The Corporate Social Responsibility in Vietnam to Day

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Abstract: Corporate social responsibility - CSR is the corporates commitments for stable economic development through activities which enhance living quality of the laborers, their family, community, and society, in a way which benefits both the corporate and common development of the society. The good implementation of CSR by the corporate does not only ensure the sustainable development of the corporate but also the society. Vietnam today who are bringing the CSR into their own business strategy often are big enterprises and the enterprises with export market. Meanwhile, the medium and small enterprises have not been seen opportunities and benefits of the CSR, some of them have even misunderstood or intentionally misunderstood the importance of SCR. This article focused on analyzing the corporate social responsibility, roles of the implementing the SCR and some matters of implementing the SCR in Vietnam.

Keywords: CSR, CSR in Vietnam, Internal CSR, The Consumption Culture

1. Introduction

Along with the comprehensive renovation process of the country, the success in accelerating economic growth makes Vietnam be faced with a lot of urgent social and environmental problems. These issues themselves are demanding economic stakeholders, including businesses to have the responsibility to jointly address, if not the economic growth will not be sustainable and will pay an expensive price for the environmental and social issues.

In fact, not until now that the issues of corporate social responsibility - CSR are introduced; but since the subsidized period, people also talked a lot about CSR for the state and the employees, as well as for the community in general. However, now CSR is understood in more details, not only morally, but also from a legal perspective. The environmental damages caused by some businesses in recent years, the issue of food safety, difficult life of workers... are condemned by public opinion not only morally but also need to be handled strictly by legal terms. Therefore, it is not coincident that, in recent years, in printing media and many forums in Vietnam, the term CSR has been used more popularly. In this article, the author focuses on the role of implementing CSR, the positiveness and limitations of the businesses in implementing its responsibilities towards society. And find out the reasons why Vietnamese businesses do not implement its responsibility to the society, and on that basis propose some primary solutions to enhance CSR.

2. The Corporate Social Responsibility - Some Theoretical Issues

The term “corporate social responsibility – CCR” was officially appeared in 1953, when Howard Rothmann Bowen (1908 – 1989) published his book titled Social Responsibilities of the Businessmen. Its contents aim to propagate and appeal asset managers to not harm the rights and interests of other people, to appeal the charity in order to compensate for social losses and damages due to enterprises [1].

For developed countries, the issue of CSR is seen as a development strategy and the mode of business operation. They consider social responsibility as a decisive factor for sustainable development and the constantly increased profitability of the business. This has been demonstrated by many scholars through business practices of large companies in the US and other developed countries. Because, in the countries with developed market economy, each enterprise in its business activities is always an organic part of the social economy. So behavior towards business decisions as well as their business methods are subject to the standards and regulations of society both ethically and legally. In other words, in developed countries, the moral norms become
indispensable qualities for each businessperson and business, and the complete legal system has a major role in preventing business activities which violate ethical standards. Moreover, the developed countries have a system of institutions, including complete business ethics, so the adherence to these ethical standards of business is to create value for the enterprise, such as: reduce costs and increase productivity; increase revenue; enhance brand value and reputation of the company; attract skilled labor; commodity products and services can easily access to the world market... Meanwhile, it is not easy to implement the CSR in the developing countries since their legal system is not complete and the society is limited by monopoly, corruption and group interests.

In Vietnam, “CSR is understood as the commitment of businesses to contribute to sustainable economic development, through actions aimed at improving the quality of life of workers and their family members, for community and society, in a way beneficial to both businesses as well as the overall development of society”[2]. In other words, if businesses would like to maintain sustainable development, they must always subject to the standards of environmental protection, gender equality, labor safety, labor rights, equal payment, training and staff development and community development. CSR is expressed in a concrete way on the elements and facets such as 1. Environmental Protection; 2. Law Compliance; 3. Contribution to the social community; 4. Good responsibility towards suppliers; 5. Ensure the interests and safety of consumers; 6. Good relations with employees; 7. Ensure the interests of shareholders and employees in the businesses. Many large businesses have been aware of these problems and social responsibility implementation has become one of the indispensable requirements. Because, in the context of globalization and international integration, if businesses do not carry out social responsibility well, they will not be able to gain access to world markets and sustainable development.

