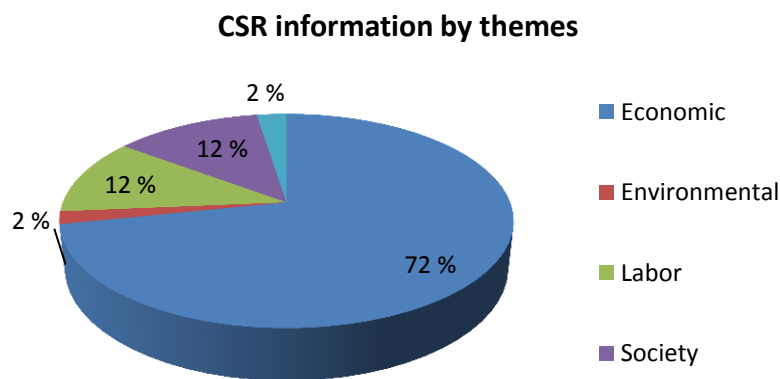


FIGURE 11. Amount of CSR information by themes

On the other hand, CSR disclosure seems to relate to certain businesses. The most abundant source of CSR reporting comes from the financial sectors, with a total of 13 annual reports. Next are the banks and consumer goods sectors, with six and five reports disclosing CSR from each sector. In a lesser number of reports, healthcare, basic materials, technology, industrials and oil & gas sectors all have representatives in the examined sample.

Notably, there is an absence of companies' annual reports with CSR from the consumer services, telecommunications and utilities sectors. Nevertheless, this absence does not necessarily mean that companies in these sectors do not disclose CSR information, but possibly it shows a shortage of English versions of the sectors' annual reports. Within the scope of this thesis and the focus on its

intended audience, which is the international community, the author elected to bypass researching in these sectors but does not discount the possibility of CSR reporting practice in these industries.

TABLE 8. CSR disclosure by industry sectors

Sector	Number of reported companies	Companies report environment	Companies report product responsibility
Financials	13	-	-
Banks	6	-	1
Consumer Goods	5	1	1
Healthcare	1	1	1
Basic Materials	3	1	-
Technology	2	-	-
Industrials	2	-	-
Oil & Gas	1	-	1
Consumer Services	-	-	-
Telecommunications	-	-	-
Utilities	-	-	-
Total	33	3	4

Furthermore, the author finds that reporting practice in lesser disclosed CSR themes, like the environment and product responsibilities, is rather trivial and does not show a credible correlation with industry sectors. This finding consequently suggests that the election to disclose the information rests with the individual choice of each company. And that there is not an established practice to disclose them within each industry. Nevertheless, the author finds that sectors with physical products seem to disclose these information more often, as shown in Table 8.

Companies who choose to disclose environmental issue come from consumer goods, healthcare and basic materials sectors. The healthcare company under examination is in fact a pharmaceutical company which produces various medicines. On the other hand, the trend in reporting product responsibility is vaguer, including reports from banks, consumer goods, healthcare and oil & gas sectors. The only sector to disclose CSR information in all themes except human rights is healthcare. However, as there is only one company in the sample, that is not sufficient to show a prevalent trend.

As a result, the initial findings on CSR disclosure in annual reports of Vietnamese firms are promising at first, with an abundance in the quantity of information provided. However, subsequent findings show that the vast majority of CSR information is related to economic concerns, while other CSR indicators are marginally reported. Reporting practice seems aligned with certain industrial sectors, even though the trend is not clearly elaborated for niche themes such as environmental and labor issues. The uneven disclosure between major themes shows that further investigation in each theme is required. Such investigations will not only be essential in discovering the comparability between CSR reporting practice in Vietnam and the according GRI guidelines, but also reveals the popular indicators that are frequently used to address stakeholders' concern about the business impact in Vietnam.

The author asserts that results from these investigations will be very useful in a number of ways. First, they will show how good Vietnamese CSR reporting practices are in comparison with international practices by comparison with GRI guidelines and its performance indicators. Second, the findings help in locating popular CSR indicators. These indicators can serve as an indirect way to perceive stakeholder concern on CSR issues in Vietnam, thus generating a general guide for international firms wanting to issue CSR reports tailored to the local interest. Third, only a detailed investigation on each theme can reveal the shortcoming of CSR disclosure of the examined companies, thus pointing the way toward a more comprehensive CSR disclosure in accordance with international standards whilst still informing the target audience. These researches are carried out in the following sections.

5.2 Reporting practices disclosed in annual reports

The following sub-chapters will investigate in detail on each theme including economic, labor practice, society, environment, product responsibility and other information such as CSR policy information and stakeholder information.

5.2.1 Economic

The major theme of CSR disclosure in Vietnam, CSR information regarding economic issues forms the bulk of the quantity provided. The disclosed quantity ranges from two pages in Ocean Group's annual report to 30 pages in Export/Import Bank's. On average, most companies choose to include from six to 10 pages of economic issues. However, content analysis reveals that although the provided quantity is substantial in comparison with other CSR themes, the quality of this information is negligible in accordance with GRI guidelines, and subjects more to procedural disclosure. The location of this information, however, is more coherent across examined reports.

TABLE 9. Number of page reported by companies

Number of page	Number of reports
<5	7
6-10	17
>10	9

Almost all annual reports disclose business performance of the reviewed fiscal year. The content and location of this information is quite consistent; a brief description of the business performance and significant operations that affect the business, as well as the business environment with both macro and micro implications. This subject is often found under the Chairman's message and Chief Executive Officer's report, as well as the Board of Management's report (sometimes Board of Directors' report). This information represents a broad

overview of the firm's business under the implication of the economic environment. This subject is conveyed mostly through narrative form, with limited descriptive information. Most descriptive information is provided under financial indicators which usually accompany business performance in order to complement the narrative information in the latter's section. The main medium for financial indicators is visual and descriptive depiction with graphs, table and charts.

The second most reported information about economic issues is risk management, which is further divided into risk management information and risk management policy. A total of 22 companies disclose some information about risk management, mostly in narrative form without any tangible financial value. Of those companies, 18 companies have a separate section for risk management policy as a stand-alone section in the reporter; a couple companies choose to incorporate these policies in the financial statements. These companies include all of those in the banking industry, most from the financials sector and two companies from the consumer goods sector. The described risks vary according to industry composition and products, but nevertheless this information is an essential component in evaluating the business's sustainability. The most recurring mentioned risks are credit risk, liquidity risk, interest rate risk and market risk. This subject often occupies approximately two pages.

Notably, the common keyword for all the subjects above is sustainability. This keyword not only shows the increasing awareness of business sustainability, but also reveals the chaotic economic environment in 2010 in Vietnam, in which many businesses have had to reemphasize their strategy and focus more on long term growth. As one chairman puts it: "Macroeconomic conditions remained unfavorable for business in 2010. The Vietnam economy faced a myriad of adversities in the form of runaway inflation, widening trade deficit, shortage-driven disparity in foreign exchange rates, etc. In the face of these adversities, the government tightened monetary policies and raised interest rates to control inflation and reduce trade deficit. These measures are expected to stabilize the macroeconomic variables over the long-run, and create a platform for sustainable economic development. However, the immediate impact curtailed the access to

capital for business operations and investments, which in turn led to significantly higher cost of capital.” (HAGL 2010, 4.)

