Factors Affecting The Implementation Of Corporate Social Responsibility: The Case of Nam Dinh Vietnam Textile

Author's Details:
[(1)]**Thi Thu Hien Phan, MA-**University of Economic and Technical Industries
[(2)]**Thanh Huong Cao, MA-**University of Economic and Technical Industries
Correspondence: Thi Thu Hien Phan No. 296/61/12 Linh Nam Street, Hoang Mai District, Hanoi, Vietnam

Abstract*:*
In this study, we studied 128 textile and garment enterprises in Nam Dinh province and examined 4 factors affecting the implementation of CSR by Nam Dinh textile enterprises. The results showed that all 4 factors: Institution of the State, Knowlege of CSR, Assets of enterprises and human resources of enterprises all influence the same direction to implement CSR. Since then, the author recommends that Nam Dinh textile enterprises should invest more in CSR to understand the role and benefits of CSR to implement CSR better for sustainable development.

Keywords: *Nam Dinh business, textile and garment society, Vietnam*

1. INTRODUCTION

Vietnam increasingly integrates with the world economy when joining the world and regional economic associations such as WTO, FTA, CPTPP, ... meanwhile, the understanding of Vietnamese textile and garment enterprises towards those requirements of international regulations are limited (Pham Viet Thang, 2018). Importing countries frequently give high requirements on technical standards; CSR requirements create great barriers and difficulties for textile enterprises (Hoang Thi Thanh Huong, 2015). In addition, the awareness and understanding of CSR are not correct and sufficiently, leading to a lack of understanding of the benefits, opportunities and advantages of CSR, so in the process of implementation is still passive and coping (Pham Viet Thang, 2018). There are even many managers in organizations who consider CSR as a PR activity, promoting their names to hide the actual economic efficiency. That goes against the spirit and meaning of CSR (Ho Thi Van Anh, 2018).

CSR has become a strategic program for businesses in many countries. In recent times, businesses in developing countries have begun to publicize their social, environmental, community, professional development and other CSR related information in annual financial statements. There is a significant growth in the number of companies that have announced social responsibility activities (Guthrie and Parker, 1989; Gray et al., 1995a). For example, KPMG (2011) found that 62% of the 378 global companies surveyed in October 2010 have a corporate social responsibility strategy and claim that this increase is more than 50% since 2008. In addition, KPMG (2011) also suggested that companies participating in CSR will have the opportunity to gain competitive benefits, promote innovation, improve financial performance and generate key results.

Vietnam textile and garment industry is a key economic sector of the country, focusing on exporting and satisfying increasingly strict requirements of domestic and international markets. Therefore, the implementation of CSR has helped businesses attract employees, good relations with the community, customers and consumers, thereby enhancing prestige, revenue, ability to raise capital and increase efficiency. finance (Pham Viet Thang, 2018 cited by the Ministry of Industry and Trade, 2014).

Ranking the results of investment attraction nationwide in 2017, Nam Dinh ranked 7/59 provinces and cities in attracting FDI. In particular, the majority of enterprises participating in filling industrial zones in the province is in the textile and garment industry. This prestige and attraction for foreign partners are partly because the province is the key locality, the cradle of the national textile and garment industry.

Textile and garment industry is considered as a key production industry of Nam Dinh province, so the province has made efforts to coordinate with the textile business community, successfully deploying and applying models and quality management systems. advanced in the world, improving the business process, reducing waste in production, gradually improving the management level to develop comprehensively.

Another important international issue, along with the growth in the number and scale of Nam Dinh textile enterprises. As a recent phenomenon, Nam Dinh textile enterprises are aware that their mission should go far beyond mere profits and

their continued success is partly influenced by the moral standards of the enterprise. In other words, although they are fundamentally seeking to maximize their income, companies are increasingly recognizing the value of corporate social responsibility (CSR) and consider CSR a strategic tool bring potential benefits to businesses (Polonsky & Jevons, 2009).

Moreover, some CSR supporters believe that CSR leads to improved brand image and prestige, increased sales and customer loyalty, increased productivity and quality (Mishra & Suar, 2010). Therefore, CSR often brings about an improvement in corporate financial efficiency (Mittal, Sinha, & Singh, 2008). According to Luo (2006), the concept of CSR assumes that business and society are intertwined rather than separate entities. Therefore, society has certain expectations about the attitude and business behavior of enterprises. In addition to the instincts of business as a profit, we believe that the satisfaction of social expectations is especially important for Nam Dinh textile enterprises because it is difficult to deny the existence of ideas. skeptical comments describe textile enterprises as resource exploiters. In this direction, CSR is not only important as a strategy but also represents an organizational task that Nam Dinh textile enterprises must meet the ethical, social, environmental and economic requirements from related parties.