Hence, the content of CSR is implemented formally and effectively by foreign companies. Examples are: the program “I love Vietnam” by Honda Vietnam; educational programs for personal hygiene for children in mountainous provinces by Unilever; computer training program Topic 64 by Microsoft, Qualcomm and HP; support program for surgery of congenital cardiac malformations and victims of the Can Tho bridge collapse by Vina Capital, Samsung; vision rehabilitation program for poor children by Western Union... The success of these companies have a huge impact on businesses in Vietnam. Therefore, CSR is the topic of many workshops held in the past time with the participation of hundreds of domestic and international representatives. Examples: “Corporate and social responsibility” on 27th, 28th September 2007 at An Giang University, seminar on “CSR in Vietnam: from Theory to Practice” (held by the Vietnam-French Center for Management Training (CFVG Sanofi-Aventis company on April, 20th 2009); Seminar on “CSR in the context of the global economy” (held by JSC International Knowledge Businesses and the Chamber of Commerce and Industry of Vietnam VCCI on June, 3rd 2011; “Sustainable Business and CSR”- Business Forum of Vietnam (held by VCCI on 10th August 2011); “CSR” (held by the Packaging Association of Vietnam (VINPAS) and Graphics Association of Denmark and Truong An Duc (HCM city) held on October, 7th 2011, etc."

Besides the workshop, since 2005 there have been award “CSR towards sustainable development” organized in collaboration with the MOLISA, VCCI, the Ministry of Industry and Trade, Association of Footwear, Textile Association to honor businesses who implemented CSR well in the context of integration; Golden Cup “Ethical and talented entrepreneur” from 2007 for entrepreneurs whose have important role and influence to the process of production and business of businesses or units under their charge, is a good example of morality, active participation in social activities, community; Vietnam gold award for entrepreneurs for the poor... These awards honor businesses who implemented social responsibility well.

Many enterprises when implementing social responsibility has brought practical results in production and business. The survey results of Institute of Labour Science and Social Affairs on 24 enterprises in two fields of leather footwear and textile show that owing the implementation of the CSR, their revenues have been increased by 25%, their labour capacity has been increased from 34.2 million dong to 35.8 dong/1 labourer/year; the rate of export goods has been increased from 94% to 97%. In addition to economic efficiencies, these enterprises also have consolidated its reputation with customers, created loyalty and satisfaction of employees, attached highly professional labourers [3].

Recognizing the importance and benefits of the implementation of social responsibility in the context of globalization and international integration, a number of large businesses in Vietnam, in addition to tax liability to the state, registered to implement social responsibility as a commitment to society to protect the environment, contribute to the benefits to the local community where the businesses operate and their

3. Fact Sheet of Corporate Social Responsibility Implementation in Vietnam

The reality of the world has shown that, for public businesses who implement social responsibility well, their benefits do not decrease but increase. The benefits that businesses gain when implementing social responsibility include reducing costs, increasing revenue, increasing brand value, reducing the rate of quitting jobs, increasing productivity and more opportunities to access the new markets.

The above-mentioned issues are the basis for the need to implement CSR in general, and those are useful experience with a valuable reference for businesses in Vietnam in particular.