Information regarding community donations and investments follows suits with twelve companies’ disclosures. The content is mostly in form of donations and charity services, often accompanied by financial measures and a short narrative description of the impact on the local community. The subject usually includes one page of photos and another with a mix of narrative, financial and non-financial information. No companies choose to include descriptive information in the subject.

TABLE 10. Subject of disclosure by number of reports

Subject of disclosure	Number of reports
Business performance	31
Financial indicators	31
Employee compensation	8
Community investments and donations	12
Risk management	22
Locally based policy regarding supplier and human resources	3
Indirect economic impact	2

Apart from the major topics of economic issues that have been described above, few companies disclose their policy regarding local operations, specifically about human resources and local suppliers. Of the three companies that choose to do so, two (Hau Giang Pharmaceuticals, Kinh Do Corporation) focus on local suppliers, while only one (HAGL Corporation) comments on their policy of local hiring. The focus on local suppliers is largely described as part of an expansion network with incentives and performance based rewards and as an effort to localize production processes. However, the content is economic-based, focusing on the long term growth of the enterprise rather than describing the benefits for the

suppliers and distributors. The only company (HAGL Corporation) to provide information about local hiring policy states that it prefers to hire employees in the proximity of the company's headquarter, which is located in a distant area of Vietnam. The company also provides generous benefits and promotion opportunities for those who choose to relocate to the company's headquarters area.

The least disclosed information is about the indirect economic impact of business operation, with two samples from a pharmaceutical and an insurance company. The impact is however quite similar, both companies claim that customers can benefit from peace of mind and a decrease from risk exposure and expenses when using these companies' products.

TABLE 11. Economic performance indicators by number of reports

Aspects	Indicators	Description	Number of reports
Economic Performance	EC1	Direct economic value: revenues, costs, compensations, donations, etc.	31
	EC2	Financial implications & risks due to climate change	0
	EC3	Coverage of the defined benefit plan obligations	0
	EC4	Significant financial assistance from government	0
Market Presence	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage	0
	EC6	Policy, practices, and proportion of spending on locally-based suppliers	2
	EC7	Local hiring proportion	1
Indirect Economic Impact	EC8	Infrastructure investment & services provided for public	0
	EC9	Describing significant indirect impact	2

Despite a wealth of economic disclosure information, the content of the examined annual reports fares poorly in the GRI benchmark. The five most covered topics

fall under the description of Economic Performance Indicator 1 according to GRI guidelines. As a result, they satisfy only one in nine of the economic performance indicators despite a seeming wealth of information provided.

TABLE 12. Type of news by reports

Type of news	Number of reports
Financial information	29
Non-financial information	30
Descriptive information	23
Negative news	1
Good news	30
Neutral news	0

Regarding the type of news, most disclosure represents a mix of financial information and non-financial information, mostly in narrative form. This pattern should be typical for a topic such as economic issue, which involves many indicators and consequently requires some sort of accompanied explanation for non-financial stakeholders. A majority of annual reports provide descriptive information in the forms of graphs, charts and tables. Despite a turbulent business environment in 2010, almost all companies report their business operation in an optimistic term and with considerable success. Only one annual report admits that the company (CMC Corporation) felt short of the expected earned income, and the number of employees decreased in comparison with previous year.

The large amount of disclosure in economic performance is largely in accordance with the current viewpoint of CSR among Vietnamese companies. As noted by Ms. Ha, most firms originally viewed CSR disclosure as a marketing tool and defined a firm's performance only by business results. Despite advancement in CSR understanding in Vietnam in recent years, this viewpoint is still dominant. Therefore, economic performance disclosure is chiefly for public relation purposes with the aim of attracting more investments and raising confident in shareholders. As a result, firms are very reluctant to disclose negative news,

unless the final outcome is favorable. This purpose is also evident in that more than half of the information provided focuses on business results.

On the other hand, “sustainability” is a common keyword found in the examined reports. Traditionally, Vietnamese companies have always emphasized short term growth, due largely to the rapid expansion of the economy. Nevertheless, the ongoing economic depression has put many businesses in jeopardy, forcing them to rethink business strategy (Nguyen 2011). This is evident in a high number of companies that disclose their risk management policies, a voluntary reporting item. Moreover, the interviewee has another interpretation. As the examined companies are among the largest listed firms, many of them have finished the expansion phase and are mature. As such, they need to reemphasize their strategy on long term growth in accordance with the company’s maturity, and consequently stress sustainability as their chief concern. Fortunately, this trend implies that as more companies mature, the importance of CSR strategy and activities will become more popular.

5.2.2 Labor practices

A total of 25 annual reports disclose information regarding the labor practices of their respective companies. Of those companies, more than half of them include a page or less on human resources policies and relevant issues of the workforce. Six annual reports have more than one page on this topic while the same number of companies has more than two pages. The leading company in labor practices disclosure is Export/Import Bank with six pages in total. On average, labor issues make up 11.5 percent of all CSR information.

TABLE 13. Number of page by reports

Number of page	Number of reports
0-1	13
1-2	6
>2	6

Most companies start the disclosure by including an approximate count of their total workforce. Varying by firms, this number is often accompanied by visual or descriptive information of the labor structure, either by academic qualification, by age, by gender, or by departments or operations. The former indication is disclosed by 10 reports, while the others are found in two, five and four reports, respectively. As such, the quality of the workforce in academic terms is arguably human resources information that companies believe most important for presentation their stakeholders.

Furthermore, the analysis reveals that the majority of Vietnamese companies disclosing employee information provide the most detail on educational policy for their employees. A total of 17 companies disclose employee training and development programs that consist of training programs, scholarships and seminars. Some even disclose more specific programs that target senior management. Disclosure in the reports often portrays such activities as a form of investment in employee potential and in maintaining long term relationships with employees. There are clearly tangible benefits to both employees and company as a result of such educational programs. Even though this mutual benefit would appear to come about in part as a result of company concerns to use employees more effectively in terms of corporate aims.

Reward and incentive policies are amongst the more popular disclosed items. A total of 14 companies have in place some sort of incentive policies that often involve a collection of performance based prizes and a fixed annual bonus. The most disclosed bonus is the year-end bonus, which often equals a month salary and is considered a normal practice in Vietnam. The bonus is widely considered as a 13th-month salary. In addition, some companies have a practice of giving a bonus in association with a holiday, such as Hau Giang Pharmaceuticals which gives out bonuses on Lunar New Year, National Day, and Hung King Anniversary.

Regarding employment benefits, healthcare insurance is the most quoted items. Most insurance is good for the employee only, while some companies such as Ho Chi Minh Securities has insurance that covers not only the employees, but also

their immediate family. On the other hand, a handful of companies provide other benefits to their employees such as annual holiday trips, onsite medical assistance, and welfare facilities as well as emergency funds. While these benefits demonstrate that employers do not simply focus on their own interests, the sense in which these payments can also provide substantial rewards to the company owners who implement them is not fully brought out.

