

# The Role of Corporate Social Responsibility and Its Influences on Vietnamese Small and Medium-sized Enterprises (SMEs) in Ho Chi Minh City

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## Abstract

In the new era, the importance of Corporate Social Responsibility (CSR) for business organizations is a matter of primary concern and has been researched by scholars around the world. Interest in CSR in business enterprises is often neglected due to its high-cost factor and the enterprises only focused on its operations and profitability for the existence of a business. If the enterprises have a good CSR policy within their development strategy, they will attain greater success. It was deemed that the empirical study adopted a descriptive survey method, 103 data samples were selected from the SMEs for analysis. The results indicated that SME management who adopted and implemented CSR policies will realize improvements; improved branding, a higher-level of engagement from the employee, greater support for community development. Additionally, the study provides an overview of the concept of CSR in providing a sustainable development base for SMEs, this will contribute invaluable information that conceptualise CSR relevance to academic research.

**Key Words:** CSR, sustainable development, Community Development, Employee engagement, Branding development, Vietnam

## Introduction

According to Selcuk, (2019), there has been a notable increase in the studies and academic literature on CSR. Today, the role of corporate responsibility for society is increasingly focused because these businesses create jobs for employees, contributes to economic development, and provides good value or service to customers. CSR improves an enterprise's dynamics (Luenendonk, 2016). According to Im et al. (2017), CSR has been adopted to increase the strategic position of the enterprise and to provide the conduit to their sustainability in conjunction with society. CSR is considered to be a prominent issue for many companies, governments, and researchers around the world (Hoang, et al., 2015). Both internal organization and external partners are increasingly concerned about corporate issues such as; labor force diversity, employee treatment, and environmental protection (Zulfiqar et al., 2019). It is argued that the main objective of CSR is to compel business organizations to coordinate closely with local communities and to assess the impact of their business activities on stakeholders (Pratic & Chandan, 2009). Environmental change, indiscriminate exploitation of resources, and climate change are all hot issues for scholars in the world. According to Nguyen et al. (2018), as the CSR phenomenon is being adopted globally it raises the question as to the nature of CSR in developing countries, this includes Vietnam.

Additionally, the integration of global organizations requires strategic planners, scholars and corporate leaders for innovation, to meet the required level of a global participant. As a result, the role of CSR has become a current global topic that is being disseminated in the debates of management in business circles, employees, shareholders, academic researchers. According to Ismail (2009),

CSR refers to the strategies that corporations can conduct business in an ethical and socially acceptable way. CSR can include a range of activities such as; collaborating with local communities, making culturally sensitive investments, developing relationships with employees, customers and their families and for engaging in social protection activities.

However, not all researchers and business owners have the same opinion about the role of CSR in society because they have; different levels of education, different visions, different views. Between business and social responsibility, there has always been conflicting and controversial issues over the past decades (Pham, 2010). According to Nguyen et al. (2018), currently, there has been very little context-sensitive research on CSR in Vietnam, while the distinct political, economic, social and cultural context. This makes Vietnam a good case study for analysing the relevance of the local general CSR theories. On the other hand, society requires business owners to create more jobs, pay high salaries for employees, to contribute responsibly to the community, to protect the environment, etc. In conjunction with this business owners are expecting to reduce costs and improve labor productivity. The enterprises need to find a good balance in providing sustained growth as well as a provision for CSR.

According to Im et al. (2017), many relevant CSR studies to date are focused on external stakeholders such as consumers and have neglected to incorporate the effects on the internal stakeholders such as employees. Although the CSR activities can be generalized in positive organizational outcomes, not every employee will positively perceive the CSR activities (Im et al., 2017). Therefore, the role of CSR is very crucial to both organizations and employees. CSR will provide support for employees to engage with the organization, adding vital support. CSR plays a vital role in benefiting the community,

employees and improving its branding. According to Im et al. (2017), the effect of CSR has been analysed from different perspectives. According to Luenendonk, (2016), in a current study, it is evidenced that a socially responsible enterprise has a far greater acceptance from its consumers, which convinces them to spend their money on the products and services from these companies. In fact, 45% of consumers have shown this willingness, not considering the cost is higher, but recognizing it is a company that they can trust. Greater consideration is given to their socially responsible measures.

In reality, the Vietnamese SMEs, are always under pressure to satisfy customers' needs and wants, the responsibility to the community, the environment, and also to enterprises that satisfy the employees industrial environment. There is a high level of competition in the global integration of Vietnamese SMEs. Therefore, to survive and develop in the global market, SMEs have to implement the CSR policy into their business, this will provide additional benefits to; the employees, local community and improve their branding in the mind of customers, stakeholders, etc. The CSR program in SMEs will gain additional attention and acceptance in the market from their customers relating to their products or services. Therefore, this paper will analyse the role of CSR for the development of the SMEs with the following specific contents: (1) Responsibility of the SMEs to the community; (2) Responsibilities of the SMEs to its employees; (3) The role of corporate responsibility of SMEs for enhancing branding. Those are the factors that help businesses develop sustainably in the increasingly competitive market in the new era.

