



**CORPORATE SOCIAL RESPONSIBILITY IN VIETNAM
STATE-OWNED ENTERPRISES:
A COMPARATIVE ANALYSIS OF PVEP AND VTC**

BY

MISS THI HUE NGUYEN

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF ARTS (ASIA-PACIFIC STUDIES)
COLLEGE OF INTERDISCIPLINARY STUDIES
THAMMASAT UNIVERSITY
ACADEMIC YEAR 2016
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MASTER THESIS

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ENTITLED

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was approved as partial fulfillment of the requirements for
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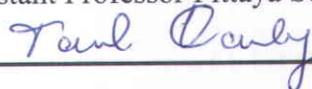
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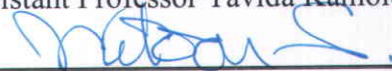
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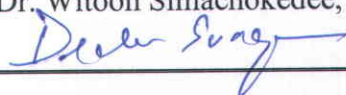
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ABSTRACT

In line with the calls from United Nations for sustainable development, the regulations from governments, the development of global economic as well as to respond to growing demands from stakeholders, Corporate Social Responsibility is getting more attention throughout the world. This term going along with the investment of multinational corporations (MNCs) was just newly introduced in Vietnam and it instantly attracted concern from enterprises, government and scholars. Due to the limited research on Corporate Social Responsibility (CSR) in State-owned enterprises (SOEs), this paper investigates and makes a comparative analysis of CSR practices of two large Vietnamese SOEs: PetroVietnam Exploration Production Corporation (PVEP) and Vietnam Multimedia Corporation (or Vietnam Television Corporation – VTC). The input data is based on descriptive information collected from existing literature, corporations' official websites, published reports, and primary data from interviews with managers of the two companies. The analysis indicates that PVEP and VTC share similar views on the concept of CSR and in line with the definition of standard ISO 26000. It identifies the focal points of these corporations on CSR themes which are Environment, Labor and Community Involvement for PVEP and Labor, Fair Operating Practices, Consumer Issues and Community Involvement for VTC. Institutional Theory has been adopted to examine

the main drivers of CSR. This study has determined that the external and internal institutional drivers effect on responsible behaviors of the two corporations at different extent. This study contributes to CSR literature with a focus on State-owned Enterprises. It would be helpful when using to predict the trend as well as suggest recommendation to push CSR activities in SOEs in a better way in future research.

Keywords: CSR, sustainable development, SOEs, drivers, ISO 26000, Vietnam



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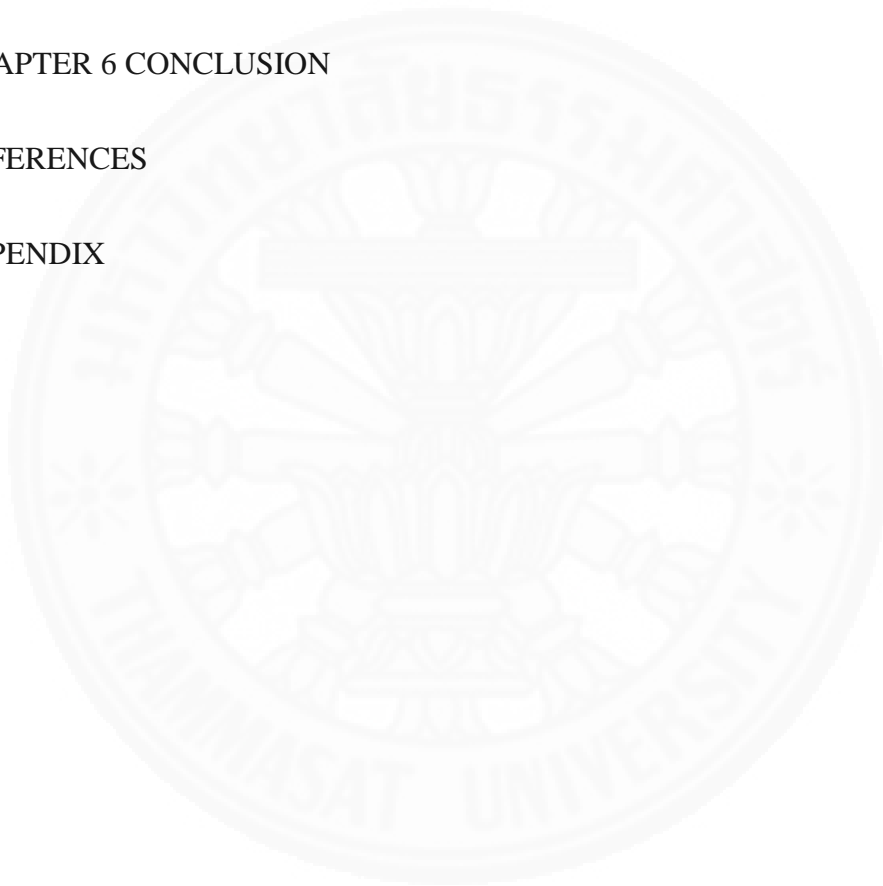


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LIST OF ABBREVIATIONS

| Abbreviations | Terms |
|----------------------|--|
| CSOs | Civil Society Organizations |
| CSR | Corporate Social Responsibility |
| EMS | Environmental Management System |
| FDI | Foreign Direct Investment |
| GDP | Gross Domestic Product |
| HR | Human Resources |
| ILO | International Labor Organization |
| ISO | International Standard Organization |
| MNCs | Multinational Corporations |
| MoU | Memorandum of Understanding |
| OECD | Organization for Economic Cooperation and Development |
| PVEP | PetroVietnam Exploration Production Corporation |
| SMEs | Small-medium Enterprises |
| SOEs | State-owned Enterprises |
| SR | Social Responsibility |
| UNEP | United Nations Environment Programme |
| UNIDO | United Nations Industrial Development Organization |
| US | The United States of America |
| VCCI-SD4B | Sustainable Development for Business Office of Vietnam Chamber of Commerce and Industry |
| VND | Vietnamese dong (Vietnam's currency) |
| VTC | Vietnam Multimedia Corporation or Vietnam Television Corporation |
| WBCSD | World Business Council for Sustainable Development |
| WCSR | Working Group on Social Responsibility |
| WTO | World Trade Organization |

CHAPTER 1

INTRODUCTION

1.1 Background

1.1.1 CSR in Vietnam

Public goods, externalities and common property problems all cause the imperfection of market. That where the governments step in, to fix the market failure or in other words, to warrant welfare (Crosby, 2011). However, the world is getting more problematic, human being has faced huge changes that we have never thought of before: the climate change, pollution in global scale, shortage of resources, human trafficking, child labor, etc. The world has been constantly calling for sustainable development which needs the aggregate efforts from each government, each society, each organization and each individual. Corporations, as a part of society have been responding to this call by a strategy known as Corporate Social Responsibility - CSR (UN Global Compact). In line with the calls from United Nations, the regulations from governments, the development of global economic as well as to respond to growing demands from stakeholders, Corporate Social Responsibility is getting more attention throughout the world (William & Aguilera, 2008; Florian Hinz, 2009). This term going along with the investment of multinational corporations (MNCs) was just newly introduced in Vietnam (Charlotta, 2007), and it instantly attracted concern from enterprises and government. In 2005, the Chamber of Commerce and Industry of Vietnam, the Ministry of Labor, Invalids and Social Affairs, the Ministry of Trade and Industry together with the Footwear and Textile Associations established the Award “Corporate Social responsibility towards sustainable development” in order to honor enterprises which well-implement CSR in the context of integration (Baomoi, 2012).

After 30 years of Doi Moi – Renovation (from 1986), Vietnam has stepped out of the socio-economic crisis and less development status, becomes a developing country with average income, are proactively pushing industrialization, modernization and international integration. Economic growth has maintained stable between 6 and 8%/year. As the consequence, since 2010, Vietnam was officially

graduated from the Least Developed Country status and reclassified as a “middle-income” country (Nguyen, 2016). Nevertheless, this economic growth is unsustainable, because it still relies on capital, depends heavily on cheap labor resource and on FDI. Foreign investors and transnational corporations under the pressure of civil society from consumer countries, want to apply their ethical standards to Vietnamese companies (Hamn, 2012). By 2016, Vietnam has signed 10 regional and bilateral Free Trade Agreements; just completed negotiations of two FTA negotiations (FTA with the European Union and TPP); is proactively negotiating three other FTAs (ASEAN-Hong Kong; EFTA; RCEP). These steps of development have been bringing to Vietnam not only many opportunities but also challenges. On the one hand, the country has seen many social and environmental consequences as a result of prioritizing GDP growth. These issues demand that economic stakeholders, including enterprises, have a responsibility to contribute to solving the problems which are caused partly by them. On the other hand, on the road to economic integration, the requirements for implementation of good Corporate Social Responsibility towards Sustainable Development have become one of the non-tariff barriers challenging developing countries like Vietnam (Hamn, 2012). From the perspective of the enterprises, Vietnamese companies started to be more aware of the importance of respecting social and environmental standards in enhancing their reputation and increasing competitiveness (Pham, 2011). According to a survey published in the Ceremony for Announcement of Top 500 Vietnamese Largest Enterprises of Vietnam Report team: in the large enterprises VNR500’s viewpoints, among the elements of CSR, long-term investment for social activities has been viewed as the most important and oriented activities to CSR’s strategy (51%). In addition, the strengthening of humanitarian social activities is also considered important and influential (39%). A survey conducted by the Vietnam Business Council for Sustainable Development (VBCSD) reveals the situation and the need to build Sustainable Reports of enterprises in Vietnam with one of the questions as: “What are the benefits that CSR brings?”. The majority of enterprises (accounting for 76.5%) say that the implementation of CSR would enhance the reputation of the enterprises which demonstrates their commitments to the implementation of CSR. 43% of respondents recognize the benefits in improving the competitive advantage. A similar

percentage say that the biggest benefit is the improvement of business efficiency. However, only about 2.1% of the opinions agreed that CSR brought the transparency and help enterprises to have appropriate strategic planning. Thus, the majority of enterprises surveyed have not been fully aware of the benefits that CSR may bring (Le, 2016).