On the other hand, labor safety policies and practices are poorly reported with only four reports listing that item. The disclosed information mentions a strict safety code, training in work safety and fire prevention prior to job assignment and equipping employees with labor safety equipment. Given that there are many companies in the list engaging in operations that carry potential labor risk, the author finds that the number of company disclosures is inadequate. Furthermore, the quality of disclosure is also poor, in that the companies fail to mention any adherence to safety standards in their safety system. As such, it is difficult to evaluate the effectiveness, as well as the compliance level, of their policies in comparison with national and international standards.

In terms of gender disclosure, which is generally concerned with corporate policies on employment of men and women employees, policies such as equal opportunity, career advancement, or equal pay would be indicative of whether women are treated equally with men in the workplace. Of all companies reporting on labor practices, only one healthcare producer includes such information in its report. Obviously, Vietnamese corporate reporting on gender issues is very poor. Social and economic issues in Vietnamese society dictate that much more disclosure on gender policy is needed (Ha 2011).

Among the miscellaneous items reported in the labor CSR section, there are mentions of recruitment activities, employee share ownership programs and local labor recruitment policy. These first two items are reported by six and three companies, while only HAGL group discloses the local recruitment policy.

TABLE 14. Subject of disclosure by number of reports

Subject of disclosure	Number of reports
Total employee	22
Training program	17
Reward policy	14
Financial information	3
Employee Share Ownership Program	8
Average income	14
Health insurance	10
Labor structure by academic qualification	2
Labor structure by age	5
Labor structure by gender	4
Labor structure by departments	6
Recruitment report	4
Labor safety	2
Welfare facilities	3
Holiday traveling	1

Even though Vietnamese large listed companies report many issues in employment policies, the compliance level in accordance to GRI guidelines is poor. Specifically, all reported items represent only six performance indicators out of 14 possible indicators. There are several important aspects that are underrepresented in Vietnamese labor CSR disclosure. First, labor and management relations, which report the collective bargaining power of the employees is not mentioned, which is in line with comments from Mr. Nguyen that collective bargaining disclosure in Vietnam is very limited (Nguyen 2011). Similarly, indicators representing equal remuneration for women and men, such as the ratio of basic salary and remuneration of women to men, are also absent.

TABLE 15. Labor performance indicators by number of reports

Aspects	Indicators	Description	Number of reports
Employment	LA1	Total workforce by employment type, contract, region, gender	17
	LA2	New employees hires, employees turnover by age, gender, region	2
	LA3	Benefits provided to full-time employees	10
	LA15	Return to work and retention rates after parental leave	0
Labor/Management Relations	LA4	Employees covered by collectives bargaining agreements	0
	LA5	Notice period regarding operational changes	0
Occupational Health and Safety	LA6	Total workforce represented in formal health and safety committees	1
	LA7	Rates of injury, occupational diseases, etc., and work-related fatalities	0
	LA8	Education, counseling, risk-control for employees & their families	4
	LA9	Health & safety topics covered in agreement with Trade Union	0
Training and Education	LA10	Average hours of training/employee	5
	LA11	Program for skills management	0
	LA12	Regular performance & career development reviews	0
Diversity and Equal Opportunity	LA13	Compositions of governance bodies & distribution of employees	0
Equal Remuneration for women and men	LA14	Basic salary & remuneration of women to men	0

In term of visual appearance, employee disclosure typically includes both financial information and non-financial information. The inclusion of both types of information is particularly helpful in determining the quality of non-financial information. Specifically, financial information supplements non-financial information with evidence of the effectiveness of the company's policy and efforts, while non-financial information serves as the narration of financial information. As such, this disclosure form contains information that complements each other, therefore providing much needed transparency and increasing readability for the audience. The location of employee disclosures also varies,

ranging from the human resources section to accounts in the financial statements, corporate governance section and business result section.

TABLE 16. Type of news by number of reports

Type of news	Number of reports
Financial information	2
Non-financial information	13
Descriptive information	1
Negative news	0
Good news	0
Neutral news	4

Some companies attempt to indicate the conditions in the workplace in their annual report with pictures and graphics. Although visual information certainly provides useful information, it would be even more useful if they were supported by text. Photographs cannot be a substitute for consistent textual statements of compliance. For instance, reference to regular inspection reports by independent government teams will give further reassurance to the public of law-complying industrial practice.

5.2.3 Society

Society is the second most disclosed theme of CSR in the examined annual reports. The study of community involvement disclosure sought to locate any corporate activity which pointed to an involvement in the wider community beyond the enhancement of shareholders' financial position.

While the average quantity of information per report amounts to almost two pages, more than half of the annual reports have one page or less on this topic. Seven companies have two pages of disclosed CSR on society, and six have more than three pages. With six pages in social responsibilities, Vinamilk is the leader

in disclosing the theme. Even so, the author notices that there is not a big difference in quantity of information provided between companies with more than two pages of society CSR and companies in other groups. The reason for this difference is because annual reports in the former group contain more images and visual information, which is used in conjunction with narrative information. This form of information enhances the appeal of the text, but actually does not bring additional information about the companies' activities.

TABLE 17. Quantity of society disclosure by number of reports

Number of page	Number of reports
0-1	15
2	7
>2	6

Most of the society CSR information from the annual reports falls into nine categories: charity activities, educational scholarships, disaster recovery efforts, blood donation, school building, poverty alleviation, event sponsorship, local infrastructure improvement and medical distributions. Among 28 annual reports with the society theme, 22 report their efforts in alleviating the condition of poor people. The most reported activity is charitable contributions to assist the poor. Some companies choose to donate to a charity fund, such as Export/Import Bank's donation to the Fund for the Poor of Ho Chi Minh City and the Social and Humanitarian Fund of the Red Cross Society. On the other hand, others choose to donate directly to a poor local community, such as Vietcombank's donation to Tuong Duong district in Nghe An province and Dam Rong district in Dac Lac province to better the poor's living condition.

Trailing behind poverty alleviation are charity activities and disaster recovery. Charity activities as a separate category differs from poverty alleviation in that these activities seek to ease the living condition of the elderly, underprivileged children and the disabled. One of the notable contributions is for the victims of the

Agent Orange, which is a critical social problem in Vietnam, and a legacy of the Vietnam War that has left many children disabled. Furthermore, many charitable activities mainly focus on the elderly with some companies arranging charitable trip to nursing homes for kind-hearted gifting and personal assistance.

On the other side, disaster recovery focuses on companies' efforts in helping people overcome hardship following a disaster. The coastal provinces of Vietnam are often prone to tropical storms while the mountainous provinces are usually affected by flooding, which occurs more often because of global warming. As the relief efforts are of national importance, many companies join forces with the government in contributing the necessities for the affected victims and helping reconstruct the infrastructure. A major calamity that is mentioned frequently in these annual reports are floods in the Central provinces which strikes hundreds of thousands of poor farmers. Interestingly, some companies such as Hau Giang Pharmaceuticals and CMC Corporation also mention their contribution for the Japanese people suffering from the tsunami in 2010.