## Literature review

The concept of Corporate Social Responsibility (CSR)

The concept of CSR has an extensive and varied history. It is possible to trace its presence and influence within the business environment (Carroll, 1999). Consideration for CSR has grown significantly over the last two decades. In both business and academic environments there is no certainty as to the definition of CSR (Yevdokimova et al., 2019). The concept of CSR

has seen greater acceptance since the 1950s-2000s that is discussed as in the table 1 below.

The concept of CSR has developed positive growth, so that in current times there is an abundance of theories, approaches and terminologies. Until now, it has not been generally accepted as a common framework, but most now agree it is a key-concept in developing a commitment to society (Yevdokimova et al., 2019).

Today, society places higher demands on companies that act in a socially responsible manner, not just their traditional role of providing goods and services (Selcuk, 2019). Previously, in business, the profitability of the enterprise was the key-driver for the existence and development of the company and was the basis for assessing the ability to maintain and develop the business of the enterprise. However, there is another substantial issue of primary concern, consideration now needs to be given to the intangible values of the business such as; brand awareness, community commitment, the satisfaction of partners, and its employees. If the business manager only considers the profitability of the enterprise as the sole primary goal of the business operation; the existence of the business can be threatened.

Since 2008, the concept of corporate social responsibility has been interesting to scholars and researchers. Most of the research during this time was to assess aspects of CSR and its impact on the performance of companies in Vietnam (Hoang, et al., 2015). Therefore, the role of CSR plays is a significant role in the sustainable development of the business. There have been many views from scholars on CSR which have been applied in the enterprises in recent years:

Hopkins (2003) argues that the goal of CSR is to create a higher standard of living while maintaining corporate profits for stakeholders both internal and external to the enterprises. Hopkins (2004) stated that CSR is a means of reflecting the ethical behavior of the business to its constituencies or stakeholders.

According to Yevdokimova et al., (2019), for over sixty years, the concept of CSR has developed several approaches and individual theoretical frameworks. Its overall effect is dependant on the relevant applied situation. Stated in chronological order,

Period	Name of concept	Description	Literature
1950s	<i>Social Responsibility of Business Man</i>	The obligations of businessmen to conduct policies, to make decisions or to act in such ways that are desirable according to the goals and values of society.	Bowen (1953)
		Some socially responsible business decisions can be accounted for by the long-term economic profit of the firm, paying back accordingly for its socially responsible behavior.	Davis (1960)
		Private contribution to society's economic and human resources and a wish from the side of business to see that those resources were used for a wide range of social projects.	Frederick (1960)
1960s-1970s	<i>Stakeholder Approach</i>	Instead of aiming exceptionally at larger profits to its shareholders, a responsible company takes into consideration the interests of employees, suppliers, dealers, local communities and the nation as a whole.	Johnson (1971)
	<i>Three dimensional model</i>	Three dimensional model The concept contains corporate responsibilities (i.e., economic, legal, ethical and philanthropic), social aspects of business (labour standards, human rights, environment protection and anticorruption) and corporate actions (reactive, defensive, accommodative and proactive).	Carroll (1979)
1980s-1990s	<i>Three dimensional model of principles, policies and processes</i>	Adaptation of the principles of corporate responsibility, the policies of social issue management and the process of action to a developing system.	Wartick and Coehran (1985)
	<i>Institutional framework and extended corporate actions</i>	Established frame-work and extended corporate actions Four types of corporate responsibilities (i.e., economic, legal, ethical and philanthropic) were connected to three basic levels (legal, organisational and individual), while corporate actions are extended to assessment, stockholder management and implementation management	Wood (1991)
2000s	<i>Three-domains approach</i>	Three aspects of corporate responsibilities: economic, legal and ethical.	Schwartz, Carroll (2003)
	<i>Contemporary concept</i>	A process to bring together social, environmental, ethical, human rights and consumer issues into business operations and basic strategy in close association with the stakeholders	European Commission (2001)