CSR was introduced into Vietnam through multinational companies. These companies frequently develop codes of conduct - CoC and standards of business culture which are universal to be applied in many different geographical markets.
workers. For example, Vinamilk implemented the social program titled “6 million cups of milk for children”; Dutch Lady established the scholarship fund “Firefly Lights”; Unilever Vietnam Foundation financed the project “Improving health of the community by improving personal hygiene and environmental sanitation behaviors”; Friesland Campina Vietnam Co., Ltd invested in knowledge, tools, experience and financed farmers to increase productivity, quality of milk, reduce energy consumption, noise, and perform waste treatment by biogas system, etc; P/S had the program “Protecting Vietnamese Smile”; Viettel organized the program “Operation Healthy Heart”; Cafe Trung Nguyen held the program “Journey for Vietnamese Aspirations” which supports the youth in all fields to create their own future and to complete their obligations to Family, the Society and country; Him Lam JSC held the program “Inspire a dream”; Hoa Sen Group organized the program “Vietnamese homes”, etc.

Nevertheless, it can be asserted that enterprises in Vietnam today who are bringing the CSR into their own business strategy often are big enterprises and the enterprises with export market. Meanwhile, the medium and small enterprises have not been seen opportunities and benefits of the CSR, some of them have even misunderstood or intentionally misunderstood the importance of SCR. They simply think that they can take full advantage of resources, the labor of employees and other tricks to maximize profits; then they perform other social activities such as charity and support for a few of individuals and agencies, that’s all.

From the meaningful programs, it can be said that the tradition “The good leaves protect the worn-out leaves” in Vietnam today remains its values. However, the heart of sponsors will be perfect if there is no report of violation of environmental sanitation, food safety or poor quality, fake goods, salary debts, tax debts, infringement of legal interests and benefits of labourers, increasing prices of articles to secure profits resulting to more serious inflation, etc. For the purpose of benefits – money, many enterprises only take all action in all ways to obtain such purposes and forget the interests of customers, responsibility to labourers, to eco-environment, to the community and to the future generations. Recently, people are paying much attention to a series of serious violation cases; for example, productions of foods containing substances harmful to human health such as milk containing birth control drug, melamine of China, etc; soya source containing 3-MCPD [4], resulting to cancers, rice cakes containing phormol, foods containing borax, using banned chemicals to clean rancid meats then process meals [5]; HT USA Medical Equipment and Trading JSC faked Lumbrotine [6], etc...; Center for Food Safety Application (Ministry of Health) said that in 2014, there were 189 food poisoning cases with more than 5,000 affected people, over 4,000 people hospitalizing and 43 deaths. According to the result of inspecting more than 500,000 food processing facilities, the rate of violation was nearly 22%, mostly violation of sanitary conditions, producing instruments and equipment. More than 14,000 samples of food have been analyzed, and the result showed that 13% of them did not satisfy quality, and many samples seriously violated such as functional foods containing medicines, foods containing ecoli, coliform, mold, etc more times than the allowable limits [7]; And Binh An Seafood Joint Stock Company owed taxes and fish selling money of farmers which are equal to hundreds of billion dong (Vietnam money - VND), etc; and Vedan Vietnam Company directly discharged 100000m³ (cubic meter) of untreated waste into Thi Vai river in every month, and a series of cases of untreated waste discharge into the environment of Miwon, Hao Duong JSC, Viet Tri paper JSC, Hyundai Vinashin Company (Khanh Hoa); Kim Ngoc Long Co., Ltd in Can Tho [8]; Phu Giang Paper and Bags Co., Ltd in Bac Ninh; An Hoa Paper JSC (Tuyen Quang); or the case of Sonadezi in polluting Dong Nai river, the case of Tung Kuang in Hai Duong discharging harmful substances like Chrome 6 (10 times higher than the allowable limit), manganese, iron, etc with the contents exceeding the stipulated limits; Nicotex Thanh Thai JSC (Thanh Hoa) buried pesticides into the ground [9]; Thanh Loi Steel JSC (Da Nang) illegally imported nearly 1,000 tons of scrap wastes; etc. According to the statistics of Environmental Crime Prevention Police Department, Ministry of Public Security, in 2013, there were 13,386 cases of environmental violation, increasing by 34% compared to total cases in 2012, and there were 17,512 cases of violation in 2014 [10].