In earlier times, CSR is understood as community involvement activities or philanthropy and charity or the passive implementation of the exporting companies by complying with the requirements specified by the importing companies who launched through the Code of conduct (CoC) only. But currently, enterprises and related organizations are promoting CSR implementation in order to improve the competitiveness and towards sustainable development.

Mr. Florian Beranek, Lead Expert of Social Responsibility at the United Nations Industrial Development Organisation (UNIDO), shares the same statement. He said: “The understanding of CSR as philanthropy in Vietnam has been decreasing. Recently the awareness of CSR of enterprises as a strategic concept has been greatly improved” (Beranek, 2016).

In regard to government’s reaction, Vietnam’s government issued the Decision on promulgating Strategic Orientation for Sustainable Development in Vietnam in which stated that the Decision (Vietnam Agenda 21) was to “develop the country sustainably on the basis of incorporated, fair and harmonious economic development with social development and protection of natural resources, the environment, national security defense, security and social order and safety.” Due to the increased interest, there are more and more studies conducted on CSR practices covering various perspective and objects. The government agencies have planned and carried out a series of programs and projects aiming at accelerating the process of implementing comprehensive CSR strategies such as Vietnam National Strategy on People’s Healthcare and Protection; National Strategy on Environmental Protection to 2020, with vision towards 2030; National Program on Labor Protection, Safety and Sanitation; National Target Program on Employment; National Target Program to Respond to Climate Change; National Target Program to Improve Efficiency of Water Management, Protection and Usage. The Ministry of Labour, Invalids and Social Affairs coordinates CSR in Vietnam. Other Ministries have various

responsibilities for the individual components of CSR. The legal system has been renovated and rebuilt comprehensively, from the Constitution to the system of laws, acts and decrees.

In terms of environmental protection and climate change, being aware of the significance of climate change issues, Vietnam's Government has approved the Convention on Climate (1994) and later the Kyoto Protocol (2002). The period 2005-2010 is considered the most successful period in the process of developing and improving the system of Vietnam's laws on environmental protection, which is marked by Law on Environmental Protection passed by the National Assembly in 2005. In 2008, Law on Biodiversity was approved. So far, a total of 66 acts and by-law documents have been developed and issued. Regarding the labor sector, Vietnam has ratified 17 international conventions on labor issues, children, gender equality, labor safety and sanitation. Of which there are two basic laws: Vietnam Labor Code stipulating the rights and basic principles at workplace and Law on Social Insurance which defines the rights and obligations of employers and workers as well as social insurance organizations in the implementation of social insurance benefits to employees. The government continues improving the system of labor law and institutionalized the terms of the Law on Labor; strengthening dialogues with enterprises to complete law system in line with international practices in the context of integration. However, the effect of law is still weak; particularly, the responsibilities of government agencies in law enforcement is very faint.

Most recently, on 6/10/2015, the Ministry of Finance issued Circular No. 155/2015/TT-BTC guiding on the information disclosure on the securities market which took effect from the date of 01/01/2016. The Circular is an effort to build a "green" financial market, realize the National Strategy for Green Growth period 2011 - 2020 and vision to 2050 which was approved by the Prime Minister in Decision 1393/QĐ-TTg. As specified by Circular 155, all public companies must disclose information related to sustainable development. The content of sustainable development will be either included in the annual report or made separately as a Sustainable Development Report. Thus, the construction of the content of sustainable development is mandatory for public companies since the beginning of 2016(Lan, 2015).

To the enterprises, several initiatives have been introduced by MNCs and their supply chains in Vietnam through the Codes of Conduct, such as the rules of Adidas, Nike or Bata; or by applying US standards SA8000 in textile exporters to the US market. Besides, many Vietnamese business associations are playing important role in supporting and encouraging to adapt CSR better such as the Vietnam Chamber of Commerce and Industry (VCCI), Vietnam Leather, Footwear and Handbag Association (LEFASO) and Vietnam Textile and Apparel Association (VITAS). From the employee side, Trade Union is the only official organization which is recognized by the government to represent their right and privileges and at the same time, has closed tie with the Party. The enterprises in Vietnam has also been received great supports from international agencies such as UNIDO, ILO, UNDP and especially the Global Compact under the form of both technical resources and financial sponsor. (BATIK International & Centre for Development and Integration, 2013).

Commitment to social responsibility in Vietnam varies across sectors. The supply chains follow the Codes of Conduct of MNCs such as footwear, leather, textiles, garments, electronics and mining industries. Labor and Environment-related issues are their main CSR practices. Vietnamese companies, including SOEs, incline to concentrate on high output quantity and short-term results. CSR is most highly visible among multinationals and big enterprises (Netherlands Enterprise Agency, 2015). For example, Vinamilk with the campaign “Stand tall Vietnam” with the aim at enhancing Vietnamese children’s physical health; Unilever Vietnam Foundation with project “Improving health of the community by improving personal hygiene and environmental sanitation behaviors”; Honda Vietnam with “I love Vietnam” campaign contributing to educating the public about road safety and transportation, etc.

However, the violation of environmental sanitation, food safety or poor quality, fake goods, salary debts, tax debts, infringement of legal interests and benefits of laborers, the actions of hiding information, providing false reports which damage to investors are still popular. Moreover, the number of enterprises dealt with criminal liability and public on mass media is too few, not enough to deter violated enterprises and warn others.

1.1.2 State-owned Enterprises in Vietnam

Among many components of Vietnam's economy, State-owned Enterprises have been playing unique and critical roles (Collins, Sitalaksmi, & Lansbury, 2013). State-owned enterprises were born and established for a long time with the birth Democratic Republic of Vietnam. Since 1975, the system of Vietnam's State-owned Enterprises, other than the ones which had been pre-existed before in the North, it was also added from the taking over of enterprises of formerly-Saigon government and the nationalization of private enterprises. State-owned enterprises (SOEs) together with public administrative units and the state reserve had constituted a state-run economic system in Vietnam (Ng, CY et al, 1996). All economic actors were under planned and SOEs become the main providers for the social welfare. Social responsibility for the people in the whole country was attributed to the major role for them. The economic institutions under planning economy were formed with the aim at ensuring economic and social security through the "administrative and redistributive allocation of resources, full employment, and provision of welfare-producing goods, such housing, education and health services. Essential social services such as education, health and various forms of social insurance were to be financed and allocated through various state units, ranging from provincial and local administrative units to productive enterprises" which are SOEs. (London, 2014). In 1986, Vietnam officially initiated economic renovation as responding to conditions of extreme poverty and worsening economic crisis (Pham X.N, 2000). To cope with the crisis and in an attempt to reduce the inflation rate, the government started to regulate the economy by fiscal policy's tools such as cutting government's expenditure and adjusting the tax policy increase revenue for the state budget. The reduction of government's expenditure was in the form of closing or selling unprofitable and ineffective businesses, together with reducing the number of employees. In just four years, from 1989 to 1992, the number of SOEs halved to about 6000 businesses, which also resulted in laying off of nearly 1 million employees (Glewwe, P., 2004). Since 1986, Vietnam SOEs have been pursuing a restructure plan for 30 years in which equitization is one of the key factors. The process of renovation and restructuring of SOEs in Vietnam was initiated from the early 1990s and through several stages, linked to the process of economic institutional reform, in which

highlights the advocates of party to establish corporations in 1994; promulgate Law on State-owned Enterprises in 1995; implement the equitization of SOEs since 1996 (pilot since 1993); Pilot to establish state-owned general business groups in 2005. Especially, in the period of 1994-1997, the focus of restructure plan placed on the rearrange SOEs and constituted State-owned Corporations as well as diversified the ownership of small and medium-sized SOEs. This period marked the birth of SOEs operated in a new model and the differentiation between two types of SOEs: SOEs for profit and SOEs for public services. The economic reforms at that time were associated with the reallocation of the state budget, economic resources were reallocated to serve the rapidly strengthening and liberalizing the economy. The SOEs were no longer the single supplier for the social security regime anymore. For the first time since the independence, the schools and hospitals switch to share the cost to consumers. The cost for the social welfare function was also undercut. Employees in many areas such as education and health care faced the decrease in wage which had been already meager. However, simultaneously with the decrease in the number of SOEs was the rapid development of the number of private enterprises which helped Vietnam to avoid the situation of significantly rising of unemployment from the labor downsizing at public economic sector (London, 2014).