Table 1. Evaluation of Corporate Social Responsibility concept since 1950s-2000s

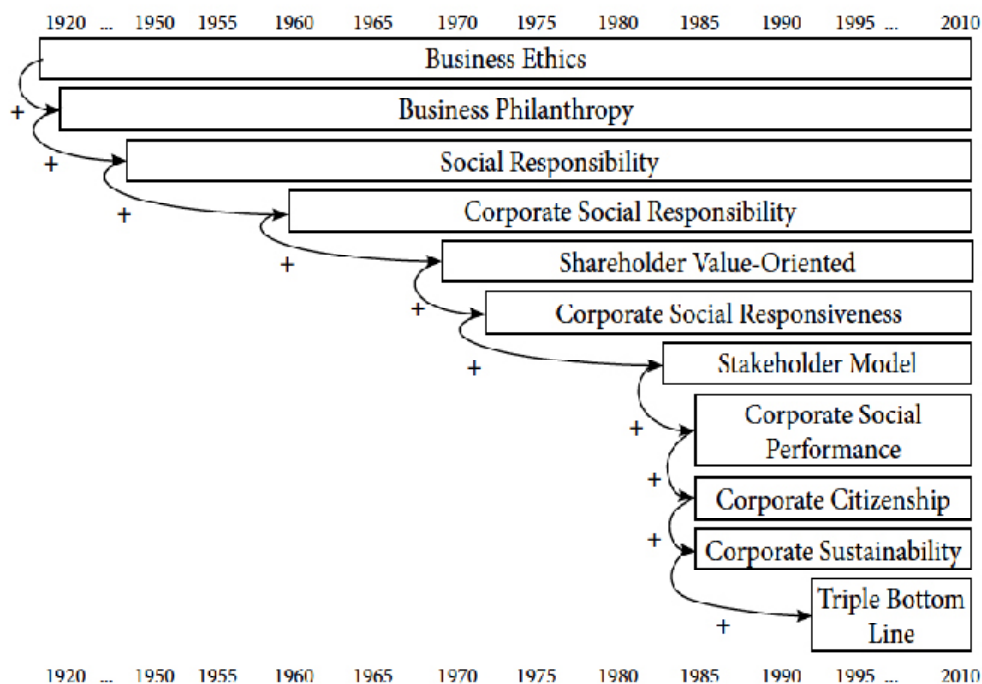


Figure 1. Corporate social responsibility (CSR): Theories and approaches

Source: Yevdokimova et al., (2019)

the various theories and approaches to CSR with historical account, are noted in the figure 1 above.

Additionally, Nwoba and Michael, (2016) stated that, to address the enterprise’s stakeholder interest, CSR is required and there is a need for corporate social responsibility to encompass economic, social, cultural, environmental, ethical and legal requirements.

According to Mai, (2017), In Vietnam, CSR is a significant factor for its contribution level toward a higher-level of; sustainable economic development, contributing to improving the

quality of life for its employees and their family members, for community and society, it provides a dual benefit to both businesses as well as the overall development of society.

The benefits of investing in CSR, the corporations can secure; competitive advantages, financial benefits, create a solid brand name and promote its awareness, this can also strengthen the relationship of stakeholders with the corporate brand (Makasi et al., 2014). Social responsibility increases the enterprises attractiveness to investors (Luenendonk, 2016).

CSR has been defined by many researchers in a variety of



Figure 2. The Company with an excellent CSR index engender more support

Source: Reputation Institute (2017).



Figure 3. Opportunity to Leverage Familiarity to Enhance CSR Index

Source: Reputation Insititute (2017).

ways to include environmental, social, ethical, and voluntary aspects, socioeconomic aspects, and relationships with different stakeholders (Selcuk, 2019). Therefore, the role of CSR can be defined as the enterprise's commitment to sustainable economic development, through adherence to environmental protection standards and obligations to employee welfare. Fair wages for them and appropriate policies for them to work and promote, etc. CSR helps businesses grow as well as the general development of society. The figure 2 (p. 6) is the evidence of the enterprises with an excellence CSR index engenders more support.

According to the Reputation Insititute (2017). The evidenced from figure 2, there is only 11.9% customers who purchase products from the company that has adopted the CSR index (this is a poor result); and 91.4% of customers decide to purchase a product from a company that has fully adopted the CSR (this is an excellent result). Therefore, CSR is a critical factor considered by customers in their decision-making to purchase products and services, and to supporting and the development of the enterprises.

Based on the evidence from the figure 3 (p. 7), The CSR gap (12.5 points) exists between those who have a low awareness of knowledge of the company (61.1) and those who have an excellent awareness of CSR (73.6). In adopting CSR, Companies and their employees will see a higher success rate and ongoing benefit.

#### The role of CSR towards the development for Vietnamese SMEs

Behringer & Szegedi, (2016), The relationship between sustainable development and CSR has moved from a theoretical level, to a more practical level with the initiatives are indicating that companies have a higher contributive level in establishing sustainable development. According to Reputation Insititute (2017). It is now imperative that enterprises should progressively integrate all aspects of social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with stakeholders. Therefore, the role of CSR, provides benefits towards the enhancement of economics, society and environment and its support for sustainable development for the enterprises.