In addition to the tax evasion, fraud in business, fraud in financial statements; failing to ensure labor safety; producing and trading poor quality goods, fake goods, etc, many enterprises violated legal regulations on salary, insurance policy, labor safety which are not become rare phenomenon and cause urgency for the society. In 2014, there were 6,709 cases of working accidents, with 6,941 affected people, of which 630 deaths. Compared to 2013, 14 cases were increased, 56 victims are increased too [11]. Of which, the cause of working accidents resulting to deaths are mainly from labourers (72.7%) due to no implementation of process, working safety method, unsecured working tools, untrained labourers, etc. However, they are only statistic figures as reported by the units. According to field survey in locals, the rate of working accidents resulting to death and injuring is 3-4 times higher than the reported figures [12]. Concerning tax debts, according to General Department of Taxation, the development of tax debts recently has not had sign of stopping [13]. Namely, in 2014, enterprises owed 71,000 billion VND, of which 20,000 billion VND was bad debts.

From the above overview, we have to answer a big question: why are charitable and support activities of enterprises increasing while the rate of violation of CSR is increasing? What are causes of violation and what are solutions to such current situation?

4. The Main Causes and Solutions to Violation of Corporate Social Responsibility

There are different opinions about the causes of failure to
implement social responsibility of businesses in Vietnam. Some people said that awareness of CSR is incorrect or some businesses have deliberately misinterpreted it. Or CSR in Vietnam has not been legalized in all businesses. For large businesses with export market, as required by the customers, it is forced to perform social responsibilities, also for small and medium businesses, due to financial constraints and lack of legal constraints so most businesses understand social responsibility as "charitable donations". Others said that the implementation of social responsibility will increase costs for businesses, reduce initial competitiveness without seeing benefits, so small and medium businesses do not want to perform social responsibility. And it was also due to the consumption culture of Vietnam. In short, the implementation of CSR in Vietnam is still relatively difficult.

4.1. Awareness About Corporate Social Responsibility

Due to incomplete understanding, besides a number of businesses have deliberately misinterpreted the CSR. Businesses in Vietnam simply understand that CSR is business ethics, charitable contributions and because the law is not enough to deter the offense, so the businesses continue to deliberately violate. In Vietnam, it is easy to notice that while some companies violated, to ease public opinion, fix and polish the image, they perform acts of charity or advocacy of philanthropy. This behavior is generalized by economists as "marketing-cause-related", which is philanthropy, aimed at a common social problem and take it as the company's goal to "Public Relations - PR". Many charity campaigns have no long-term strategy and plan or intimate relationship with the business of the company. Besides, the charity programs often do not focus on the same goal but tend to scatter under the scope of the marketing department for a certain advertising campaign. Sometimes as scholarships, presents or products, sometimes donation to the charities... Every day in the press, we have seen many news about the charity program such as scholarship awarded to poor students (usually one-year scholarships), gifts for orphans with disabilities in the holidays... Program like this is more or less makes us touched by the benevolence of businesses for the community. We do not criticize all! It has meaning in one hand! But long-term programs are still too rare. Where do these programs lead to, what are their results and do they really make the life of the community better? We know little about the continuation of these charitable acts through the long-term commitment of the business with that program. Therefore, businesses should ask themselves if they completed "community responsibility", the first objective of a strategy charity or not? But there is one thing that, in parallel with campaigns are the violations of the above mention activities.

So, to help businesses realize correctly the nature and benefits of the implementation of social responsibility as a very important job. This is also a long-term strategy which can not be effective immediately if a series of other policies are not implemented synchronously. Therefore in education, from primary school level, the idea of CSR should be included in the curriculum. The lessons of ethical behavior, kindness, sense of environmental protection will follow students throughout the years in school. Thus in the future, future citizens will have a better sense of social responsibility.