As the result of the renovation, the number of SOEs as well as the shares of government in that kind of company has been decreasing. However, SOEs has been continued to be leaders of Vietnam's economy when they still contribute for 32% of GDP (Nhipcoudautu, 2014). In the list of V1000¹ published in 2016, SOEs contributed nearly 60% of the total Corporate Income Tax detailed in the whole list (Vietnam Report, 2016). At the current moment, Vietnam's economy still displays the presence of SOEs in main economic sectors, from agriculture to industry and services. SOEs even still hold monopoly in some sectors. However, even the for-profit-SOEs,

¹V1000 is the List of Top 1000 Corporations that pay the highest income tax in Vietnam. The list is published based on the results collected, investigated, processed and verification of independent data of the V1000 organizer, in combination with the feedback data of enterprise from the survey of Vietnam Report as well as credible analysis and evaluation in the media; including a review of compliance with policies and legislation on corporate tax.

which are contributed mostly to economic achievement, according to Vietnam legal frame and the Party's advocates, they are still determined to have political missions which mean to support the social welfare and balance demand-supply for the national economy. Therefore, with the target to have a wider view on how SOEs now view the CSR and practice CSR, I decided to conduct a comparative analysis of PetroVietnam Exploration Production Corporation (PVEP) and Vietnam Multimedia Corporation (or Vietnam Television Corporation -VTC) as representatives of SOEs in the industrial sector and service sector.

PetroVietnam Exploration Production Corporation (PVEP) is a one member limited liability corporation who the only owner is 100% state-owned enterprise, PetroVietnam Groups. PVEP was established with the target to be a core unit of PetroVietnam Groups, a leader enterprise in the field of oil and gas exploration and production. By 2013, PVEP has reached over 40 million tons of oil and condensate, 36.5 billion cubic meters of gas and increased reserves of 273 million tons of oil. PVEP has successfully transformed the organizational management model from dependent accounting to independent accounting. Total assets increased from 30,723 billion in 2007 to 114,115 billion VND. PVEP's charter capital increased from 10,000 billion in 2007 to 51,800 billion VND by the end of 2012, and gradually towards to self-regulate exploration and exploitation projects both domestic and abroad. In the field of the service sector, Vietnam Multimedia Corporation (VTC) is a pioneer enterprise in research and applying the Digital Television technology successfully in Vietnam. It is the first company that provided solutions, transferred technologies to all TV stations in Vietnam, including both post production, transmission and broadcast. VTC is a 100% SOEs operated under the Ministry of Information and Communications.

In the context of present-day Vietnam, where the restructuring plan is still progressing, the country is affected intensively by globalization, where to respond to the call for sustainability, many notions including CSR is promoted widely, it is interesting to explore how SOEs in Vietnam understand and implement CSR as well as the motivation behind their responsible behaviors. It is significant for the expansion of Vietnam's economy, and its development as a whole if these enterprises perform well in their Corporate Social Responsibility activities. Looking

what motivates SOEs to practice CSR is the first effort which might trigger more studies in this crucial object and provide them a valuable reference.

1.2 Problem Statement

In line with the trend in studying CSR all over the world, the studies conducted about CSR in Vietnam have been considerable increasing both in quantity and quality. Dao Quang Vinh (2003) had a report about the context and current situation of CSR in Vietnam based on the examination over 24 enterprises from textile/garment/footwear sectors. Nigel Twose and Tara Rao (2003) had expanded contribution in summarizing the implementation of CSR in textile/garment/footwear sectors while emphasizes the role of government in promoting CSR and affirm the consideration of CSR as a national competitive advantage. The understanding of corporation's managers was tested by Truong T.T.Thang (2008) and the result shows that most of the corporations in Vietnam attach the CSR with PR activities, philanthropy and brand promotion. Moreover, the literature focuses more on Small-medium enterprises (SMEs) which account for nearly 90% of the total number of Vietnam's enterprises. As a part of project to study CSR implementation in developing countries, the work of Soeren Jeppesen, Bas Kothuis, Angie Ngoc Tran (2012) highlights the understanding of managers and workers as well as the linkage between CSR and competitiveness in 118 SMEs in South Africa and Vietnam. The study covers many economic sectors in Vietnam including agro-processing, textile/garment/footwear and hotels giving clear-cut for the CSR adoption through three formal dimensions which are: cultural practices, the level of satisfaction among workers and physical environment. The study recognizes the better understanding among SMEs in Vietnam about the term CSR, at the same time, sheds the light on the importance of size over the practice of CSR. In the end, the study does not confirm the relationship between CSR implementation and the improvement of efficiency and business performance. However, it does develop the analytical framework further. In the paper published in *Journal of Economics and Business* (2013) Nguyen P.Mai examined the practice of CSR in Vietnamese SMEs with a case study in Thanh Hoa province. The study shows that implementing CSR is tempting to more and more

SMEs in Vietnam. The awareness of Vietnam enterprises in general about CSR and sustainability has been increasing significantly regardless of the fact that the adoption still needs to be improved. Besides SMEs, large-listed companies have been examined as well. Nguyen, Vo Thuc Quyen (2013), contributed the efforts to apply SWOT model in analyzing CSR practice in company with case studies of Vinamilk and Kinh Do Corporations. In terms of specific factor/institution which may have influence in CSR development, the presence of Multinational Corporations (MNCs) with their impacts on the domestic enterprises in terms of CSR was first reviewed by Charlotta (2007). BATIK International & Centre for Development and Integration (2013) on the other hand, have conducted a report aimed at examining the involvement of Civil Society Organization (CSOs) in Vietnam to promote CSR practice in private and state-owned enterprises.

Given the fact that the number of study on CSR in Vietnam has been growing while testing it from many perspectives as well as object, state-owned enterprises, however, have never been the main topic. As Nigel and Tara Rao (2003) pointed out, there are 4 reasons explaining why a government should engage CSR. According to them, CSR engagement is an effective method to improve the competitiveness of enterprises in global economy, fulfill the gap in the government's capacity in respect of law enforcement, take advantage of different stakeholders' skills in order to achieve public policy goals and finally, to make sure that the interests of local stakeholders are in consistence with national policy goals. State-owned enterprise is an effective instrument of government to achieve these goals. Their objective now is not only to improve efficiency economically but also support actively for government in securing the social security. CSR activities practiced by SOEs have been widely recognized by the investors, governments and community. Considering both their unique characteristics and the important contribution to Vietnam's economy, the author believes that it is significant to have a comprehensive study on the engagement of SOEs with CSR. This study as a comparative analysis of two large SOEs which are PetroVietnam Exploration Production Corporation (PVEP) and Vietnam Multimedia Corporation or Vietnam Television Corporation (VTC) would be the initial step, which first targets to create a wider view on CSR in SOEs than the single case studies conducted before.

1.3 Objective of study

This study aims at examining how PVEP and VTC, as two large state-owned enterprises, perceive the notion of CSR, their current practices and motivations for them to engage in CSR. It fulfills the gaps in the literature review which Vietnam State-owned Enterprises has never been separate with other components of Vietnam economy. This study will be a pilot study which examines the motivations behind the engagement of CSR or CSR-related activities in Vietnam SOEs. The conceptual framework might be seen as references for future study which consider broader and general context of CSR application in SOEs. After examining the motivations for SOEs to apply CSR, this study would be helpful when using to predict the trend as well as suggest recommendation to push CSR activities in SOEs in a better way in future research.

1.4 Research questions

The thesis tries to make a comparative analysis of CSR practices in PVEP and VTC. Therefore, it would be addressed by the following questions:

1. How has the CSR been practiced by PVEP and VTC?
 - a. How is CSR perceived by PVEP and VTC?
 - b. What have CSR practices PVEP and VTC implemented?
2. What are the motivations for the engagement of CSR in PVEP and VTC?

CHAPTER 2

THEORETICAL FRAMEWORK

This part begins with discussion the definition of Corporate Social Responsibility then following by overview of previous research on drivers of CSR. Later, the institutional theory will be discussed more detail in order to build the theoretical framework for the research.

2.1 CSR Definitions

From the first day of appearance, the question of what Corporate Social Responsibility (CSR) is has been always a debatable issue. The concern of business community to social development can be tracked from very early in history. However, academic researches on social responsibility just began from the 20th century and blossomed only in the past 50 years. The publication by Howard R. Bowen, *Social Responsibilities of the Businessman* (1953) marked the beginning of the modern CSR. From that time, there have been many studies on the concept of CSR, especially from the developed countries like US, UK and many European countries. It can be said that they are pioneers in CSR studies. They have built up frameworks, standards, indicators, and principles for CSR practices which have been adopted largely in their organizations. As the time goes by, the concept of CSR is recognized more globally resulting in more controversies over it. The one which was developed based on practices of US, UK has been criticized as biased toward Western context (Lindgreen et al., 2009). They argued that the accepted practices of CSR considerably vary among different countries and it also may be understood differently depends on differences in trends and cultural, social notions (Snider, 2003). Decades ago, when Friedman (1970) published his work “The social responsibility of business is to increase its profit”, he affirmed that CSR at that time was separate from business objectives. On the one hand, CSR engagement was a mandatory agenda complying with the law in order to maintain the license. On the other hand, profit-maximization was the only and optimal mission of a business. In recent time, the concerns about environment and society have been being more importance and gradually becoming a

crucial part of the business strategy (Kotler et al. 2005). Through a comprehensive content analysis of 37 definitions of CSR, Dahlsrud (2006) identifies CSR as a notion which included 5 dimensions: Environmental, social, economic, stakeholder related and voluntariness. CSR was viewed by Carrol (1991) as responsibilities assigned to the corporations by society which are divided into 4 types: Economic, legal, ethical and philanthropic.