On a smaller scale, 14 reports record scholarship contributions in 2010. The recipients vary according to each company, but the awards share some similarities in that their intentions are either to assist talented but poor students, to provide further education to ethnic people in impoverished areas, or simply to advance education in Vietnam. Notably, some companies, such as Gemadept, state that they also sponsor excellent students so that they will join the company in the future. A majority of companies who disclose this item often add the monetary contribution to specific scholarship or disclose the total amount of contribution to this cause.

In addition, event sponsorship is also a popular item in society disclosure. The nature of sponsored events varies from community events to television talk shows. Unlike charitable contributions, event sponsorship shows true diversity in the scope of events, as the author is unable to find any similarity amongst the reports of 24 companies. Furthermore, there is sport sponsorship which is cited by Hoa Sen Group, Saigon Securities Incorporation and Vincom Company for indoor football, football and baseball league.

Besides, local infrastructure improvement is often named as a kind-hearted contribution to society. This contribution also includes school building, which is mentioned by Bao Viet Holdings, PetroVietnam Finance, Saigon Securities Incorporation and REE Corporation. The donated schools are all located in rural area with ethnic people as the main beneficiaries. Other infrastructure improvements include a regional medical center by Bao Viet Holdings; bridges by Export/Import Bank, FPT Corporation and PetroVietnam Drilling; and a nursing center by Vincom Company.

Last, some annual reports also mention blood donation by employees and medical distribution as part of their social activities. Medical distribution is the donation of medicine and medical equipment to local communities, sponsored healthcare checks for impoverished farmers, and free surgeries for poor children suffering from chronic illness. Companies report these activities include Ocean Group, Phu Nhuan Jewelry, Hau Giang Pharmaceuticals, Gemadept, HAGL Group and Vinamilk.

TABLE 18. Subject of disclosure by number of reports

Subject of disclosure	Number of reports
Charities	19
Scholarship	14
Disaster recovery	19
School building	4
Blood donation	8
Poverty alleviation	22
Event sponsorship	13
Local infrastructure improvement	7
Medical distribution	6

In term of GRI compliance, 19 out of 28 annual reports satisfy one social performance indicator. This most complied indicator is SO1, which reckons

operations with implemented local community engagement, impact assessments, and development programs. The remaining nine companies do not satisfy any indicators because the quantity of information included is inadequate to be measurable. Thus a majority of companies only fulfill one aspect of society CSR, specifically local communities, while the other four aspects, namely anti-corruption policy, public policy, anti-competitive behavior and law compliance are absent.

TABLE 19. Social performance indicators by number of reports

Aspects	Indicators	Description	Number of reports
Local community	SO1	Local community engagement, impact assessments & development programs	19
	SO9	Significant potential or actual negative impacts on local communities	0
	SO10	Prevention & mitigation measures implemented in operations with SO1	0
Corruption	SO2	Business units analyzed for risks related to corruption	0
	SO3	Employees trained in organization's anti-corruption policies & procedures	0
	SO4	Actions in response to incidents of corruption	0
Public Policy	SO5	Public policy positions & lobbying	0
	SO6	Financial & in-kind contributions to politics	0
Anti-competitive behavior	SO7	Legal actions for anti competitive behavior, anti-trust, monopoly, etc.	0
Compliance	SO8	Fines & sanctions for non-compliance with laws and regulations	0

The reports of community contribution utilize a combination of financial and non-financial information. However, although there are often details of the amount of money involved, few reports use charts, graphs or tables. On the other hand, one of the most used forms of communication is pictures and photographs. All companies unanimously report only positive news, which are often the results of

their direct contributions to different causes. However, the indirect impact of their businesses on the local community is not reported.

TABLE 20. Type of news by number of reports

Type of news	Number of reports
Financial information	14
Non-financial information	26
Descriptive information	5
Negative news	0
Good news	28
Neutral news	0

In summary, community involvement disclosure is clear, although limited. On one hand, society contribution certainly reflects a positive aspect of current business practice and gives insight into what is valued in Vietnamese society. On the other hand, benefits to the company of its community involvement are not mentioned. Although Vietnamese firms have a long track record in community services, most, if not all of them focus solely on benevolent charity contributions (Nguyen 2011). Sport and community sponsorships are relatively new, which advance in parallel with the development with media channels (Nguyen 2011). Most importantly, CSR reports are quite silent on the wider impacts of Vietnamese business upon and commitments to local communities' social and economic structure other than charitable or educational donations. The company's strategic importance in determining the wider social and economic development of the community in which it operates is generally neglected in Vietnamese annual reports.

5.2.4 Environment

Using content analysis on the examined annual reports, it is evident that even though some large listed Vietnamese companies hint at environmental concern,

most of them fail to incorporate environmental issues as part of the CSR disclosure. Usually, the annual report includes a sentence or two, which states that the firm is concerned about environmental issues. However, those sentences represent the limit of a majority of the firms' effort to highlight the theme. Beyond that point, only a few companies demonstrate more about their policy regarding environmental concerns, and show some evidence, albeit in limited quantity, of the result of their policies.

Leading in environmental CSR disclosure is Vinamilk, followed by PetroVietnam Fertilizer and Chemical Corporation and Hau Giang Pharmaceuticals. Notably, both Vinamilk and PetroVietnam Fertilizer and Chemical Corporation are businesses in the primary sector. Vinamilk is the largest dairy producer nationally, while the latter is the largest fertilizer producer in Vietnam. Since this sector works extensively in connection with natural resources, its businesses have direct consequences to the environment. Therefore the environmental disclosures from these businesses can be seen as a necessary part of their CSR report. This is further evidence of CSR reporting practice's correlation with industry sectors. On the other hand, there are two companies from the industrials sector and one company from the oil & gas sector, which also deal extensively with natural resources and potentially have major impacts on the environment (PetroVietnam Drilling, Hoa Sen Group and Gemadept Corporation). All of them disclose little to no information on environmental concerns.

Regarding the disclosed topics, all three companies mention their policies and efforts in reducing energy consumption and emissions. A common policy is to invest in new and clean technologies with less energy consumption and emission. PetroVietnam Fertilizer's CSR section mentions that it invests in a carbon dioxide recovery system, which not only reduces emissions but also improves production capacity. As a result, the company is able to make extra revenue by selling their CO₂ emission quota to other companies, amounting to several thousand tons of CO₂. This is a very positive result, which shows that environmental conservation efforts can also bring economic incentives. The author hopes that in light of this information, more companies in Vietnam will be encouraged to invest in a similar system. In terms of energy consumption, the fertilizer company states that its

effort in improving its ventilation and lighting systems, taking advantage of natural sunlight and air has helped to reduce energy consumption.