In this current period of international economic integration, it is evidenced by entrepreneurs, that implementing social responsibility by the Vietnamese enterprises in the coming years

will be a large contributor toward sustainable economic development and improve the quality of life for employees (Tran, 2017). In addition, in the process of global economic integration, CSR has become one of the major requirements for Vietnamese SMEs, if any Vietnamese SME choose not to adopt CSR, it will encounter difficulties in their customer's acceptance of the enterprise's goods and services plus increase its risk to support sustainable development (Tran, 2017).

According to Hoang, (2019), many Vietnamese enterprises have not fully understood the importance of this role, as well as the benefits from the implementation of social responsibility, so they have not taken seriously their social responsibilities. This is reflected in fraud in business, production of poor quality goods, intentionally causing environmental pollution to only focus on maximizing their profits.

Additionally, it should be noted that the concept of CSR is relatively new in Vietnam, so up to now, its implementation is still very limited. According to Nguyen & Tran, (2016), the implementation of social responsibility in SMEs and is not clearly defined about; the criteria, standards and methods of implementation and its application in the production and business process. Also, there is a barrier that adversely affects CSR implementation in that many businesses; current lack of financial and technical resources to implement CSR standards, especially for SMEs. Additionally, the implementation of social responsibility will help improve the reputation of the business and therefore, will realize additional profits (Tran, 2017). Customers acquire a higher-level of comfort in the acceptance of the products and generate enhanced product loyalty (Tran, 2017). However, it is also not advisable to identify good charity work as a great social responsibility, even if the charity is an activity displaying CSR. It is seen as the cognitive aspect of SMEs to contribute to economic and social development.

Also, the implementation of CSR programs plays an important role and brings many benefits to organizations in Vietnam (Tran, 2017). However, companies do not pay adequate-levels of attention to implementing comprehensively to social responsibility (Le, 2013). Besides, more than 50% of consumers interviewed stated that the main reasons that Vietnamese companies pay less attention to CSR are lack of detailed knowledge and availability of financial budget allocation (Bui, 2010). From the perspective of Vietnamese consumers, their reaction in the

face of social responsibility issues is passive and weak in self-defense (Bui, 2010).

Additionally, consumers lack systematized knowledge about the responsibilities that organizations need to fulfill for the benefit of society (Hoang et al., 2015). Besides, Hoang, et al., (2015) said that the benefits that CSR programs bring to corporations and consumers in some studies have similar ideas. They believe that companies want to implement CSR programs because they primarily want to see an improvement in their reputation and brand, trust, and customer satisfaction. Moreover, According to Nguyen and Tran, (2016), most of the SMEs have not integrated the implementation of CSR with the mission, goals, strategies, and culture of enterprises, there is no specific plan to implement CSR and as a result is a low-priority in their overall plan.

According to Nguyen and Tran (2016), SME's have not developed a table of internal "codes of conduct" for officials and employees of enterprises for the implementation of CSR; so the employees themselves do not know or care about their own implementation of CSR within the business. On the other hand, many SMEs have not yet applied the international standards to suit their production, so their import-export capacity is limited. Due to the above synthesis analysis, there is a need to study the role of CSR towards SMEs' development sustainably to increase the competitive advantages in the new era.

#### The role of CSR towards the community

Currently, many businesses in Vietnam have realized that corporate social responsibility has become one of the indispensable factors for businesses, because, in the context of globalization and international integration (Pham, 2010). Standing at the threshold of global economic integration, compliance with commitments of corporate social responsibility to the market does not seem to be motivated in the preparation process. Friedman (1970) stated that a company should only have a responsibility to create benefits for the company and its shareholders. Carroll (1979) later restructured the concept of social responsibility by proposing four dimensions, including economic, legal, ethical, and charitable trusts. The role of CSR helps businesses with international standards with a tendency to care about public health, committed to providing the right products and services to the market.

Ismail (2009) stated that, a community is often defined as a group of people with common goals, interdependent to meet specific needs; people who live close and interact regularly. The researcher has identified a significant point; that there are community leaders responsible for the success of any community event, relevant to the needs of the community and personal feelings. Community leaders are individuals who try to influence others to be responsible for their actions, achievements, and community welfare.