Since the trend becomes more popular and attracting attention in the world scale, with the call from United Nations, the following definition by the World Business Council for Sustainable Development (WBCSD) considered to be applied quite common: “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” (WBCSD, 1999, p. 3). Further, the European Union defined the CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis” (European Commission, 2002).

In Vietnam, Sustainable Development for Business Office of Vietnam Chamber of Commerce and Industry (VCCI-SD4B), United Nations Industrial Development Organization (UNIDO) and United Nations Environment Programme (UNEP) have been conducting an initiative to improve CSR in Vietnam. This project defines CSR as “A human management approach to raise sustainability” and divided it into 7 topics: Organizational Governance and Human Rights, Labor Practices, Environment, Fair Operating Practices, Consumer issues and Community Involvement and Development. The topic of Organizational Governance and Human Rights are merged to emphasize the relevance of the integration of human rights into the key governance of enterprise. In fact, the definition offered by this project is based on standard ISO 26000 of International Standard Organization issued in 2010. In 2013, Ministry of Science and Technology published National Standard TCVN ISO 26000:2013 on Social Responsibility, again, based totally on ISO 26000. Consequently, ISO 26000 has been recognized widely among Vietnamese organizations as a guideline for Social Responsibility practices.

2.2 ISO 26000

The standard is officially issued on 1st of November, 2010 by International Standard Organization (ISO). The process of developing ISO 26000 started in 2005. The project was carried out by the Working Group on Social Responsibility ISO (ISO/WGSR). This group, composed of experts and observers from 99 ISO member countries, including 69 developing countries and 42 organizations both in public and private sectors. Six main stakeholder groups involved in the process are representatives from Industries, Governments, Workers, Consumers, Non-governmental Organizations; Services, Supporting and Research groups which composed in the principle of geographical and gender balance. There were about 400 people participated in the ISO Working Group and this is the largest project of this organization. The ISO members voted and approved the final draft of ISO 26000 on 12th of September 2010. There were 94% of members voted to approve (ISO, 2010)

ISO 26000 comprised of voluntary guidelines and it is not a technical document for the evaluation and certification by a third party like ISO 9001 and ISO 14001. The ISO 26000 guidance is built based on the best practices to have been implemented by the social responsibility implementation in the private and public sectors. It is consistent and has some more additional points compared to relevant documents as well as the conventions of the United Nations and affiliated organizations, especially the International Labor Organization (ILO), the organization that ISO has signed a Memorandum of Understanding (MoU) to ensure the consistency with ILO labor standards. ISO also signed a Memorandum of Understanding with the Office of the Global Compact of the United Nations (UN Global Compact Office) and the Organization for Economic Cooperation and Development (OECD) to enhance their cooperation for the development ISO 26000. (dasvietnam, 2011)

The standard includes the following basic contents:

- Definitions and principles of Social Responsibility (SR)
- The core issues to be addressed in the implementation of SR

- Guidelines on how to integrate social responsibility throughout an organization's operations.

This International Standard is “intended to be useful to all types of organizations in the private, public and non-profit sectors, whether large or small, and whether operating in developed or developing countries” (ISO, 2010, pp. 6). Accordingly, Corporate Social Responsibility of an enterprise can be defined as following:

“[...]is responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization and practised in its relationships (ISO, 2010, pp. 3-4)”.

This definition is based on the important characteristics of social responsibility which is the willingness of organizations combined with considerations about society and environment in making decisions and therefore can explain the impact of the decisions and activities of organizations towards society and the environment. CSR practices aim at wider expectations of society. They go beyond the compliance with fundamental rules of law and require obligations to the matters which are not legally binding. These obligations arising outside the common moral values and common values.

Although the desire for responsible behaviors will vary among countries and cultures, but this concept emphasizes need to respect international standards of conduct as well as standards of General Declaration on Human Rights and other tools.

Each issue covers many different solutions allowing enterprises to identify their main impacts on society. The identification and relationship with stakeholders are fundamental issues of CSR. Enterprise should determine who are interested in its decision and operations so that it can understand its impacts and identify how to react to them appropriately. CSR must be incorporated in the key strategy of an enterprise and should be reflected in the decision-making and considered in the implementation of activities.

CSR concept according to ISO 26000 has a close relationship to sustainable development. Sustainable development is a concept and objectives generally accepted after the Report of the World Commission on Environment and Development published in 1987, titled: Our Common Future (Brundland Commission, 1987).

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”

This definition implies three aspects which have interdependent connection of sustainable development including Society, Economy and Environment.

Since then, the significance of SD has been restated in many international forums have reiterated such as the United Nations Conference on Environment and Development in 1992 and the World Summit on Sustainable Development in 2002.

The notion considering CSR to have a closed link with sustainable development is based on the view that enterprise is also a kind of social institution whose existence depends on the authorization of society (Ávila et al., 2013). Only when society develops, does the enterprise exist and develop. The principles, practices and core issues described in this standard forms the ground for the practical application of an enterprise for CSR practice and its contribution to sustainable development. Decisions and activities of a socially responsible enterprise can make significant contributions to sustainable development. Sustainable consumption, sustainable use of resources and sustainable careers related to the sustainability of society as a whole (nilp, 2013).

This thesis will be considered this definition as the main approach of analysis.

7 core subjects of CSR

ISO 26000 provides a standard to inform organizations about their social responsibilities and assists them to set up the approach focuses on 7 issues which have impacts on the operation of the organization and certain influence on the outside world. 7 core subjects of CSR referred to ISO 26000 might be summarized as follow table:

Table 2.1: 7 core subjects of CSR

| Core subjects | ISO 26000 core issues |
|---------------------------------------|---|
| Organizational governance | Decision-making processes and structures |
| Human rights | Due diligence/risk situations to human rights/avoid complicity; complaints settlement/discrimination and vulnerable groups/civil and political rights; economic, social and cultural rights/basic labor principles and rights |
| Labor practices | Job and labor relations/work conditions and social protection; social dialogue/health and work safety; human development and on-the-job training |
| Environment | Pollution prevention/sustainable use of resources; mitigation of and adaption to climate changes; protection of the environment and biodiversity and restoration of natural habitats |
| Fair operating practices | Anticorruption practices/responsible political involvement/fair competition; promotion of social responsibility in the value chain/respect to property rights |
| Consumer issues | Fair marketing, factual and unbiased information and fair contractual practices; protection of consumers' health and safety/sustainable consumption; consumer services and support and resolution of complaints and disputes; protection and confidentiality of consumer's data/provision of essential services/education and sensitization |
| Community involvement and development | Community involvement/education and culture/income generation; jobs creation and qualification/health/social investment; technological development and assess to technologies |

Source: Termignoni 2012, as cited in Ávila et al., 2013

The author shares the same ideas with a project initiated by Sustainable Development for Business Office of Vietnam Chamber of Commerce and Industry (VCCI-SD4B) that it should be integrated Organizational Governance and Human Rights. Therefore, the analysis of the practice of CSR in PVEP and VTC is based on this idea.

2.3 Drivers of CSR

In line with the dramatic growing public concern for CSR, the number of literature on this topic has witnessed the intensifying debate over theoretical approaches to address the question: Why do corporations engage CSR activities? There have been many theorists conducting research to shed light on this topic. There are several prominent approaches which include: economic approach, non-economic approach and institutional theory which consider both types of driven.

2.3.1 Economic approach

The shareholder theory may be considered as the traditional view to CSR which refers to economic motivations. An outstanding representative of this theory is Milton Friedman. In his book (1970), he stated: “There is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.” According to him, managers (members of Board of Director and Board of Administration) are the representative of owners/shareholders to direct the company. They are elected or hired to manage the company in a way that meets the desire of shareholders which are mostly related to profit-maximization together with complying with basic social regulations which are explicitly specified in law and popular moral principles. Its “for-profit” nature of the corporations and the managers are only responsible to shareholders of the company. This approach has been shared by many scholars (Carr, 1968; Lantos, 2001; Rodrigues, 2007) who agreed on the “pure profit-making view” or “constrained profit making view”. Karnani (2009) stands on the same ground with him when arguing that social welfare is not real motivation which

pushes the corporations to pursue products which are beneficial for the communities. This trend only becomes popular as long as manufacturers view it as profitable. An example is energy preservation, it only matters when the shortage of energy causes the increase in the cost of production, makes it more and more expensive. In most cases, doing what is the best for society means sacrificing profits. There are empirical evidence showing that companies who integrate CSR into their strategy would improve the competitive advantages and have better business performance (Ogrizek, 2002).

Instrumental stakeholder theory may be considered as the development of shareholder theory when it concerns not only group of shareholder but also the other groups with their own interests, “Stakeholder theory asserts that companies have a social responsibility that requires them to consider the interests of all parties affected by their action” (Branco et al. 2007). Freeman (2004) argued that shareholder view does not conflict with stakeholder view, it should be considered a part of the stakeholder view. It may be classified into two types of stakeholders: primary and secondary. The primary stakeholders are who have big impacts on the survival of the company including: shareholders, investors, employees, customers, suppliers, government and communities. The secondary stakeholders comprise of groups who have effects on or be affected by the activities of the company without the existence of transaction with the company. According to this approach, corporations doing CSR is to meet up the demands from stakeholders. However, considering the interests of these group indeed stems from incentives in economic success. It is meaningless for firms to satisfy stakeholders’ demands without generating any profit.