On the other hand, Vinamilk lists solar power, biogas, advanced production technology and efficient resources management as the chief drivers of its effort in reducing energy consumption. Vinamilk is also the only company to clearly illustrate the result of its environmental conservation policy, by use of a bar graph, which shows the reductions in waste and energy in the last two years. Such illustration is much needed, since it is a good way to display the effectiveness and the commitment of the firm in approaching environmental issues.

Another item described by all three companies is the level of conformity to environmental law. They all confirm that their production facilities such as warehouses and factories are certified by at least the local departments of Natural Resource and Environment. Moreover, their reports also mention facilities' compliance with ISO14001, an international standard in environmental management, with the exception of Hau Giang Pharmaceuticals. In spite of the usually lax environmental law in Vietnam, the ISO standard is strict and international, thus making the claim of environment responsibility of these companies more persuasive.

Other less reported topics include waste water treatment, air pollution treatment, activities to raise environmental issues' awareness and recycled or environment-friendly packaging. The first two subjects are reported by Hau Giang Pharmaceuticals and Vinamilk, with the latter providing more detailed information. The Hau Giang pharmaceuticals' annual report states that their facilities undergo several stages of environmental impact assessments and are examined twice a year by the authorities to ensure proper treatment of waste water and air. Given that annual investigation by environmental authorities is a normal practice, it is doubtful that this information contributes much in enhancing stakeholders' knowledge of the firm's environmental policy. On the contrary, Vinamilk lists some environmental standards that the company applies, including TCVN 5945:2005 for its water treatment system and TCVN 5939:2005 for waste

smoke treatment. Moreover, the firm states that all production plants meet the HACCP standard in creating a clean food safety environment.

In addition, both companies' annual reports also mention some activities to improve public awareness of environmental issues. Hau Giang Pharmaceuticals uses the customer get-together occasion to display artworks that are made from recycled materials. Vinamilk, on the other hand, participates in a clean-up event in collaboration with local authorities to preserve the landscape in the vicinity. Moreover, the company regularly trains employees on the importance of environmental protection. Furthermore, some of the company's factories are awarded with Certificates of merit for their environmental protection initiatives.

There are two unique items that are reported by PetroVietnam Fertilizer and Vinamilk. The dairy producer reports its initiative in using environment friendly packaging with light weight packaging materials that are easily recyclable. Specifically, the company changed the package designs to use lighter tin cans and to reduce the amount of plastic in the products' package. On the other hand, the fertilizer producer lists the challenges of sustainable development in its line of business, recognizing potential damage to the environment because of the company's operation.

TABLE 21. Environment's subject of disclosure by number of reports

Subject of disclosure	Number of reports
Waste water treatment	2
Air treatment	2
Activities to raise environmental issues' awareness	2
Environmental friendly packaging	1
Recognizing the adverse impact on environment of the business	1
Emission reduction	3
Energy consumption reduction	3
Environmental law conformity	3

Overall, CSR information reported by three companies belongs to seven out of the 30 environmental performance indicators. Vinamilk's annual report contains the most indicators, satisfying six of seven. Even so, this is considered a poor figure, since environmental issues have the most indicators among themes.

TABLE 22. Environment performance indicators by number of reports

Aspects	Indicators	Description	Number of reports
Materials	EN2	Percentage of materials used that are recycled input materials	1
Energy	EN5	Energy saved due to conservation and efficiency improvements	3
Water	EN8	Total water withdrawal by source	1
Emissions, effluents & waste	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	3
	EN21	Total water discharge by quality and destination.	1
Products & Services	EN26	Initiatives to mitigate environmental impacts of products and services	1
Compliance	EN28	Fines & sanctions for non-compliance with environmental laws & regulation	1

Non-financial information dominates environmental disclosure: no annual reports disclose monetary benefits or financial investments in the field. The information is mostly in narrative form, though Hau Giang Pharmaceuticals includes several images illustrating the text, and Vinamilk includes a graph demonstrating its achievements in waste and pollution reduction during the past two years. All firms report improvements in their environmental protection initiatives which is good news. Interestingly, PetroVietnam Fertilizer Company also discloses recognition of potential damage to the environment from its line of business, using this as a motivation for describing its initiatives.

TABLE 23. Type of news by number of reports

Type of news	Number of reports
Financial information	0
Non-financial information	3
Descriptive information	1
Negative news	1
Good news	3
Neutral news	0

There have been several scandals in environment violation in recent years, which contribute significantly in public awareness about CSR, as well as put a major blow on the reputation of some well-known companies. Despite the now unified public interest in environmental protection, environmental issues disclosure remains a weakness in CSR reporting in large listed companies (Nguyen 2011.) The fact is evident in this analysis's result, which fares poorly according to international standards. Nevertheless, this weakness is mainly due to inexperience in disclosing such environmental information (Nguyen 2011). Although environment protection is always on the agenda of media and government agencies, lack of public interest encourages companies to neglect to disclose environmental issues. The sudden change in public awareness, which is due to the scandals, is powerful but at the same time quite abrupt. As a result, companies see a need to include environmental CSR in their disclosure, but are unable to do it effectively. Still, the trend is toward more environment disclosure, and the ever growing pressure from the public, as well as shareholders, guarantees that better disclosure practices will be adopted in the future.

5.2.5 Product responsibility

Product responsibility is among the least disclosed themes, with only four annual reports including some information about the topic. These reports belong to Kinh

Do Company, Nam Viet Bank, PetroVietnam Drilling and Hau Giang Pharmaceuticals, with each company belonging to a different sector.

Three of four annual reports of these companies disclose some information about marketing communications policies and codes of conduct. Otherwise, the topic of disclosure varies from company to company and is thus incomparable. For instance, one company states its pricing policy in adherence to state regulations (NVB 2010, 24). On the other hand, the pharmaceuticals house focuses on product compliance, which spans almost five pages and lists most of the product lines of the company.

Furthermore, a substantial discussion on its quality management system is found in PetroVietnam Drilling's annual report, a disclosure that goes into more specific details than other companies', the report also lists several standards and certifications that the company follows, such as Quality Management System's standard ISO 9001(2003), Environment Management System's standard ISO 14001, and several technical certifications for specific areas recognized by the American Petroleum Institute.

TABLE 24. Product responsibility's subject of disclosure by number of reports

Subject of disclosure	Number of reports
Marketing communications codes	3
Pricing policy	1
Quality management system	1
Product compliance	1

Regarding GRI guideline's compliance, the mentioned information scores poorly in conforming to GRI's performance indicators. The least disclosed reports amounts to one page, and the narrative information often lacks some vital details, such as specific standards and monetary figures, in order for the author to qualify the topic for certain performance indicators. Marketing communication's law

conformity is the only item that has sufficient information to satisfy into one indicator. Oddly, quality management system has the most detailed information, but does not fit into any indicator because there is no indicator that specifies the item.