Moreover, according to Pratic and Chandan (2009), it is revealed that CSR plays an essential role in ensuring community prosperity. It is noted that it is not uncommon when conducting research incorporated corporate governance and CSR. It was concluded that CSR should be promoted in public companies and policies (Jariwala, 2013). CSR needs to be developed in each company to prioritize social activities in their planning and budgeting process. Therefore, corporate social responsibility activities are not just relative to standard PR, charitable, or sponsorship activities. But this activity requires continuity, long-term commitment to the interests of businesses and for the benefit of society.

The role of CSR towards Community involvement: it fa-

cilitates contributions as funds for; local charities, resourcing volunteers, providing financial support for local events, assigning tasks of local workers, contributing toward local economic development, participating in fair trade events, etc. (Blanco-Encomienda & Ruiz-García, 2017; Bilan et al., 2017).

Also, CSR, among others, contributes to economic development while improving the quality of the labor force and the local community (Tran, 2017). However, CSR's contribution to community development can be measured by the enterprise's expenditures directed at local community development projects. Therefore, according to the above viewpoints, for the sake of sustainable development, the attention to the community is a significant issue and must be given top priority.

Besides, in the business operations of the enterprise, the need to exploit natural resources is necessary to provide materials for the company's products such as natural resources, raw materials, materials in production, business activities, etc. Over-exploitation of natural resources to facilitate the increasing production needs, the business can create adverse effects on the environment. Some specific examples of CSR community development roles include; sharing negative consequences of industrialization with the community, such as the impact of mining companies on the environment (Towers, 2009). Besides, the production and business activities of enterprises also give rise to many factors affecting the environment, such as the issue of waste management attributed to the environment, if these wastes are not handled well, they will have a significant impact on the environment. This amount of industrial waste is likely to cause degradation and pollution to the surrounding environment, such as soil and water issues to the environment, potentially significant affecting the health of workers and society.

Besides, CSR is a major contributor toward the improvement of communities and providing solutions to social issues in society (Luenendonk, 2016). The relationship developed between businesses and the community requires a solid close relationship, the relationship is one of respect and mutual understanding (Tran, 2017). When customers are satisfied, they will return in the future to the business and repeat purchase the goods and services and provide inspiration for other customers to the purchase. In contrast, an unsatisfied customer will never come back and will communicate bad things to their friends and relatives and will prevent other customers from buying the company's products. Therefore the role of the enterprise's CSR to the community is paramount.

#### The role of CSR towards employee engagement

It is very critical to engage the workforce with benefits for the establishment of employee well-being and organizational productivity (Bakker et al., 2014). Kamp, et al. (2010); Nwoba and Michael, (2016); Tran, (2017) stated that; there is diverse pressure being applied to mining firms from areas such as; local communities, civil society groups, and other socially responsible actors to address company-community conflict through community development framework. Additionally, the human-element plays a crucial role within any organization and supports the future development of the organization. In business, employees are a vital-force in the operation of the business and play an essential role in business development.

The positive spin-off of CSR on employees, in that it encourages them to exhibit more cooperative behavior and show more engagement in their tasks (Farid et al., 2019). According to Rupp et al. (2018), Growing evidence suggests that employees' perceptions of their employer's CSR relates positively to

employee work engagement. The good policies provide support to the employees within business, and provides a pivotal-role to improve their engagement. Therefore, employee welfare policies are quite essential to initially retain employees; promotes attracting external talent to work for the company and also a key-factor in the overall development of the company. CSR will provide a higher degree of long-term commitment, dedication and devotion to the business by the employees. Moreover, it will instill into the employee to work for companies who have transparent business activities, they will then consider it an honor and pride for their relatives, friends, and partners.

According to Carr, (2018), To achieve the emotional attachment and increased wellbeing and productivity of your employees for their place in the workplace, job role, position within the company, colleagues and culture. According to Im et al. (2017), from the employee perspective, studies have shown that CSR influences employee attitudes and behaviors. Employees will believe more in the sustainable development of the company and peace of mind working at that business. When working in an environment where the business is community-oriented, socially beneficial, for individual employees, they will find their work more valuable and happier because they feel comfortable and consider it their second home outside of their family. Therefore, employees work more devotedly and will be more loyal to the business. It is the satisfaction they attain in the workplace that employees will share with relatives, friends, and customers, etc.

According to Carr, (2018), Employee engagement is defined as the focus by an organization to fully promote the involvement of its employees in the workforce programs, practices and operations within the organization, including charitable and sustainability activities. This will be evidenced by its employees setting positive goals to further the organization's interests or reputation, while creating a culture that is very attractive for gaining new employees and retaining the current workforce. Therefore the reputation of the business will be significantly improved; the image of the business will be enhanced. Besides, on the external issue of the business, when the business is socially responsible, the partner will be more secure when investing in that business, customers will feel confident when buying the company's products.