2.3.2 Non- economic approach

This approach examines motivations for doing CSR from either ethical aspects or political aspects (Van Aaken et al.). The ethical approach to CSR implies that enterprises as an object embraced by society from society have obligation to create value to pay back society (Bansal. 2005). Doing good for society becomes the duty of firms because firms not only get profits from there but also generates negative externalities. CSR engagement in enterprises, therefore, is voluntary and based on the will of enterprises’ owner. In some cases, practicing CSR from the ethical point of view may cost and harm to the firms. However, there are also scholars

who support for ethical stance believe that business should balance between their survival or profitability and ethics. According to Henderson (2001), to emphasize social responsibility does not mean that give up on the interest of business but to put it in a wider consideration and reassess it. The notion of corporate citizenship, therefore, is aligned with the notion of CSR.

Another approach which explains for the engagement of CSR is the political approach. Literature in this aspect shed lights on the role of politics in the operation of enterprises. In that view, a firm does not only serve for economic reasons but also for political reasons. The political function allows firms to covers many activities to fulfill the obligation that governments set for the firms. The corporations are expected to not only generate profit but rather facilitate government in fixing market failure such as supporting healthcare system, providing education, infrastructure and absorb market shock (Logsdon and Wood, 2002).

2.3.3 Institutional theory

The theory emerged as a response to the argument that if CSR is just another instrument to multiply profits, so why the practice of CSR varies vastly among regions and countries (Brammer et al., 2012). This theory examines both economic and non-economic motivation behind the engagement of CSR in companies (Campbell, 2007). The study of institutions sheds the light on how economic factors, social factors and political factors shape the behavior of corporations. This approach clearly highlights the importance of institutional environment in analyzing behaviors of organizations. It is useful to explain how institutional environment determine the way an organization practices, operates, their values and norms (Aaken et al., 2013). The institutional theory emphasizes the idea that CSR practices vary due to the institutional environment that enterprises embedded in.

Campbell (2007) pointed out that, firstly from economic consideration, competition has a two-dimensional impact: both constraint and encourage CSR. On the one hand, when the competition is extreme, firms are more likely to act in an irresponsible way in order to maintain profit. On the other hand, when at least the modest profit is assured and the reputation of firms are on the verge of being damaged, firms are more likely to have socially responsible behaviors. Especially, when competition comes together with globalization, CSR becomes a

great tool to improve competitive advantage. For example, the requirement for suppliers in the supply chain to comply with safety of products or environmental concern asks them to act more responsibly in order to boost up their exports. Globalization also enhances CSR practice by intensifying the competition and together with the increase in number of global watchdogs (NGO, civil society groups, etc.) Strong state regulations as well as industrial self-regulation is another institution which effectively ensures responsible behaviors. This statement has been recognized by many other scholars which prevail the role of governments in supporting CSR (Moon, 2004; Herrera et al., 2011, Nigel & Tara Rao). The government use power to perform its functions in mandating, facilitating, partnering and endorsing in promoting CSR. Besides, Visser (2007) CSR when examining the CSR practice in developing countries has found out that in this region, tradition and culture have a big influence on CSR. In particular, religion and philanthropy usually go along with each other. Under the influence of religion and cultural norms which call for doing good for society, enterprises in developing countries are more willing to do CSR in the aspect of contributing to the community by charity. In Southeast Asia, religion and religious institutions play a critical role, especially countries along Mekong rivers. The concept of doing no harm to the society which is one of the fundamental teachings of Buddhism becomes a strong foundation for supporting CSR values (Herrera et al. 2011).

The literature on motivations for CSR looking at from institutional analysis also recognized that manager is one main internal determinant for CSR practice (Campbell, 2007). For example, Kunapatarawong, R., & Martínez-Ros, E. when examining the “Influences of institutional pressures on corporate social responsibility attitude and corporate social responsibility outcomes” (2013) identified that the role of managers is “extremely important” with regard to CSR. Managers based on their personal view, background, feelings will shape the types of CSR activities and spread their ideas and interest throughout the corporation. They are also the ones who mitigate the conflicts, if any, exist between the aim of social interests and firm activities. The research conducted by Rodríguez Bolívar, M. P., Garde Sánchez, R., & López Hernández, A. M. (2015) in Spain confirmed the role of managers as a key driver of CSR in State-owned enterprises and that profile of

managers have a strong influence on their perspective towards CSR issues. Consequently, the implementation of CSR in firms is also affected. While managers are usually temporary, corporate culture of a firm is constructed throughout of firm's life. It refers to collective values, visions and organizational principles in shaping the direction of corporations. Scholars argue that a corporation which has ethical corporate culture is more likely to have socially responsible behavior (Yin, 2015). This becomes the guideline for corporations in implementing CSR activities.

At the firm- based level, examining the formulation of social strategies have presented the importance of internal institutions in triggering CSR activities in a company. Social responsibility has always been incorporated in long-term strategy of a firm as a main element (cited in Sousa Filho, 2010). Therefore, by looking at the how the formulation takes place and what motives are for a firm to take initial steps to formulate a strategy, we will figure out more which internal institutions are drivers of CSR initiatives. Machuki (et al., 2012) argued that McKinsey 7S framework is "the most comprehensive model which provides the institutional framework within which strategy implementation takes place".

In the late 70s of the 20th century, there were new factors appearing in management thinking, trying to answer the questions about the cause of the success of a business. Two well-known consultants from McKinsey: Tom Peters and Robert Waterman had studied a group of leading US companies, such as Kodak, HP, IBM, Procter & Gamble, 3M, etc. and in 1982 they published a book titled "In Search of Excellence" mentioning 7 factors. Accordingly, the main idea of the model is to have 7 internal elements within an organization which need to be reconciled for the organization to successfully operate. Because the names of these 7 elements started with letter S in English, so the pattern found was named the 7-S model (mindtools.com). These 7 elements are divided into 2 groups: hard elements and soft elements. Hard elements include Structure, Strategy and System while soft elements include: Skills, Staff, Style and Shared Values. Each organization comprises full 7 elements but they may exist in different forms. It is believed that an organization will achieve the success if it is able to construct these 7 elements on a reasonable and harmonious way. Hard elements exist in tangible forms, observable and measurable.

These can be found in the strategic reports, plan or document relating to the construction and operation processes of the organization.

Hard Elements

- Strategy – Plan to help the enterprise to maintain and build up competitive advantage over the rivals.
- Structure – The way to organize the business, hierarchical system and coordination.
- Systems - the daily operation and processes which employees need involve completing work.

Soft elements change and develop frequently in every business. They have the nature of emotions, instincts, very elusive and hard to be measured and presented in writing. These are the hidden factors but have considerable influences on hard elements.

Soft Elements

- Shared Values: Core values of the organization which are expressed in organization culture and general working ethics.
- Skills - substantive and unique characteristics of the organization.
- Staff - Organization's human resources, their capacity, the process of education and socialization of staff.
- Style - Typical behavior patterns of leaders

Drawing from 7S Model, there are more internal organizational institutions rather than the managers and corporate culture which can be categorized as: structure, financial resources, knowledge- based and human resources.

Considering economic and non-economic approach, external institutional factors and internal institutional factors, author proposed an integrative framework for analyzing the motivation for Vietnam SOEs to engage in CSR. This framework will be used as guideline and checklist for the author to form interview questions with firms' executives.

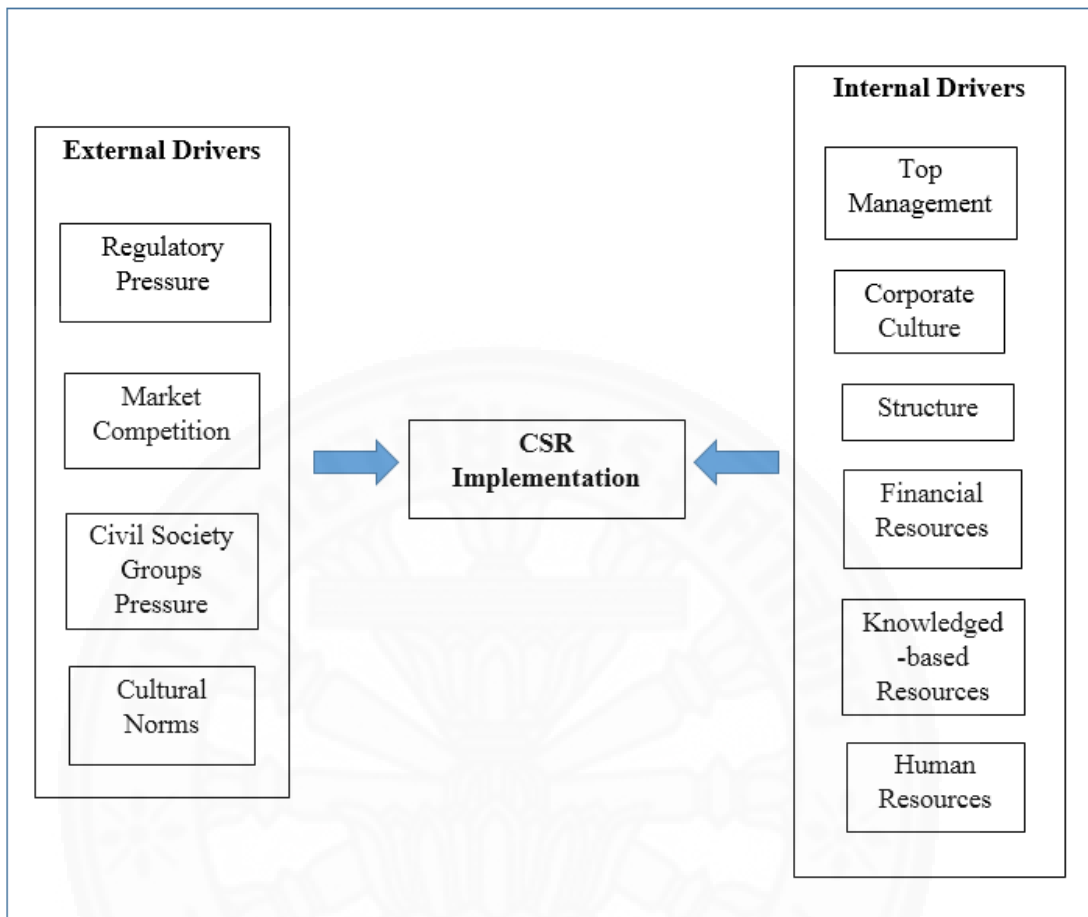


Figure 2.1 An Internal – External Institutional Drivers Framework for Analyzing CSR motivations