TABLE 25. Product responsibility performance indicators by number of reports

Aspects	Indicators	Description	Number of reports
Customer health and safety	PR1	Life cycle stages; significant products & service subject to the stages	0
	PR 2	Incidents of non-compliance with regulations and voluntary codes concerning health & safety	0
Product and service labeling	PR 3	Type of product & service information required by procedures	0
	PR 4	Incidents of non-compliance with regulations and voluntary codes concerning product & service labeling	0
	PR 5	Practices related to customer satisfaction	0
Marketing communications	PR 6	Programs for adherence to laws, standards & voluntary codes	3
	PR 7	Incidents of non-compliance with regulations & voluntary codes concerning the aspect	0
Customer privacy	PR 8	Complaints about customer privacy & losses of customer data	0
Compliance	PR 9	Fines for non-compliance with law & regulations concerning the provision & use of products & service	0

Last, all companies universally use the narrative form as the main medium for product responsibility disclosure. A lack of descriptive information, or even visual information, to accompany the text results in less credibility in the author's opinion. Moreover, the author believes that the sensitivity of this topic leads all companies to disclose only positive news and information, even though a number of indicators are dedicated to evaluating negative information, such as penalties

and breaches. Consequently, this trend culminates in a poor compliance with GRI's product responsibility performance indicators.

5.2.6 Others

CSR policy information

CSR policy information presents a major shortcoming of CSR disclosure in large listed Vietnamese companies. Most companies do not include any information which indicates whether the annual reports follow certain standards, such as GRI guidelines or VCCI CSR Toolkit. Similarly, reporting procedures and principles are also missing. As a result, the author finds it difficult to evaluate the disclosed information, which does not seem to adhere to any guideline other than the preference of each company. Interestingly, the author finds that many of the reports are outsourced rather than being done in-house. Specifically, at least eight of the 33 examined reports are outsourced to the same company, which explains the high level of conformity amongst them such as format and structure. These reports are from Vincom, Sacombank, Saigon Securities Incorporation, PetroVietnam Drilling, Ho Chi Minh Securities, HAGL Group, PetroVietnam Finance and PetroVietnam Fertilizer and Chemical Corporation.

Other CSR policy aspects, such as CSR strategies and corporate and ethical values are attested to many annual reports. This information is often found in the company's core value sections, in the beginning of CSR section, and in company strategies as well as in investor relations sections. As Hoa Phat Group puts it "CSR implies that enterprises commit to ethical business and contribute to sustainable economic development, improvement of the quality of life for employees as well as their families, local communities and society in general. In developed countries, a business cannot exist without the implementation of CSR.

In Vietnam, in general, CSR is underestimated. However, Hoa Phat Group appreciates CSR equally important traditional factors such as quality management, product warranty in the business. CSR is integrated into the

enterprise strategy as an important condition for the development of Hoa Phat.” (Hoa Phat Group 2010, 78).

Furthermore, some companies go as far as to incorporate CSR codes into the company’s core value statement. A notable example is Vinamilk, which states its core values as seen in the following figure:

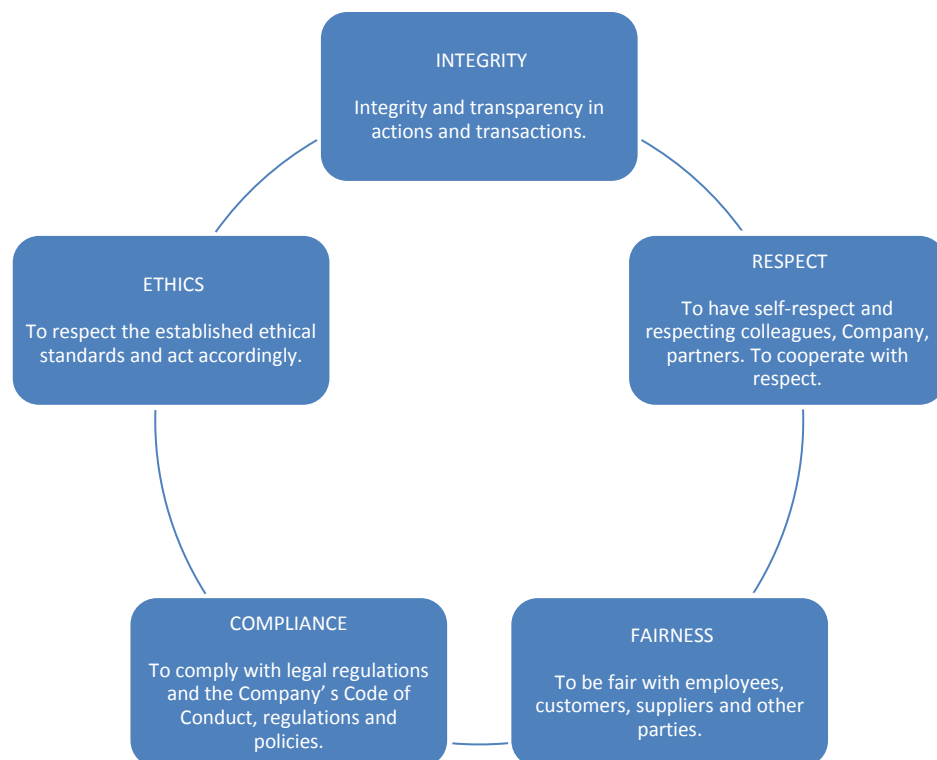


FIGURE 12. Vinamilk’s core values (Vinamilk 2010, 11).

Stakeholder information

Out of 33 examined reports, at least 28 identify important stakeholders for the companies. All of them mention shareholders as an important stakeholder, which the author often finds in the chairman’s message. On a lesser scale, 12 companies list customers as one of the significant shareholders, while 10 recognize employees as their most important asset and as a competitive edge.

TABLE 26. Shareholder types by number of reports

Stakeholders	Number of reports
Shareholders	28
Customers	12
Partners	7
Employees	10
Potential investors	6
Society	4

Notably, many financial services mention their partners as a major stakeholder. The least mentioned stakeholders are potential investors and society. The presentation of potential investors as one of the influential stakeholders shows that companies also use their annual reports and CSR information as a medium to attract additional investments. This pattern shows a favorable consequence, in which investors will have considerable yielding power in pressuring companies to practice better CSR disclosure.

6 CONCLUSIONS

6.1 Conclusions

The purpose of this research was to explore CSR reporting practices in large listed Vietnamese companies and then to compare the result with previous findings. An additional aim of this study was to find out how current disclosure practices in Vietnam fare according to international standards. Content analysis on annual reports of 33 Vietnamese companies has enabled the author to fulfill both objectives of the study. This chapter summarizes the empirical findings and discusses the outcomes of these findings in answering the research's objectives.

The first objective was finding out the current situation and regulations in Vietnam's CSR reporting. The author found that the Vietnamese government currently has no mandatory requirement for listed companies to disclose their environmental management and performance, and has lax social and environmental legislations. As pointed out by VCCI, there are four challenges at the national level in adapting CSR in Vietnam:

- The concept of CSR is not yet to the Vietnamese context.
- Gap between National Labor Code and CoCs.
- Lack of law enforcement.
- Lack of cooperation between legislators and corporations.

At the industry level, the challenges lay on the lack of term comment to CSR, the overlap of CoCs, and weak capacity of local Trade Unions. Most importantly, a lack of understanding of the benefits from the applications of CSR at the corporate level is the main challenge for Vietnamese corporations.