For those who are engaged in economic activities, advertising in the mass media will give them a somewhat correct view of CSR. It requires more information about business with honesty, communication, promoting with prestige and also strongly criticizing those enterprises without business ethics. Information must be accurate, honest and timely

The government should also present timely commendations and certifications for businesses that implement social responsibility well. That is the immaterial reward and motivation, so that the business of the enterprise will be better when they achieve the certification.

4.2. The Legal Framework Is not Enough to Deter Violations in Economic Activities

Legislation is the main measure to control modern society, and it works to support the construction of prestigious businesses. Although Vietnamese Law has legal provisions on the conditions and a favorable environment for the operation and reputation of the businesses, the system still does not ensure perfection in the legislative and executive stages, and there are still many holes vulnerable to the survival of the enterprise with infidelities. Simultaneously, the rewards and punishments have not been strong and encouraging enough and caused bad impacts to business behavior. Businesses as profit makers may make comparisons between capital and benefits in operation. If the violating businesses are not punished, the laws shall not have an effect to deter and control their behavior.

To overcome this, all economic activities should be strictly legislated so that businesses realize that performing their social responsibility is not only the one-way desire, personal preference, but also has indispensable legal issues.

It is necessary to complete the rules and provisions for levels of punishment for violating businesses. Most importantly, it should be ensured that punishment is fair and reasonable. The government must strengthen inspection and checking and have stronger punishment and increase fines which are equivalent to the unjust benefits. For unsafe foods, it is necessary to issue strict punishment and suspend these activities, not just retrieving as before. An example is the case of sausages with maggots from Jupiter Foods (Address: Dong An 2 Industrial Zone, Ben Cat district, Binh Duong province). The authorities made an inspection, but the sausages were only destroyed and the producer was not fined, nor was the case of melamine-contaminated milk handled effectively [14].

In an advanced legal system, there must be staff of state management with true virtues and talents, without acts of extortion. At the same time organizations and industry associations should increase their role in consultancy, guidance, updates of the changes in CSR content and international codes of conduct for long-term orientations of businesses.
4.3. Lack of Financial and Technical Resources to Implement CSR Standards

One of the barriers currently in Vietnam is finance and technology. Financial and technical limitations (especially for small and medium businesses), have a great influence on the investment of modern technology of the businesses and also a major challenge to the implementation of social responsibility standards. Overall, the technology level of manufacturing industry in Vietnam is about 2-3 generations of technology behind other countries in the region. 80% of companies are using machines and equipment operated by humans, only 8% of businesses using production line equipment controlled and operated automatically [15]. According to the General Department of Energy (MOIT), the use of energy in all sectors, manufacturing industry in Vietnam is still very wasteful. To produce the same value of one product, businesses in Vietnam need to use 1.5 - 1.7 times more power than other countries in the region. This backwardness has undermined the competitiveness of businesses and the economy with other countries and outdated technology also has adverse impacts on the ecological environment

Further, the starting point of small business and their rushed habits in doing business without considering the long-terms still common in Vietnam. Thus, doing business according to the international standards and ethics is not paid appropriate attention while the world market is setting stricter standards

To resolve this situation, the government has issued many policies, coordinated solutions to remove difficulties for businesses and boost production - business. Including Decision No. 1231/QD-TTg dated 7th September 2012 on approving the development plan for small and medium-sized businesses (referred to as the enterprise) for the period 2012 - 2015. 8 groups of solutions included (1) Improving the legal framework for accession, operation and withdrawal from the market of businesses; (2) Support access to finance, credit and improve capital efficiency for the enterprise; (3) Support for technological innovation and application of new technologies in the enterprise; (4) Development of human resources for businesses, focusing on capacity building for corporate governance; (5) promote linking clusters, industry clusters, improving access to land for businesses; (6) Provide information to support business expansion and promotion for the enterprise market; (7) Develop organizational systems, support enterprise development; (8) Management of business development Plan implementation. In particular, the priority focused on the following specific measures: The Fund for supporting small and medium-sized businesses; Promote the application program for technology innovation, focus on developing high technology to create new and modern products, equipment, machinery; Pilot construction business incubators; Pilot comprehensive model to support for businesses in some areas; and Promote economic links, industry clusters.