### The role of CSR towards brand development

It is currently evidenced that customers have influential CSR expectations on companies and this influence is growing stronger due to the increased importance of CSR. According to Luenendonk, (2016), Social responsibility provides an improvement in a enterprises public image, the company's profit margins and it allows an organization to promote its assets, this will include goodwill, trust and a good reputation. Therefore, CSR is crucial to improve the branding of enterprises. If a company utilizes CSR as a strategy for positioning for its activities, the core values are permeated by the values of CSR (Du, Bhattacharya & Sen, 2010). CSR and brand image are strongly linked to each other.

Enterprises that are focusing on the consumer's market are crediting a higher-value on the client and gaining respect and appreciation from them, as people. They have chosen not to portray, manipulate or impose a level of false advertisement to potential consumers. This is critical for enterprises that seek an honest and ethical reputation (McWilliams, & Siegel, 2001; Danaj et al., 2018). Furthermore, enterprises take pride in their business, its management and manufacturing sector will see positive improvement of; their image, reputation, and brand

name in the minds of the customer.

Naqvi et al. (2013), research on the impact of CSR on the brand image in different FMCGs of Pakistan. Data collection has analysed 180 students from 22 universities. The results have defined that socially responsible activities of the enterprises provides positive enhancement of the overall brand image.

Feng, Yoon and He, (2016), research conducted on the impact of CSR on Brand Value: an empirical study of the top 100 global brands. Inclusive of the study, an empirically test on the impact of CSR on the brand value of the enterprises, they collected data from multi-national enterprises and multi-faceted sources. The reasearch revealed partial conclusions that implemented CSR processes have noted a significant influence enhancing the brand value for enterprises.

Rivera, Bigne and Curras-Perez, (2019), research on the effects of CSR on consumer brand loyalty. Data was gathered from an online survey of 351 Spanish sportswear consumers. The study concludes that enterprises that adopted CSR processes have a significant and positive influence on loyalty.

Additionally, it provides an indirect fluence via its positive enhancement on brand awareness and higher-levels of consumer satisfaction. The other outcome has noted that brand attitude does not have any significant impact from CSR in developing higher-levels of loyalty. Additionally, CSR is becoming a key component that positively affects brand image and is therefore considered to be a strategic necessity, rather than something that only contributes to the customer's social value (Cretu & Brodie, 2007; Werther & Chandler, 2005; Idowu, 2009; Wu & Wang, 2014). The use of intangible assets like corporate reputation are being seen as an increasingly important element within the intense global business world (Yadav et al., 2018). Corporate reputation is defined as the overall impression reflecting the perception of a collective stakeholder group (Lai et al., 2010)

Moreover, the role of the CSR within the business will create employee loyalty, trust, and satisfaction from customers and partners impacting the corporate reputation. According to Im et al. (2017), Research has suggested that CSR has a positive-effect on the consumer attitude and behavior in terms of; brand image, attachment, satisfaction, trust, reputation, loyalty. Corporate social responsibility in business decisions, including increasing efficiency in operations, the dedication of employees, improved product quality, and positive community support. According to Yadav et al., (2018), the role of CSR within an organization can lead to additional trust development among employees at the same time it will assist in enhancing the corporate reputation of an organization. Therefore, the brand of an enterprise will be improved in the mind of customers for enhancement of long-term trust, partners and the community displays easier acceptance by its customers when the SMEs implement the CSR policy.

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| <ul style="list-style-type: none"> <li>- Based on the CSR, Do you think enterprises should consider the relevance of community development? Discuss in details.</li> <li>- Based on the CSR, Do you think enterprises should consider the relevance of employee engagement? Discuss in details.</li> <li>- Based on the CSR, Do you think enterprises should consider the relevance of brand development? Discuss in details.</li> </ul> |
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Table 2. The questions asked - the impact of CSR on Vietnamese SMEs to sustainable development

## CODING ENTERPRISES' INTEREST IN COMMUNITY DEVELOPMENT (COD)

- COD1 Enterprises are recommended to connect with local activities.  
 COD2 Enterprises are recommended to support to raise the local's charity fund.  
 COD3 Enterprises are recommended to give the scholarship to local students.  
 COD4 Enterprises are required to participate in trade fair competition.  
 COD5 Enterprises provide high-quality products and services to consumers.

## ENTERPRISES' INTEREST IN EMPLOYEE ENGAGEMENT (EME)

- EME1 Enterprises have policies to train employees to improve their skills and expertise.  
 EME2 Enterprises have the policies for yearly review of structured employees' salary.  
 EME3 Enterprises have policies for conducting annual reviews of the corporate culture.  
 EME4 Enterprises have suitable welfare policies for employees.  
 EME5 Enterprises have the suitable healthcare programs for employees.