A secondly objective was to compare the author's findings with previous researches on CSR in Vietnam. Due to the relatively new status of the subject in the context of developing countries, especially Vietnam, there were few studies available for referencing. Moreover, since CSR is a very broad field covering a

variety of subjects, these research' results are also very diverse. The only research that bears some resemblances with the author's results is that of Hermawan. Furthermore, this research is current, having been published in 2011, and covers the same medium that is the annual reports. For these reasons, the author chose to compare her findings with those of Hermawan.

TABLE 27. Corporate Social Disclosures by Vietnamese listed companies (Hermawan 2011, 14)

No	2007		2008	
	Theme	Percentage	Theme	Percentage
1	External relations	72.20	Sustainability	89.47
2	Sustainability	66.67	Others	84.21
3	Product	59.26	Product	80.70
4	Others	50.00	External relations	78.95
5	Human resources	46.10	Human resources	64.21
6	Community involvement	31.30	Community involvement	50.72
7	Environment	7.69	Environment	17.81
8	Energy	5.56	Energy	15.20

Even though both researches follow the GRI guideline, Mr. Hermawan chose to follow the guideline loosely, providing insights for several items such as energy and sustainability that are considered subtopics in the guideline. The author's research, however, tried to follow the guideline strictly so as to bring a more standardized view on the reporting practices in Vietnam with the aim of making it easier for a non-expert audience to follow. Since CSR reporting answers to several stakeholders, most of whom do not have expertise in CSR reporting, the author believes the chosen format will be more useful and practical. As such, there are some items that are incomparable between the author's findings and that of Hermawan, such as energy and sustainability. In the case of energy, this subject is incorporated in the environment theme, per GRI's instruction. Likewise, sustainability is discussed in various themes, with a substantial appearance in

economic performance disclosure. As a result, the author elected to compare Hermawan's sustainability theme with the author's economic theme.

The comparison shows that two researches agree on the most disclosed theme as well as the least disclosed theme. From 2008 to 2010, the trend shows an increase in economic-sustainability disclosure from 89 percent to 100 percent. The author believes that this trend is consistent with the current economic conditions, which began worsening in 2008, continues until 2010, and forces companies to rethink their business strategy in favor of long term growth or sustainable growth.

Environment is still the least disclosed theme; however the trend shows a decline in disclosures from 18 percent to only nine percent. The result is surprising, since even though public awareness in environmental violations has improved considerably over the years, the number of disclosures is actually declining. As such, this result is worth investigating as a separate matter in future research in CSR in Vietnam. Although there is no tangible explanation for this finding, the current economic condition may be a feasible reason, since it can bias companies to discuss more about sustainability development of the business, and less about other aspects.

Otherwise, the position of other themes is different from Hermawan's. Specifically, in 2008, product disclosure ranks higher than human resources, which subsequently ranks higher than community involvement. On the contrary, in 2010, community is the second most disclosed theme in the CSR reports, and ranks higher than both human resources and product. Once the second most popular, product disclosure in 2010 is the second lowest rank of disclosed information. Accordingly, the percentage of covered reports also changes significantly. Community involvement disclosure jumps from 51 percent to 85 percent of total reports, while human resources also increases from 64 percent to 75 percent. Contrarily, the percentage of reports that cover product issues plummets from 81 percent to just over 12 percent. Overall, community involvement disclosure shows the biggest gain in percentage of covered reports, while product disclosure has the highest decline in coverage.

TABLE 28. CSR research's result by the author

	Theme	Comparable Hermawan's theme	Percentage
1	Economic	Sustainability	100.00
2	Society	Community involvement	84.84
3	Labor Practice	Human resources	75.75
4	Product Responsibility	Product	12.12
5	Environment	Environment	9.09
6	Human rights	-	0

Reporting information in Vietnam seems to focus on economic performance, society and labor. Economic performance is the most disclosed theme, with top topics including profitable business results and risk management. In addition, economic performance disclosure also has consequential effects on the other CSR dimensions, such as employee compensation and community contributions. Most disclosure shows a positive business performance, in spite of a difficult economic environment in 2010. Moreover, more than 70 percent of annual reports include a separate section for risk management practices, which reckons possible risks and policies to undermine them. The disclosed risks seem to align along business sectors with companies in the same industry tending to mention similar risks.

Employee issues form an important theme of social responsibility disclosure in the examined reports. Descriptive information about employee composition, particularly in term of academic qualification, is the most popular disclosed item, together with training programs and reward policies. Companies seem more inclined to present a well-educated workforce, which is seen as an indicator of quality human resources. Furthermore, most firms stress their comprehensive training program, with some companies differentiating between programs for general employees and programs for senior management. However, the disclosing aspect does not show further evidence of career advancement for employees, such as promotions. Instead, companies seem more interested in connecting their training programs with further economic benefits for the business. Although training provides a win-win situation for both employees and employers, this one-

side disclosure potentially limits the benefit the image of the companies. On the other hand, award policies are exclusively performance based with the exception of and fixed annual bonuses. The annual bonuses normally include a 13th month salary at year-end, an allowance for holidays, as well as a bonus based on the actual performance of the firm.

In CSR's social disclosure, the main highlight of most companies is their monetary contribution for different causes. Among the most popular causes are poverty alleviation, disaster recovery, charitable contributions and scholarship sponsorship. These acts create a positive image of a benevolent company which is committed to solving social problems. However, among the least disclosed information is the impact of the company's business in the local community which is the most sought after topic by the public (Ha 2011). Moreover, an important aspect of society disclosure is completely absent; anti-corruption measures. Vietnam is among the most burdened countries in terms of bureaucracy, yet the topic is not mentioned by any company.

CSR disclosure about environmental issues and products responsibility is a major weakness of CSR reporting practice in Vietnam. Environmental issues are covered by only three out of 33 companies, while product responsibility is covered by four companies. Subjects of disclosure in environment CSR include conformity to environmental law and efforts in reducing pollution, waste and energy consumption. On the other hand, product responsibility disclosure's only significant item is marketing communication codes. Surprisingly, even with increasing public awareness of environmental violations due to several scandals in recent years, the level of disclosure remains very low.

Regarding motives behind CSR reporting, the author finds that most companies see the CSR disclosure in annual reports as a marketing tool with their main purpose is for public relations. This finding is in parallel with expert opinions. Moreover, the author finds that the main audiences of the annual reports are shareholders and investors, followed by customers and employees. However, the most important stakeholders are shareholders and investors. The objectives of other stakeholders do not seem to have a significant role in CSR reporting. This is

evident in that the only section in many annual reports that mentions communication between companies and stakeholders is investor relations. There is no information on the level of feedback and communication between the companies and other stakeholders.