CHAPTER 3

RESEARCH DESIGN

3.1 Methodology

The research methodology chosen is qualitative methodology. The option of this approach is based on two reasons. Firstly, the research is an effort to analyze, describe and compare CSR practices and motivations behind those of two enterprises, a phenomenon in social sciences to which a qualitative methodology is concerned. On the other hand, the object of research is quite unique and the literature in the area is few. Therefore, the study can be categorized as exploratory and so qualitative approach is a better fit. Secondly, to answer the research question “why” and “how”, it is necessary to collect and analyzed in-depth and detailed information that qualitative research seeks for.

3.2 Methods

3.2.1 Documentary research

Documentary research method refers to the examination and investigation of documents that contains information about the phenomenon we wish to study (Bailey, 1994 cited in Ahmed, 2010). Document here is broadly defined as a written text, whether in the public or private domain.

In finding descriptive information about what CSR practices PVEP and VTC implement, documentary research method is appropriate since it is informative enough and more cost effective. The secondary data collected from documentary research methods is also important for this study because it helps identify and form the framework for the research. It is the basis for planning the collection of primary data; as well as to be used to determine the overall sample and perform sampling to collect primary data.

The data was selected from official corporate websites of PVEP and VTC as well as annual reports of both corporations. The previous articles studying about these two enterprises in any aspect will be also made use of. The

information and statistic provided by governments and other credible organization are also critical in supporting the analysis and argument of this thesis.

3.2.2 Interview

The data for this study are collected from both primary and secondary sources. The primary data are collected from the interviews. The in-depth interview method was used in this study since it is helpful to explore deeply a specific topic, in order to gather a maximum of information from individual's perspectives on the topic being studied. The interview conducted with key person in charge of implementing CSR activities is expected to bring qualified information about rather than other methods, such as There are three kinds of in-depth interview: unstructured interview, semi-structured interview and structured/system interview. Semi-structured in-depth interviews based on previous exploration interview about the research topic to be able to know which questions are appropriate. However, orders and the way to form the question may be changed depending on context and characteristics of the interviewed subjects. This study employed semi-structured interview in consideration of its features and the chosen methods of this study, qualitative study. This kind of interview gain some advantages when it both creates the comfortable atmosphere for the interview so that the interviewees are free to express their opinions in detail, and assists the interviewer in ensuring that all key issues have not been neglected.

3.3 Scope of research

3.3.1 Content

As specified in the objective of the study, this study attempt to make a compare of CSR engagement of two large SOEs in Vietnam, PVEP and VTC, with the focus on their understanding of the definition of CSR, which CSR sectors they are practicing and what triggers them to do so. The thesis will do a thorough study about CSR in these two corporations, analyze it critically based on the theoretical framework and compare them, try to find common in their understanding and drivers which may generalize for Vietnam state-owned enterprises.

3.3.2 Area

Along with the restructuring process, the criteria to define State-owned Enterprises in Vietnam have also been changed. In the beginning of the renovation process in Vietnam's economy, SOEs are conceived as the business organization in which State-owned 100% of charter capital (Article 1 of Decree No. 388/HDBT issued on November 20, 1991). According to Article 1, Law on State Enterprises (No. 14/2003/QH11 of November 26, 2003) "State Enterprises are economic organizations where the State owns the entire charter capital or holds dominant shares or contributed capital, which are organized in the form of State companies, joint-stock companies or limited liability companies.". After the Law on Enterprises was enacted in 2005, the SOEs were understood as enterprises in which the State owned more than 50% of charter capital and still operated under the Law on State Enterprises.

Since 01/07/2010, the Law on State Enterprises expired, the State-owned Enterprises has operated under the Law on Enterprise (2005). According to Decree No. 99/2012/ND-CP of the Government on assignment, decentralization of the implementation of the rights, responsibilities and obligations of state owner for State-owned Enterprises and state capital invested in the enterprises, "State-owned Enterprises are the enterprises, in which the State holds more than 50% of the charter capital, including: the enterprises in which State holds 100% of the charter capital are one member limited liability companies; and enterprises in which the State holds more than 50% of the charter capital are the joint stock companies, limited liability companies with two members or more. " On 26/11/2014, the new Law on Enterprise was issued and since it took effects (on 1/7/2015), only enterprises in which State holds 100% charter capital are defined as State-owned Enterprises.

Subsequently, the number of State-owned Enterprises has been decreasing. This research will make a comparative analysis of two large 100% state-owned enterprises in two sectors of the economy: industry and services which are PVEP and VTC.

3.3.3 Sample

A purposive sampling method of respondents is adopted to select respondents for interviewing. Studies have shown that, in order to obtain accurate information in face-to-face interviews, one must solicit the involvement of the senior managers such as CEO because information obtained from managers can be normative in nature rather than in truth. Another reason is that considering senior managers have more stories about CSR within the companies and have a more powerful influence on CSR implementation as well as a better knowledge of CSR.

Besides the position of respondents, the selection criteria for the interviewees is also based on both their availability and willingness to take part in the interview process. It should be emphasized that the role of relationships in access information of managers in SOEs is very important. Considering the selection criterion and the fact that the selected cases of this comparative study are among the largest ones in each economic sector, the ability to access the senior manager is very small, therefore, the middle managers will be selected instead. They are the ones who are at the operational level of companies, who have the comprehensive understanding of company policies as well as are in charge of executing the organizational plans. The union chairman of PVEP and Director of Communication Department of VTC are chosen respondents.

3.4 Data Collection

The researcher contacted to targeted subjects via email and presented the purpose of study before asking for interviews face-by-face. Before interviewing, the participants were guaranteed that all data will be kept in confidential if needed. However, both interviewees agreed to publish their information in this thesis. Semi-structured questions for interviews were developed based on previous studies and theoretical framework.

Secondary data was collected from articles and e-resources such as “Googlescholar”, “Google”, as well as the school library. Keywords used for searching whole paper were “CSR”, “CSR and motivation”, “Vietnam SOEs”, “Corporate Social Responsibility and motivation”. The information found through

these methods was used to construct and develop theoretical framework, which is necessary for analysis part. For the empirical investigation, besides primary data, the chosen company's publications play a significant role in gaining fundamental information about the company and their CSR practices. Most of the key information was collected from the official website of PVEP and VTC where they published their practices via reports and news. Besides, the data extracted from previous articles which studied some aspects of PVEP and VTC was also important for this empirical part.

3.5 Data analysis

Data analysis process involves extracting meaning from qualitative data such as text or images. This work involves preparing data for analysis, implementation of different analysis, proceeds to a deeper understanding of the data, presenting data, and explaining or interpreting the more general meaning of the data. The analysis of data for this study was processed as following steps:

Step 1: Sorting and preparing data for analysis.

This step involves in transcribing the interviews, scanning or downloading all related documents, reading them carefully, checking the validity of sources and sorting data into different categories based on the source of information