## ENTERPRISES' INTEREST IN DEVELOPING THE BRAND (DEB)

- DEB1 Enterprises are recommended to adopt innovation and to supply good products and services to the public.  
 DEB2 Enterprises are recommended to develop good relationships with the customers.  
 DEB3 Enterprises should adopt the human element of the business as the key factor to develop of sustainably.  
 DEB4 Enterprises should communicate the mission statements to the partners and customers of the business.  
 DEB5 Enterprises consider the CSR as their strategy to develop sustainability for the overall branding.

Table 3. The Questionnaire of Enterprises' Interest Towards Community Development, Employee engagement, and Branding development and these elements that are value-adding for CSR (Summary of results from the in-depth interview)

Additionally, Melo and Galan (2011) identification of the positive influences relative to the improvement of the intangible competitive advantages, impacted by the enhancement of brand value through the adoption of CSR processes. Management has recognized the need to enhance socially responsible business practices to achieve a sustained strategic advantage and to promote a corporation's reputation (Makasi et al., 2014). Corporations through strengthening and protecting the brand's reputation can communicate their credibility to stakeholders (Makasi et al., 2014). The enterprise having a good brand, investors are given confidence to invest in the business; business partners will also be prepared to do business, such as providing materials, goods and financing for the businesses. Trust and corporate reputation can be researched from the aspect of internal stakeholders such as, employees and external stakeholders (Yadav et al., 2018). Therefore, the role of CSR in SMEs can support their trust towards the employees, consumers and stakeholders. Brand is considered as an intangible asset and value-adding for the business. This has provided motivation for all Vietnamese businesses including SMEs to build and develop their brands. This will enhance some businesses immediately attracting visible, practical benefits of branding such as; consumers are aware and think of the company's products and services when in demand, increased sales, increased value-

adding for enterprises, developing pride for employees, creating good competitive advantages, etc.

## Research methodology

The initial phase of research focused on interviews from the SMEs owners, experts in Ho Chi Minh City. They were tasked with the analysis of the major elements of CSR that contribute to sustainable development of SMEs within Ho Chi Minh City. In order to reveal each contributonal element and the role CSR plays in the SMEs development, the researchers developed a questionnaire that provided an in-depth insightful interview with; experts and the management of Vietnamese SMEs.

A total number of 7 experts were interviewed for an in-deep interview to provide an analysis of the impact of CSR and its contribution to the sustainable development of SMEs. There are three major elements that contribute to CSR: linked to community development, provides the link to employee engagement, enhanced brand development. These elements provide a crucial-role in the overall corporate responsibility and need to be an adopted focus of the enterprises.

Futher outcomes of interview noted that, there were 5 key-important components in each of the three factors (community development; employee engagement; branding developing)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
COD1	103	1.00	5.00	3.2621	1.02862
COD2	103	1.00	5.00	3.0194	1.21252
COD3	103	1.00	5.00	3.9126	.94045
COD4	103	1.00	5.00	3.5049	.93802
COD5	103	1.00	5.00	3.5340	1.05548
Valid N (listwise)	103				

Table 4. Enterprises' interest in community development

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
EME 1	103	1.00	5.00	3.7573	.76011
EME 2	103	1.00	5.00	3.8058	.91885
EME 3	103	1.00	5.00	3.1748	1.14127
EME 4	103	1.00	5.00	3.6602	.95541
EME 5	103	1.00	5.00	3.5631	1.02584
Valid N (listwise)	103				

Table 5. Enterprises' interest in employee engagement

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
DEB1	103	1.00	5.00	3.6214	.90874
DEB2	103	3.00	5.00	3.8350	.76821
DEB3	103	1.00	5.00	3.7379	.80393
DEB4	103	2.00	5.00	3.9223	.77573
DEB5	103	2.00	5.00	3.6699	.78451
Valid N (listwise)	103				

Table 6. Enterprises' interest in developing the brand

that businesses need to adopt a strong focus on to maintain sustainable development for SMEs. There were a total of (15) observed variables relative to the (3) factors that impact on the sustainable development of SMEs. The details presented in the table 3. (p. 10).

The contents of interview in Table 2. (10) will be collected and analysed to broaden the contribution of CSR knowledge on the impact of sustainable development of SMEs in Ho Chi Minh City. This result will provide and enrich the characteristics for the development of CSR and furthering research.

The second stage, are questionnaires that will be distributed to the CEOs and the management levels of each enterprise for the collection of one data sample only. The number of questionnaire that were distributed were 130 samples, the number of questionnaires returned were 110 samples and the number of valid questionnaires were 103 data samples applied to the implementation of description statistics purposes. Descriptive statistics is defined as the analysis of information that assists in the description, displays or summarizes data in a concise and relevant study.