To implement the above measures and remove difficult problems for businesses, government also launched a credit package to support production and marketing including 30 trillion VND for basic construction investment, a package of 10 trillion VND to support fishermen to swap steel shell fishing vessel, a credit linking package for investors in the field of high technology. In parallel government also supported tax, and credit interest rates. However, the issue of administrative procedures is still troublesome, making it difficult for businesses to access capital, interest support. Therefore, it is necessary to quickly overcome these problems to facilitate easy access of businesses to those supports.

It is necessary to better mobilize domestic and foreign resources for investment and development, focusing specific solutions to remove difficulties in manufacturing and marketing

4.4. Many Entrepreneurs Take Advantages of Vietnamese Consuming Culture

Culture affects consumer behavior and it affects the purchase decision of each person. Consumption habits of Vietnamese people have not contributed to brand protection of companies who implemented social responsibility well, manifested in preference of foreign goods, cheap goods, counterfeit goods, easygoing and not being wise consumers. Specifically, 56% of Vietnam's population under 30 is particularly sensitive to consuming trends and admired brands and foreign brands [16]. For some people, the purchase from famous or trendy boutiques is part of the purchase decision, whether their income is high or not [17]. Besides, consumers know dishonesty of businesses but do not pay much attention to the complaints, lawsuits, or to boycott those goods. As mentioned above, the laws of Vietnam still have many gaps, including consumer protection laws. Daily, hourly, consumers infringe the legitimate rights in many ways. For many different reasons, consumers knowing or not knowing are not ready to make complaints or commence a lawsuit. Meanwhile, businesses are not fully aware of their responsibilities and until the matters are brought to the authorities, they make a settlement. Violations of the rights of consumers in Vietnam are very popular; but every year, just over 1,000 complaints are received, while in countries with lower populations such as the Netherlands, Finland, and Western Europe, this figure is up to 200,000-250,000 complaints/year. This suggests that, it is far away until Vietnamese consumers are not considered “wise consumers”. In fact, there are prevailing consumers but execution has also been very difficult. Typically the Vedan case, although it resulted in a conviction, and losses caused by the company were detected, Vedan refused to pay compensation until the supermarkets threatened to boycott Vedan products, Vedan made 100% compensation. And it can be said that since the consumers have not been effectively protected against violations, they do not want to make complaints, claims to save money and time.

Vietnamese consumers are mostly permissive and not aware of the most effective weapons they hold in their hands which is boycotting products. It would be a “blow” causing immense and comprehensive damage, from the production to revenue and brand. This attack would not only be effective with the
businesses, but also a reminder to all the other brands to be more serious and sincere in the manufacturing process and their business.

To build smart consumer culture and use of Vietnamese goods, it requires different solutions. Businesses should have a strategy to compete with other countries for dominance, firstly within Vietnam, by producing products of high quality with Vietnamese brands. It is necessary to create a social psychology, an educational process, always referring to elements of national pride, patriotism by respective consuming attitude and interest in Vietnamese merchandise by Vietnamese consumers themselves.

5. Conclusion

Implementing CSR in Vietnam is very important on the path to international integration, while ensuring benefits to businesses and society, particularly improving the competitiveness of businesses and the nation. Thus presently, Vietnam must take new long-term actions for the businesses to implement their responsibilities towards society. The most important job of the enterprise is to be aware and actively carry out their responsibilities to society. With state authorities, completing legal frameworks to implement CSR is an urgent task and in the long term, it is required to change the habits of consumers, to really be “wise consumers”.

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[15] Industrial Service Center and Information of Processing & Industrial Zones, Ho Chí Minh city.
