
CURRENT SITUATION OF CORPORATE SOCIAL RESPONSIBILITY IN VIETNAM TODAY

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ABSTRACT

Corporate social responsibility – CSR is commitments of enterprises to contribute to the sustainable economic development, through improving living quality of labourers, of their own families, of the community and of the whole society, in the way which is beneficial to both the enterprises and the general development of the society. 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: Corporate social responsibility, sustainable development, economic development, enterprises, business strategy, violation, Viet Nam.

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. Such problems are requesting economic subjects, including enterprises, to take responsibility to contribute to solving, if not, the economic development will be unsustainable and we will pay a heavy price for the social and environmental problems.

In fact, the corporate social responsibility – SCR has been repeatedly mentioned for the State and labourers in particular and for the community in general in the Vietnam's Subsidy Period. Nevertheless, the CSR is now being understood in more details, not only morally but also legally. Environmental impacts caused by some enterprises recently, issues of food safety, difficult life of laborers, etc were condemned by the public morally, and it is important to strictly solve all violation resulting in such impacts legally. Therefore, uncoincidentally, the term “CSR” has been used increasingly popularly recently in many newspapers and forums in Vietnam. In this article, the author focused on clarifying the term “CSR”, roles of the CSR, and some current actual matters in Vietnam.

2. Some theoretical issues of corporate social responsibility

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. (Shafiqur Rahman, 2011).

In developed countries, the CSR is seen as a development strategy, a mode of business operation. They considers the social responsibility as a decisive factor of sustainable development and of their constant profit increasing. Therefore, all behaviors towards their business decisions as well as their business methods are subject to standards and regulations of the society both morally and legally. On the other hand, moral standard in the developed countries are an essential factor for each businessman and for each enterprise, and their complete legal system plays a main role in preventing immoral business operations. In addition, the developed countries have their own system of institutions, including complete business ethics, thus the compliance of such moral standards is creating values to enterprises such as contributing to decreasing expenses and increasing capacity; contributing to increasing revenue; improving trade mark and reputation of enterprises; attracting skilled labourers; increasing the approach of products and services to the international market, etc. 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 enterprise commitments to contribute to the sustainable economic development, through improving living quality of labourers, of their own families, of the community and of the whole society, in the way which is beneficial to both the enterprises and the general development of the society” (Nguyen Thi Thu Trang. Doanhnhân360). On the other hand, for the purpose of sustainable development, the enterprises are required to comply with standards of environmental protection, gender equality, labor safety, labor rights, equal salary payment, training staffs and developing the community. Many big enterprises are aware of such matter, and implementing the CSR becomes one of the essential requirements. Because, in the context of globalization and international integration, enterprises will not able to gain access to the international market if the enterprises fail to effectively implement their social responsibility.

3. Current situation of the implementation of csr in vietnam

The fact in the world shows that the effective implementation of CSR of an enterprise will not only not be decreased its benefits but also be constantly increased. The benefits which an enterprise obtains in implementation of CSR include decreasing expenses, increasing revenue, increasing value of trade mark, reducing the rate of severance, increasing productivity and getting more opportunities to access to new markets.

All above contents are the basis for proving the necessity of implementation of CSR in general, and also are valuable experiences for the Vietnamese enterprises in particular.

CSR was introduced into Vietnam through the investment of multinational companies. These companies frequently develop the Code of Conduct (Code of Conduct - CoC) and standards of business culture which are universal in order to apply in various of geographical markets. Hence, the contents of CSR are compiled formally and effectively. For example, the Program named "Tôi yêu Việt Nam" (I love Vietnam) of Honda – Vietnam; the program on educating personal hygiene for children in mountainous provinces held by Unilever; Topic64 Informatics training program by Microsoft, Qualcomm and HP; the program on support for surgery of congenital heart defects and victims of the Can Tho bridge collapse by VinaCapital, Samsung; the program on vision rehabilitation for poor children by Western Union, etc. The success of these companies have strongly affected the Vietnamese enterprises. Thereby, CSR has become the topic of many workshops recently.