Step 2: Data Reduction

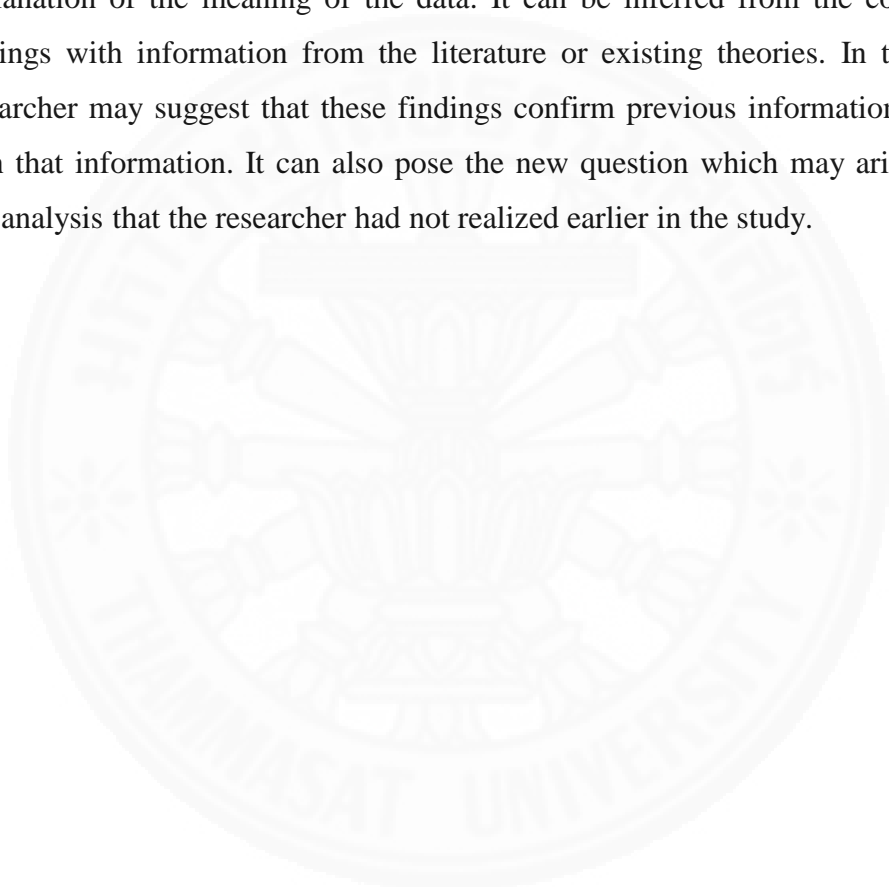
Data reduction refers to the process of simplifying and transforming collected data into a manageable form. From the content of transcriptions, match the patterns or any similarities that emerge and organize them into logical categories which serve for research objective. Firstly, it is recommended to quickly browse through all transcripts as a whole and make notes about the first impressions. After reading entirely and carefully transcripts, relevant words, phrases, sentences or sections were labeled or coded. These codes, later on, will be categorized by grouping most important codes together. Next, the researcher reassembled the data by clustering categories to find themes, internal relationship and thematic connections in order to explain the institutions that motives SOEs to practice CSR activities.

Step 3: Displaying Data

This step involves the transformation of reduced data into a formation that permits conclusion drawing and action. This process aims at presenting the data to make it easier for readers to understand the connections.

Step 4: Drawing conclusion and Verifying Data

The final step in the analysis of data relates to the interpretation or explanation of the meaning of the data. It can be inferred from the comparison of findings with information from the literature or existing theories. In this way, the researcher may suggest that these findings confirm previous information or disagree with that information. It can also pose the new question which may arise from data and analysis that the researcher had not realized earlier in the study.



CHAPTER 4

RESEARCH FINDINGS

The following section examines and investigates CSR drivers and practices of PVEP and VTC based on data collected from secondary and primary sources.

4.1 Company Profile and CSR in Practices

4.1.1 History and Company files

4.1.1.1 PVEP

On 20/05/1988, Petrovietnam II (PV-II) - The precursor unit of PVEP was established under Decision No.615/-DK-TC of the General Department of Petroleum. Subsequently, on 17/11/1988, the General Department of Petroleum decided to establish the Petrovietnam I (PV-I). The main task of Petrovietnam I and Petrovietnam II is to manage and supervise contracts for search, exploration and exploitation of oil and gas signed by Petrovietnam (Vietnam Oil and Gas Group) with foreign petroleum companies; to gradually develop exploration and exploitation of oil and gas activities domestically and then to expand overseas investment. In the next step of development, on 20/03/1993, PV-I was converted into PetroVietnam PSC Supervising Company (PVSC) with the mission to participate in monitoring the oil and gas contracts and PV-II was converted to PetroVietnam Exploration Production Company (old PVEP) with the responsibility involving in managing a number of oil and gas contracts in the south. On the basis of the operation reorganization, on 14/02/2000, PVSC was renamed again by PetroVietnam to PetroVietnam Investment and Development Company and started to deployment overseas investments.

On 04/05/2007, PetroVietnam issued Decision No. 1311/QD-DKVN to establish parent company - PetroVietnam Exploration Production Corporation on the basis of reorganizing two companies PVEP and PIDC. PetroVietnam Exploration Production (PVEP) operates in the model of parent company-subsidary, in which the parent company - PetroVietnam Exploration Production is a State-owned one member limited liability enterprise whose 100%

charter capital owned by PetroVietnam. The establishment of the PetroVietnam Exploration Production is to unify production and business activities in the field of oil and gas exploration and exploitation in Vietnam and abroad (Anon., 2015).

So far, PVEP has become a powerful petroleum enterprise within Vietnam with the big potentiality in the international market. Domestically, PVEP is self-operating and participating in operating 43 oil and gas projects; has collected and exploded more than 130 thousand km of 2D seismic lines and 35 thousand km² of 3D seismic lines; implemented drilling/appraisal 148 wells with the discovery of 30 new oil and gas location. By the end of 2013, recoverable oil reserves have been discovered are 323 million tons.

Overseas, PVEP is operating and participating in 17 projects with some new discoveries. At the same time, PVEP also has purchased many new oil and gas assets, contributing significantly to the increase in reserves and mining output of the corporation.

Since the transition to the Corporation model, being able to conduct independent accounting, in the period of 2007-2013, PVEP harvested 47.8 million tons of oil and condensate and 40.4 billion cubic meters of gas. By the end of 2015, total assets of PVEP have increased 5 times, estimated at nearly 155 trillion VND, with the annual average financial index as follows: turnover of about 45 trillion VND, pretax profit of about 22 trillion VND, submit the state budget at 15 trillion VND. It has been in top 10 of V1000 for 7 consecutive years (PVEP, 2016).

4.1.1.2 VTC

Vietnam Multimedia Corporation or Vietnam Television Corporation (VTC) is a state-owned enterprise, performing independent accounting under the Ministry of Information and Communications of Vietnam. The Corporation was established on the basis of reorganization of Vietnam Television Technology Investment and Development under the Ministry of Post and Telecommunications, currently named the Ministry of Information and Communications. These days, the Corporation is operating following the model of the parent company - subsidiaries which includes 32 affiliates, divided into three blocks: Communications Block, Technology and Digital Content Blocks and Telecommunications Block. VTC has 10 subsidiaries (including 06 subsidiaries which are 100% owned, 04 subsidiaries which

are joint stock companies owned 50% by the Corporation) and 10 associated companies in which VTC's share are less than 50% of charter capital. These units operate the following sectors: the digital content industry, television services and television equipment, telecommunications services.

The predecessor of VTC is Broadcasting Equipment Warranty Service Factory which belonged to the Ministry of Culture and Information established in February 1988. In the circumstances of “No factory”, “No capital” but having the right to self-responsibility before the law for their activities, in September 1992, the Factory was converted into Information Technology Development and Investment Company (Intedico) under the Ministry of Culture and Information. In November 1993, the Intedico moved to under the control of Vietnam Television (VTV). In December 1996, Intedico was converted into Vietnam Television Technology Development and Investment Company under Vietnam Television based on the merger with 2 other companies of VTV. In July 2003, the company was moved from Vietnam Television to the Ministry of Post and Telecommunications (now is the Ministry of Information and Communications according to the decision on restructuring and renovation of SOEs of the Prime Minister). In July 2005, the Prime Minister approved the project to convert Vietnam Television Technology Development and Investment Company into Vietnam Multimedia Corporation VTC.

A total number of employees in the Corporation are more than 3,000 people (excluding collaborators), with nearly 70% of them have bachelor degree, more than 2/3 are young workers who are trained in the formal sector, with high qualification.

VTC is also a leader in the application of advanced science and technology, in the modernization of communication in Vietnam. It should be mentioned digitization of broadcast technology and infrastructure construction of modern broadcasting. VTC has contributed significantly to the success of the project “Digitization of transmission, terrestrial broadcasting by 2020”. The birth and development of electronic newspapers such as VTC News, Sports 24h, the Digital TV Magazine are widely welcomed by readers.

Besides the field of television and newspapers, VTC has also affirmed its position as one of the leading enterprises and contributed to laying the

foundation for the formation of the digital content industry in Vietnam. Revenue in 2011 of the Corporation in the field of digital content reached over 6,000 billion VND; profit of the Corporation in the period 2006-2010 achieved high rates of growth: 200%/year. So far, the Corporation has developed digital content storage to reach the largest scale within Vietnam. In addition, VTC has set of more than 10 million customers who are using the services of VTC such as electronic payments, online games, electronic sports, value added mobile etc. Moreover, VTC currently owns 02 modern digital studio and has been operating successfully in a number of markets such as South Korea, Indonesia and a number of regional markets such as Laos and Cambodia (VTC, 2015).

4.1.2 Company's view of CSR

4.1.2.1 PVEP

Vision and mission statements play important roles in the success of PVEP and they are also the basis guiding all the decisions enterprise. Vision and strategy of PVEP are presented specifically as follows:

Vision

“To build PetroVietnam Exploration Production Corporation into a strong entity capable of managing and participating in various local and overseas petroleum projects with regional and global competitiveness, reputable in international cooperation, so as to increasingly develop its capital and profit, maximize income for the Government and the Viet Nam Oil and Gas Group, and contribute to ensuring energy security for the national development.”