Regarding the strategic meaning of CSR for textile enterprises, Nam Dinh has many unresolved theoretical and experimental issues. One of the basic but outstanding themes that need to be addressed immediately is to identify the motivations for CSR in textile enterprises (Hoang Thi Thanh Huong, 2015). The link between CSR and textile enterprises is very limited in previous studies since Husty and Allen (2006) point out that academic inattention is one of the reasons for common textile enterprises. do not respond effectively to issues of CSR. CSR has attracted great attention of those who study Strategic Management, Marketing, and Financial Economics.

We focus on the textile and garment enterprises in Nam Dinh province because Nam Dinh is the cradle of home textile industry with the introduction of "Nam Dinh textile factory" the first textile factory of the country. Nam Dinh is also a province with a large number of textile enterprises compared to the whole country, so the research on Nam Dinh textile enterprises will have practical significance for other domestic enterprises as well as textile enterprises. sewing in emerging economies like Vietnam.

2. Research overview

CSR has been around for a long time in the world. Typical of this view may be the consumer boycott of sugar harvested by slaves in Britain in the 1790s, the first large-scale boycott. world. Within a few years, more than 300,000 Britons boycotted this sugar product. In addition, nearly 400,000 signed petitions were sent to Congress requesting the end of the slave trade. Thus, awareness of CSR has existed for a long time in the world and undergone a period of development and increasingly comprehensive and meaningful. However, formal studies of CSR began to take shape in the 1950s.

The concept of CSR not only receives the attention of researchers but also from the reality of enterprises and state management agencies. CSR is becoming more comprehensive and evaluating objective and more accurate aspects.

Corporate social responsibility (CSR) is a field of interest of many scholars (Mirsha and Suar, 2010, McWilliams and Siegel, 2000) in the field of economics in general and accounting in particular. According to research by Huang and Watson (2015), the two authors synthesized CSR studies in the field of accounting in the world's top 13 accounting journals, which showed that accountants and other professionals The research of accounting and research on CSR is very diverse and synthesized in four areas of CSR as follows: (i) determining (determinants) CSR, (ii) the relationship between CSR and financial efficiency, (iii)) the consequences of CSR and (iv) are CSR disclosure and assurance.

However, studies on factors affecting corporate social responsibility are still very limited. Especially in textile enterprises in a country with a developing economy like Vietnam. This is the gap we want to fill and contribute to the theory of CSR.

3. Theoretical basis

3.1. The concept of corporate social responsibility

Since the 1960s, corporate social responsibility has attracted the attention of many businesses and related individuals. A series of definitions have been put forward on this issue, but there is no consensus. One of the reasons that the definitions become different is because they are mentioned from different perspectives. An entrepreneur who can identify CSR is a business strategy, a non-governmental activist can consider it as an "act of diverting consumers to the environment" (greenwash) while a key official Government can consider it a voluntary regulation. In addition, the definition of this term also arises from a different approach to the law. For example, while an economist might argue that a director's decision to

implement CSR policies is reasonable to minimize agency risk, a law scholar might consider it a decision. intended to show the appropriateness of what the law requires from the director.

3.2. Perspectives on the implementation of corporate social responsibility

According to Milton Friedman (1970), the business has only one responsibility to maximize profits, increase shareholder value, within the framework of the market rules of the market is honest and fair competition.

According to Nguyen and Luu (2008), the enterprise itself has become a social subject, using social and environmental resources, thus can negatively impact the society and the environment. Therefore, enterprises must be aware of the impacts of their production and business activities and be responsible for their own behavior before society.

3.3. Factors affecting the implementation of corporate social responsibility

Factors influencing CSR implementation include internal factors and external factors. External factors are mandatory institutions from the State such as Policies and regulations on labor safety assurance, regulations on waste treatment and ensuring a working environment for employees. The internal factor influences the implementation of CSR including the administrator's knowledge of CSR, corporate capital and human resources. The research model is as follows:

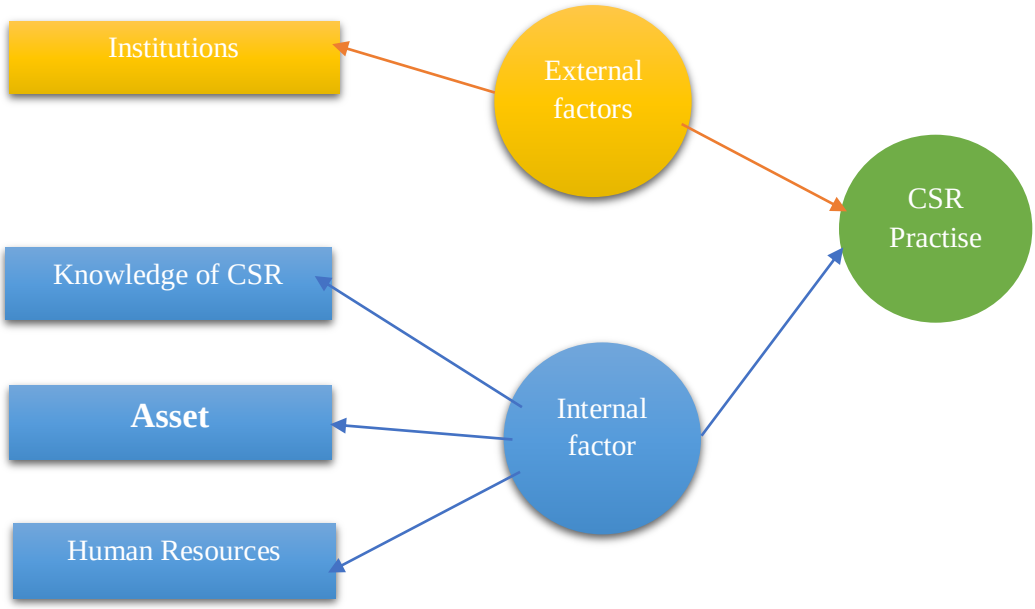

Figure 1: a Research model

The research hypothesis of the model:

H1: Compulsory institutions from the State have a positive impact on the implementation of CSR

H2: Knowledge of CSR has a positive impact on CSR implementation

H3: Enterprise capital has a positive impact on CSR implementation

H4: Human resources have a positive impact on CSR implementation

3. Research method

The research sample is 128 textile and garment enterprises in Nam Dinh province, the survey results of directors, general directors, chief accountants and heads of administrative and personnel departments of these enterprises.

The study was conducted on textile enterprises in Nam Dinh province. The surveyed companies have different chartered capital and different locations. Data is encrypted and cleaned through SPSS software and conducted analysis on Smart PLS 3.0

4. Research results

All research variables have Cronbach Alpha coefficients and correlation coefficients of total variables satisfying analytical conditions. Specific results are as follows:

Table 1: Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
CSR Practise	**0.982**	**0.982**	**0.982**	**0.666**
Human Resources	**0.872**	**0.872**	**0.872**	**0.695**
Institutions	**0.911**	**0.911**	**0.911**	**0.672**
Knowledge of CSR	**0.910**	**0.911**	**0.910**	**0.629**
asset	**0.928**	**0.928**	**0.928**	**0.682**

Table 2: Discriminant Validity

Fornell-Larcker Criterion					
	CSR Practise	**Human Resources**	**Institutions**	**Knowledge of CSR**	**asset**
CSR Practise	**0.816**				
Human Resources	0.585	**0.833**			
Institutions	0.314	0.689	**0.820**		
Knowledge of CSR	0.440	0.593	1.020	**0.793**	
Asset	0.315	0.732	0.388	0.030	**0.826**

Table 3: Model_Fit

	Saturated Model	Estimated Model
SRMR	0.060	0.060
d_ULS	4.244	4.244
d_G	2.51	2.509
Chi-Square	4,714.68	4,5261.86
NFI	0.832	0.816

Table 4: Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Human Resources -> CSR Practise	0.134	0.137	0.021	6.523	**0.000**
Institutions -> CSR Practise	0.205	0.208	0.023	8.956	**0.000**
Knowledge of CSR -> CSR Practise	0.382	0.383	0.037	10.460	**0.000**
asset -> CSR Practise	0.309	0.302	0.031	9.911	**0.000**

Bootrap results are as follows:

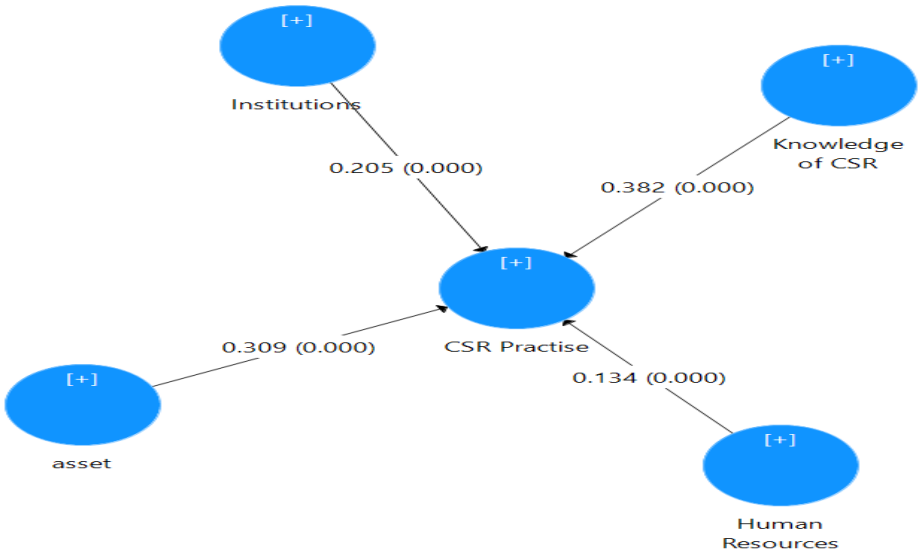

Figure 2: Results of bootrap

The regression equation is as follows:

From the above results, all factors have a positive impact on the implementation of corporate social responsibility. In which, the most effective factor of CSR understanding is to implement CSR with a high impact coefficient of 0.382 at 1% significance level. The factors of capital and assets of enterprises positively impact CSR implementation at a relatively large impact level of 0.309 at 1% significance level. The compulsory institutional factor of the state acts at an average level with an impact level of 0.205 at the 1% significance level. Finally, the human resource factor affecting the implementation of CSR in textile enterprises in Nam Dinh province is low with an impact level of 0.134 at 1% significance level. This means that the more large-scale (i.e., large-scale) textile enterprises in Vietnam, the easier it is to implement CSR than small businesses. If businesses know a lot about CSR as well as the impact and role of CSR in the economy, it will perform CSR better. The compulsory institutions of the State such as regulations and guidelines for implementing CSR help businesses implement CSR better. In the end, the company has a good HR policy to attract talents and a separate CSR department will perform CSR better than the remaining businesses.

5. Conclusion

Thus, all four research hypotheses are supported. All internal and external factors affect business CSR performance. This result is in line with Yeh et al. (2014) when studying the barriers affecting current CSR of listed companies in Taiwan.

References

i. *Yeh, S. L., Chen, Y. S., Kao, Y. H., and Wu, S. S. (2014). Phần mềm không hợp lệ của Corporate social responsibility: empirical evidence from listed companies in Taiwan. North American Journal of Economics and Finance, 1-14.*
ii. *Bowen, R. (1953). Social responsibilities of the businessman. New York: Harper and Row.*
iii. *Chollet, P., and Cellier, A. (2011). Sự impact của cơ sở dữ liệu giá trị giá trị giá trị đã biết trên các giá trị cổ phần nào In International conference of the French finance association (AFFI), May 11-13.*
iv. *Bihari, S., and Pradhan, C. S. (2011) .CSR and Performance: The Story of Banks in India. Journal of Transactional Management, 16 (1), 20-35.*
v. *Lin, C. H., Yang, H. L., and Liou, D. Y. (2009). Corporate responsibility for financial success from business in Taiwan. Technology in Society, 31 (1), 56-63.*
vi. *Chau Thi Le Duyen and Huynh Truong Tho. (2015). The relationship between social responsibility, leadership and financial efficiency: the case of enterprises in Can Tho city area. Science Journal of Can Tho University - Part D: Political Science, Economics and Law: 38, 75-82.*

vii. *Nguyen Ngoc Thang. (2010). Attach human resource management to corporate social responsibility. Journal of Science VNU, Economics and Business 26, 232-238.*

viii. *Davis, K. (1973). Case cho đối tác đối số và đối số của học social. Academy of Management Journal, 16, 312-322.*

ix. *Carroll, A. (1999). Corporate Social Responsibility - evolution of a definition construct. Business & Society, 38 (3), 268-295.*

x. *Friedman, M. (1970). The social responsibility of business is to increase its profits. The New York Times Magazine, Sep 13, 1970.*

xi. *Nguyen Dinh Cung and Luu Minh Duc. (2008). Corporate social responsibility - CSR: some theoretical issues and innovation requirements in state management for CSR Vietnam. Journal of Economic Management, 3, 1-9.*

xii. *Tran Thi Minh Hoa and Nguyen Thi Hong Ngoc. (2014). Social responsibility in hotel business in Vietnam Case study at Sofitel Legend Metropole and Sofitel Plaza Hanoi. VNU Journal of Science: Social Sciences and Humanities, 30 (4), 1-11.*