Besides the workshops, since 2005, the award "CSR hướng tới sự phát triển bền vững" (CSR towards sustainable development) has been organized by the combination of VCCI; Ministry of Labour, War Invalids and Social Affairs; Ministry of Industry and Trade; Vietnam Leather, Footwear and Handbag Association; and Vietnam Textile and Apparel Association in order to honor enterprises who effectively implemented the CSR in the context of integration; the golden cup "Doanh nhân Tâm-Tài" (Viet Nam Talent Heart Businessman) has been held to honor the businessmen who have important role in and strongly affect the production and business operation of their enterprises or units because they are good examples of morality, actively participate in social activities, take all actions for benefits of the community; etc. All the awards aim to honor enterprises who effectively implement their social responsibility.

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 (Vietnam Textile and Apparel Association, 2008).

Recognizing the importance and benefits of the implementation of social responsibility in the context of globalization and international integration, some big enterprises in Vietnam, besides the obligation to pay taxes to the State, have registered to implement social responsibility in the form of commitments to the society in the environmental protection, contribution of welfares to the local community where the enterprises are located and to the labourers; for example, Vinamilk implemented the social program titled "6 triệu ly sữa cho trẻ em" (6 million cups of milk for children); Dutch Lady established the scholarship fund

“Đèn đom đóm” (Firefly Lights); Unilever Vietnam Foundation financed the project “Nâng cao sức khỏe cộng đồng thông qua việc cải thiện hành vi vệ sinh cá nhân và vệ sinh môi trường” (Improving health of the community by improving personal hygiene and environmental sanitation behaviors); FrieslandCampina 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 “Bảo vệ nụ cười Việt Nam” (Protecting Vietnamese Smile); Viettel organized the program “trái tim cho em” (Operation Healthy Heart); Cafe Trung Nguyen held the program “Hành trình vì Khát vọng Việt” (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 “Chắp cánh ước mơ” (Inspire a dream); Hoa Sen Group organized the program “Máy ấm ngôi nhà Việt” (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 (Phu-Hop Mai, Jun-Wu Yang, Thi-Van Nguyen,2013) resulting to cancers, rice cakes containing phormol, foods containing borax, using banned chemicals to clean rancid meats then process meals, etc (Xuan Ngoc - Ha Trang, 2014); HT USA Medical Equipment and Trading JSC faked Lumbrotine (T.Nhung, 2014), 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 (Hien Minh, 2014.); And Binh An Seafood Joint Stock Company owed taxes and fish selling money of farmers which are equal to hundreds of billion dong, etc; and Vedan Vietnam Company directly discharged $100,000m^3$ 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 (Baomoi, 2013); 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 TungKuang 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 (Vietnam Environment Agency, 2009); 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 (Legal Life, 2013).

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 (Hoang Manh, 2015). 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 deaths and injuring is 3-4 times higher than the reported figures (Báo tin tức, 2015). Concerning tax debts, according to General Department of Taxation, the development of tax debts recently has not had sign of stopping (Minh Minh, 2014). 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. Causes and remedies for violation of csr

Currently, there are many different opinions about the reason behind the failure to implement social responsibility of Vietnamese corporations. Some people suggested that the awareness of CSR (Corporate Social Responsibility) is not correct or some enterprises have deliberately misinterpreted it. Or maybe CSR in Vietnam has not been legalized in all corporates. For large corporates with export market, due to customers' request, they have to implement social responsibility; while in the case of medium and small corporates, due to financial difficulties and the lack of legal constraints, many of these corporates only see social responsibility as "charitable contributions". Others claim that the implementation of social responsibility will increase the cost for corporates, reducing initial competitiveness without visible benefits, thus medium and small corporates do not want to implement their social responsibility. And this is also resulted from consumer culture of Vietnamese people. In short, the implementation of CSR in Vietnam is still very difficult. According to a study in 2002 by World Bank in Vietnam, the biggest barriers and challenges to the implementation of CSR of corporates include:

1. There are still great differences in the awareness of social responsibility within and between corporates in Vietnam.
2. Labor productivity is affected when performing multiple sets of Code of Conduct (Coc) synchronously
3. The lack of financial and technical sources to implement standards of corporate social responsibility (especially in medium and small corporates)

4. Differences between the Labor Code and code of conduct for customers which cause confusion for corporates, such as overtime working or union's activities.
5. The lack of transparency in applying CSR in real life is hindering benefits brought by potential markets to corporates.
6. Conflict between State's regulations causes the application of the code of conduct to not bring desired results, such as salary, benefits and recruitment conditions
7. The habits in consumer culture have not promoted the role of customers in protecting products of corporates that have well implemented social responsibility as well as the fighting spirit against corporate with commercial frauds.

5. A number of solutions to develop and increase efficiency of csr implementation in vietnam.

5.1. Solutions from the State.

5.1.1. Supplement and perfect Vietnam's legal frame to create a solid legal basis for business ethics and CSR.

The legal system is the basic frame, the first foundation for corporates to perform business ethics in general as well as CSR in particular. However, the current Vietnam's legal frame has many shortcomings and inadequacies, making it unable to response to the innovations of the nation – this fact have caused many corporates to exploit legal loopholes to avoid performing ethics responsibility, CSR.

5.1.2 Strengthen advocacy to raise awareness of business ethics and CSR in Vietnam.

The correct awareness of business ethics and social responsibility, community responsibility is essential for every corporate. Correct awareness guiding correct actions, along with stricter and more effective management mechanism from State management agencies on protecting laborers, consumers, and environment ... will surely bring practical and meaningful results to humans.

- Construct, supplement Vietnam Labor Code
- Hold direct conversation about CSR
- Synchronously coordinate activities of agencies, departments and organizations.

5.1.3. Policies to encourage and support the implementation of CSR

The objectives of the enterprises in production and business operations are to maximize profits, revenue, meanwhile, the compliance with business registration in general and CSR in particular needs more time to promote and bring benefits to the enterprises. Therefore, the State should promulgate policies to encourage and support the implementation of CSR in accordance with standards on environmental protection, production according to a clean technology.

5.1.4. Completing the operation apparatus, and mechanism of the inspection works.

Labor inspectors are supervisors the implementation of State regulations of the enterprises. However, due to the lack of inspectors in Vietnam which cannot satisfy the number of enterprises and increasingly production facilities, it is essential to enhance operational capacity of the labor inspector system.

5.1.5. Putting CSR into education programs of the universities.

Today, in the business universities, students mainly are learned about the hard skills as business profession, business techniques rather than soft skills such as how to behave in business activities, and ethical and responsible behaviors of enterprises to the society and the community.

5.2. Solutions of enterprises.

The implementation of CSR is a long-term matter rather than a short-term matter with efforts of enterprises. When satisfying standards in business is a means for manufacturers, service suppliers, Vietnamese enterprises should escape from passive position, obtain active position in the implementation of CSR.

5.2.1. Raising awareness about CSR.

For the purpose of raising awareness about CSR among enterprises, it is initially required to start from the leader of enterprises because the leader's vision and decision mainly affect the business strategies of the enterprises (especially medium and small enterprises).

5.2.2. Long-term strategies in building and completing CSR standards with appropriate steps.

The fully implementation of CSR is not a simple matter and also is not within the ability to solve in short-term of almost enterprises in Vietnam due to the limitation of resources, including financial resource.

5.2.3. Building strong trade union.

Trade union have been playing a positive role and a representative of labourers, especially in the enterprises where labourers are owners of the enterprises.

6. Conclusions

CSR is a relatively new matter in Vietnam. Nevertheless, recently, with the environmental disasters and the negative consequences on the society caused by enterprises, the social responsibility has become urgent. In Vietnam, the implementation of CSR is fully in conformity with targets of sustainable development strategy. In order to the enterprise in Vietnam to implement CSR, it is urgent to propagate, educate social responsibility and complete the legal framework to implement the CSR.

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