The survey will be conducted in 5 levels, from (1) Totally disagree to (5): Totally agree. The sample data was collected in Ho Chi Minh City utilising the random technique. There are 103 good data samples analysed in this study in the SMEs sectors.

## Findings

After the researcher surveyed and analyzed the research the data sample, the results are presented in the tables in the next page 11. The analysis of 103 samples and resulting statistical analysis from Table 4, the relationship between the enterprise's CSR and the community accounted for the lowest mean values from 3,0194 and the highest, 3,9126. In which the scales of measurement is from 1 to 5 (1): totally disagree and (5): totally agree). Therefore, with a mean of 3.0, SMEs care about the community through community support programs.

The analysis results detailed in Table 5 (p. 10) provide the following details; the concern of SMEs towards employee engagement has accounted for the lowest Mean rate is 3.1748, the highest is 3.8058. Thus, the analysis results show that SMEs are quite interested in the development of employees, partners, etc and have support policies when they work at the business.

The analysis results from table 6 provide the details; SMEs interested in brand development towards CSR policy has the lowest mean rate of 3.6214 and the highest percentage is 3,9223. The statistical results show that the proportion of enterprises who are interested in brand development account for a high

Descriptive Statistics		
	Mean	Std. Deviation
Enterprises' interest in community development	3.4447	.61608
Enterprises' interest in employee engagement	3.5864	.50895
Enterprises' interest in developing the brand	3.7592	.44313
Valid N (listwise)		

Table 7. The comparison of three components

proportion.

From the result of the statistics of table 7, it is evident that in regards to the enterprise's interest in the CSR, the results from enterprises' interest in developing the brand displays a mean of 3.7592. Next, the results from enterprises' interest in employee engagement displays a mean of 3.5864 and the lastly, the results from enterprises' interest in community development displays a mean of 3.4447. The three issues that relate to CSR are; brand development, employee engagement and community development. Branding building is the most relevant issue to CSR that the enterprise has an interest in it. The second issue relative to CSR is that the enterprise's interest in is employee engagement and the last one is community development.

## Conclusions and recommendations

### Conclusions

The resulting outcome from the study according to the local situation, the role of CSR for the sustainable development of businesses in Ho Chi Minh City has three important factors namely branding development, employee engagement, community development toward the development of sustainability for SMEs. There is a need to consider and apply these to achieve a sustainable development, these major factors are; community development, employee engagement and branding building. Out of these 3 factors, the factor that contributed the greatest influence to the business was the branding factor, followed by employee engagement and community development. These three components of the CSR are crucial for the development of Vietnamese SMEs and they should be applied and implemented to link with their overall business strategy.

### Recommendations

The results from the analysis of the data; it is evidence that the major benefits of adopting CSR towards SMEs' sustainable development are, the development of enterprise branding, followed by the enterprises employee engagement and the last one is the enterprise to support community development. Therefore, the role of CSR is very important for the SMEs' development and it should be adopted within SMEs in Vietnam.

Firstly, Branding provides the highest growth for the business. If Vietnamese SMEs attempt business without a suitable branding development policy, that business will not attain long-term sustainably. Branding is the key element for the development of the enterprise and ensures the sustainability of the business, corporate social responsibility will improve the brand image for the business in the market, it provides the strategic



link within CSR for the success of the business. If businesses are to develop sustainably, SMEs must always consider the brand development strategy associated with social activities. SMEs should adopt CSR in their business strategy. The CSR strategy will provide support in the improvement of the SME's brand. It is imperative that SMEs should not only adopt CSR but couple this with providing good quality products and services to the community.

Second, the Vietnamese SMEs will have an improved policy based on the CSR program incorporated with employee engagement. Additionally, SMEs should provide endearing qualities toward their customer, provide respect and good quality service to its customers. SMEs should always consider the human factor within its strategy whilst improving its development. Vietnamese SMEs should develop and provide good policies for their employees such as; bonuses, welfare, benefits, etc. When employees are satisfied with the HR policies, they develop increased motivation to work, a higher retention rate

and contribute to the development towards SMEs.

Thirdly, Vietnamese SMEs should include in the business development strategy a defined policy for developing their position with social and community support. The SME needs to be an active participant in local activities such as raising funds for local charities, providing the scholarship to local students and providing strategies for environmental protection, etc. This is another contributing factor to assist in the business development goal to attain long-term sustainability as well as improving the contribution to the local community development.

#### Limitations of the study

This research is only compiled and structured based on the results of the empirical study, the research has only analysed statistical description and give practical results for discussion. This study can contribute as a base for future researchers seeking to develop a more in-depth CSR study.

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