Interestingly, the author finds that many annual reports are outsourced which is made manifest in a number of reports with similar formats, as well as the mention of the same designer and producer in these reports. This is further evidence of the low level of CSR expertise in Vietnamese companies, together with a possible disregard of CSR as a competitive edge. Nevertheless, even with the outsourcing of annual reports, the format of these disclosures does not seem to adhere to any guideline. In all reports there is no mention of a guideline that the reports follow, nor any structural adherence to a set of standards. This not only makes the author's content analysis more difficult, but also challenges the development of CSR reporting practice in Vietnam. The author believes that a unified reporting standard is much needed to improve current practice. Likewise, universal definitions are necessary in order to have comparable CSR principles and reports.

Last, the possibility of reporting only favorable information seems present. All companies unanimously report positive information while negative news is almost absent. While this practice heightens the companies' image, the author advocates for the addition of a more diverse set of data, which will not only improve public relations efforts, but also add more credibility on the firms' behalf.

6.2 Limitations and recommendations

6.2.1 Limitations

It is necessary to identify that the research was narrowed to large listed Vietnamese companies with ARs in English only. Small and medium-sized entrepreneurs as well as non-listed companies were not included. The Vietnamese

language ARs also were not taken into account in order to maximize the reliability and creditability of the result.

In addition, it is noted that the complicated economic environment in 2010 in Vietnam inevitably affected the CSR practices and reporting in Vietnam. The examined large listed Vietnamese companies in the study tend to focus on economic performance and risk management rather than other themes. Even though the results correspond with previous findings, the author still acknowledges this possibility, and proceeded the research with due caution.

Furthermore, the literature of CSR reporting in developing countries is scarce, particularly in Vietnam. Additionally, there is no specific reporting standard in Vietnam. These issues have caused the author many difficulties when comparing CSR reporting in Vietnam with international standards. Last, the new focus on CSR means that there are not many CSR experts in Vietnam, while the nature of the hierarchy in Vietnam also makes it difficult to access the companies' top manager. Nevertheless, the author manages to interview two experts in the field; one is working for a law authority (VCCI) and one is the branch director of AISC, one of the major auditors in Vietnam. These experts' opinions have helped the author a great deal in conducting this research.

6.2.2 Recommendations for further study

International companies' role in developing CSR practice in Vietnam

The earliest form of CSR disclosure in Vietnam emerges from efforts of local branches of multinational companies in the country. Continuing CSR practices from their headquarters in developed countries, the activities of these local branches arguably give inspiration for Vietnamese companies to follow suit. However, the impacts are not properly studied. Since the leading force on reforming CSR practices is still ambiguous, research in the topic has the potential to answer this question decisively. This would lead to closer cooperation between the authorities and multinational companies, which will result in better and more comprehensive CSR disclosure.

CSR in small and medium Vietnamese companies

In most economies, small and medium companies are the major force in driving the economy and contributing to the GDP. This fact is also true for Vietnam. As such, the impacts of these firms in corporate social responsibility and society are very substantial, but most of their CSR disclosure efforts are unnoticed.

Moreover, these companies face many hardships in implementing effective CSR practices because of both financial constraints and lack of understanding of CSR. Therefore, a study in this topic is much needed in order to present a guide for these companies to apply CSR.

CSR disclosure in the Vietnamese version of companies' annual reports

The main audience of this research is the international community, thus the author elected to investigate the English version of the examined annual reports only. It is convenient for the audience to reexamine the reports and determine the credibility of this thesis. However, a notable shortcoming is that this choice limits the understanding of CSR practices in Vietnam. There are many companies who publish annual reports in Vietnamese only; among the 100 largest listed companies, there are 95 who publish the report in the local language. A further study that incorporates both the Vietnamese and English versions of annual reports will give a fuller understanding of CSR disclosure practices in Vietnam.

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APPENDICES

APPENDIX 1. GRI Guidelines

Economic Performance Indicators

Aspects	Indicators	Description
Economic performance	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.
	EC3	Coverage of the organization's defined benefit plan obligations.
	EC4	Significant financial assistance received from government.
Market performance	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.
Indirect economic impact	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.

Environmental Performance Indicators

Aspects	Indicators	Description
Materials	EN1	Materials used by weight or volume.
	EN2	Percentage of materials used that are recycled input materials.
Energy	EN3	Direct energy consumption by primary energy source.
	EN4	Indirect energy consumption by primary source.
	EN5	Energy saved due to conservation and efficiency improvements.
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.
Water	EN8	Total water withdrawal by source.
	EN9	Water sources significantly affected by withdrawal of water.
	EN10	Percentage and total volume of water recycled and reused.
Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
	EN13	Habitats protected or restored.
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.
Emissions, effluents, and wastes	EN16	Total direct and indirect greenhouse gas emissions by weight.
	EN17	Other relevant indirect greenhouse gas emissions by weight.
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.
	EN19	Emissions of ozone-depleting substances by weight.
	EN20	NO, SO, and other significant air emissions by type and weight.
	EN21	Total water discharge by quality and

		destination.
	EN22	Total weight of waste by type and disposal method.
	EN23	Total number and volume of significant spills.
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.
Products and services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.
Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.
Overall	EN30	Total environmental protection expenditures and investments by type.

Labor Practices and Decent Work Performance Indicators

Aspects	Indicators	Description
Employment	LA1	Total workforce by employment type, employment contract, and region, broken down by gender.
	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.
	LA15	Return to work and retention rates after parental leave, by gender.
Labor/Management relations	LA4	Percentage of employees covered by collective bargaining agreements.
	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.
Occupational Health and Safety	LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.
	LA9	Health and safety topics covered in formal agreements with trade unions.
Training and Education	LA10	Average hours of training per year per employee by gender, and by employee category.
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
	LA12	Percentage of employees receiving regular performance and career development reviews, by gender.
Diversity and equal opportunity	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.
Equal remuneration for women and men	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation

Human Rights Performance Indicators

Aspects	Indicators	Description
Investment and Procurement Practices	HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.
	HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
Non-discrimination	HR4	Total number of incidents of discrimination and corrective actions taken.
Freedom of Association and Collective bargaining	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.
Child labor	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.
Forced and compulsory labor	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.
Security practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.
Indigenous rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.
Assessment	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.
Remediation	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.

Social Performance Indicators

Aspects	Indicators	Description
Local communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.
	SO9	Operations with significant potential or actual negative impacts on local communities.
	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.
Corruption	SO2	Percentage and total number of business units analyzed for risks related to corruption.
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.
	SO4	Actions taken in response to incidents of corruption.
Public Policy	SO5	Public policy positions and participation in public policy development and lobbying.
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.
Anti-Competitive Behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

Product Responsibility Performance Indicators

Aspects	Indicators	Description
Customer health and safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.
Product and service labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.
Marketing communication	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.
Customer privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

APPENDIX 2. List of main questions in the interviews

1. What is the current situation of CSR in Vietnam?
What kind of laws, regulations and standard concerning CSR reporting exist in the country?
2. Is there a common framework used for CSR disclosure in annual reports?
3. How CSR is reported in Vietnam?
4. What is the reported information? What is the least disclosed information?
What is the most disclosed information? Motivations behinds CSR reporting?
5. Does CSR information affect businesses after disclosure?