Mission Statements

“PVEP will produce oil and gas in an efficient and environmentally safe manner, substantially benefiting the community and all employees”

From the vision and mission statement of PVEP, it can be seen how PVEP view about CSR. Accordingly, PVEP noted that an enterprise cannot just focus on seeking profit objectives but also must perform their responsibilities and obligations to the community, from which to build a model where the enterprise development in harmony with the environment, society and the population. In other statements on the mass media, representatives of PVEP also stated the understanding

of PVEP about corresponding to the vision and mission statements as follows: CSR should be implemented by variety of activities, in different forms, which may include charity programs, campaigns or contributing to the improvement of socio- cultural environment at the local areas; they are also solutions for saving natural resources or simply just some proposal or initiatives with the purpose to reduce costs and environmental pollution (Petrotimes, 2015). PVEP always attach the production and business activities with social security and responsibilities to the community and society. In conclusion, to PVEP, environmental aspect, responsibilities to the community and employees are emphasized. To the present time, PVEP has not published any separate reports for CSR, however, on the official website of the corporation, there is a separate item named “social responsibility” which includes 2 sub-sections: Health, Safety and Environment, and Social and Community activities. The content of HR and labor are presented in another separate item. Observing from the distribution of items in PVEP’s official website can help us to see that in PVEP’s perspective, labor practice is not integrated into CSR. Put the issue of understanding of CSR aside, collected secondary data have shown that the corporation itself has been practicing almost all aspects of CSR.

Besides the vision and mission statements of the company, the primary data collected from interviews also provides more details on how PVEP views CSR. When addressing the questions about the understanding of CSR definition, the interviewee stated that he had already heard of it and kept saying social responsibility is an “integral part” of business operation of the corporation. He emphasized the importance of social responsibility to the Corporation as one of the largest enterprises in the country. To PVEP, activities related to social responsibility a field of work “attached” to business results and especially have close ties with the financial situation of the Corporation. During the interview, the term “social security” was used interchangeably by the interviewee for the term “CSR”. To response to the question about the relationship between CSR and sustainable development, he agreed that there was cohesion between them and take the environmental and social impacts as examples. He admitted the mutual influences of solution for the environment and social issues and the development of the enterprise. The Corporation needs the support from society to develop and commit to invest back in the society when the

have developed. The environment and social aspects are mentioned many times in his answers to CSR issues. He especially expressed his pride about how PVEP is doing well in environmental treatment. He also believed that practicing CSR is doing no harm to the economic benefits of the Corporation since it is for the purpose of social security of whole society.

With regarding to group of question about current practicing of CSR in PVEP, the interviewee provided much detailed information. Activities of PVEP working in 6 topics of CSR were mentioned and there is no difference with the information which has been officially published on the websites. However, when being asked about the fair operating practices, he didn't give much information. It might be either he didn't want to mention it or he didn't have much knowledge about this topic. Among 6 topics of CSR, he talked much more details and longer about the environment, labor practices as well as labor's rights and community involvement. The interviewer didn't pose the question "Has the corporation provided financial support for local activities and projects such as charitable donations or sponsorship?" because he did mention a lot about how PVEP contributed to the society and community in advance already.

4.1.2.2 VTC

Beside Visions and Mission statements, in the official introduction about the Corporation, VTC also specifies its core values that the company has pursued. They are presented as follows:

Visions: *"To be the leading provider in multimedia services with information and entertainment focused. To expand business both domestically and internationally."*

Mission statements:

- *To satisfy VTC's customers with high-end quality, premium technology, competitive price.*
- *To be profoundly engaged in early making Vietnam a country strong in information and communication technologies*
- *To develop highly skilled, wealthy and socially responsible human resources.*

Core values:

- *Technology leading, market creation;*
- *Think big, act fast; intellectual strong;*
- *Technology convergence, community connection;*
- *Respect partners - satisfy customers;*
- *Corporate as a team; Self-develop as an individual; Be*

happy as a family

From the vision, mission statements and core values of the VTC, it can be seen that among the themes related to the concept of CSR, the Corporation put the focus more on labor practices, the issues related to customers and community involvement. So far, VTC has not published CSR report. The amount of information related to CSR on the official website of the Corporation (parent company) is few. It reveals that the Corporation hasn't considered CSR as an important strategy which positively and potentially bring the profit and other benefits for the Corporation. However, looking into the operation of each VTC's subsidiary, it demonstrates that there is the difference in the level of concern on CSR issues varies among VTC's subsidiaries. However, again, in general, they aim attention more at labor practices, customer issues and community involvement.

The findings on how VTC view on the concept of "Corporate Social Responsibility" is supported by interview of VTC managers. For the first group of question related to the understanding of the term "Corporate Social Responsibility", respondent firstly confirmed that he had heard a lot about the term since he had started to work at Media Center of VTC. He emphasized the importance of the responsibility to the Corporation as a State-owned Enterprise. He believed that being responsible with the community and society was a must to a State-owned Enterprise. He affirmed the activities regarding the notion "Corporate Social Responsibility" as "a must-do thing, is the mission, requirements" of the Corporation. He explained how the CSR was considered an important strategy by giving the fact that the "helping community" was always mentioned in all documents and in the business strategy of the Corporation. Besides, he also mentioned the Corporation's Party Committee which means a stakeholder who involves in the decision-making process of designing CSR activities. In relation to sustainable development, he agreed

that being responsible to community and society was critical to the development and existence of the Corporation. The characteristics of VTC as a State-owned Enterprises was emphasized by being repeated twice in his answer for this question. He concluded the connection between CSR and sustainable development by saying that social responsibility “is collateral with the enterprise’s development”. In terms of economic objectives with moral obligations to an enterprise, it appears to him that they do not conflict with each other and pursuing CSR will help increase profits.

4.1.3 CSR in Practices

4.1.3.1 Environment

In many public statements, PVEP always expresses its deep awareness of the impacts of oil and gas exploration and production activities on the environment both on land and offshore. Therefore, in their work program, the production and operation of the corporation, they commit to build specific plans, not to cause environmental pollution as well as not to create adverse impacts on the environment in the long term.

In fact, PVEP with PetroVietnam is implementing many synchronized solutions aiming to save energy, to exploit and use natural resources in a reasonable manner. In particular, the Board of Directors of the Corporation has focused on prioritizing the use of eco-friendly materials and fuels, applying self-contained sewage treatment system, designing waste management program, environmental monitoring for the projects, researching, investing and developing projects under the clean development mechanism (CDM).

With regards to policy on environmental protection, PVEP set priority on using eco-friendly materials. For example, the corporation has been using water-based drilling fluids, applying the most advanced technologies for this activity in order to optimize the exploitation as well as minimize harm to the environment. Also, the quality of emissions, liquid and solid waste are measured and controlled to ensure achieving standards before being discharged into the surrounding environment.

Since the project management needed to follow strict compliance with legal requirements and the petroleum contracts, PVEP has gradually building processes, guidelines and regulations for its operations and the attached units

such as environmental policy, Handbook of environmental management systems; building a library of environmental law, some processes and environmental guidelines as the process of solid waste management, guides on waste classification etc.,

For the management and supervision of environmental activities in the member units, the corporations bases mainly on the requirements of petroleum contracts, the operating agreements, the annual work program or the compliance with legal requirements through regularly or irregularly internal assessment or extraordinary, the regularly or irregularly reports of the units(Le, 2015).

In 2015, PetroVietnam Exploration Production Corporation (PVEP) was honored as the “Top 50 Vietnam Green Brand” which is hosted by the Ministry of Natural Resources and Environment, Natural Resources and Environment Newspaper in collaboration with other several agencies and organizations to honor prestige brands which implement well for “green” growth. PVEP was recognized as one of the enterprises with the largest contribution in the implementation of activities to ensure safety for both the environment and the people in their projects; an actively leading unit involving in and organizing advocacy programs on environmental protection. PVEP is one of the first enterprises in Vietnam investing in research and development projects under the Clean Development Mechanism, abiding by the Kyoto Protocol of the UN Framework Convention on Climate Change as well as constructing Environmental Management System (EMS) following ISO 14001 standard (Baodatviet.vn, 2016).

In compared, as the characteristics of service business, VTC's concern for environmental activities are not as prominent as manufacturing enterprises. Environmental activities are mainly implemented in the workplace through programs such as cutting energy consumption, recycle used furniture with slogan “Green Office”. At VTC Intecom, a VTC’s member company, the program “Green Intercom” began launching from 2013 with a commitment to improve the working environment to become green, clean, beautiful, friendly and rich cultural identity with 5 goals and 4 commitments(Ha, 2013).

The goals include: 1, Cost savings for operation of company; 2, Build a green, clean, beautiful, civilized and professional work environment; 3, Contribute to improving the image of the company’s brand; 4, Motivate staff to

dedicate and long-term commit to the company; 5, Demonstrate responsibility of employees with the company, community and society. Each employee of Intecom when participates in the campaign will undertake to: 1, Save electricity, water and office expenses; 2, Use 8-hour of working time efficiently; 3, Be conscious of environmental hygiene in the workplace so as to make it clean, beautiful and aesthetic; 4, Build a culture characterized for Intecom which are friendly communication, polite in dressing and discipline in work.

4.1.3.2 Labor Practices

PetroVietnam Exploration Production Corporation has also declared that on road of construction and development, the PVEP has always considered human resources is the key factor and are valuable assets. HR policies, training and human resource development programs of the Corporation was built with the motto: “the PVEP’s growth is synonymous with the success of each employee”. Using human resources under the motto “People - the foundation for sustainable development”, PVEP is constantly heading for attracting talents, recruiting excellent candidates, facilitating workers to develop their potentiality fully (PVEP, 2009).

With a workforce of over 2000 employees, PVEP is currently setting up a synchronized management and development systems for human resources, aiming at gradually improve the quality of employees towards the standards of the international oil and gas companies, particularly in the field of search, exploration and exploitation of oil and gas. The education at PVEP has been supported in many diverse forms of such as postgraduate education; basic and advanced training, in-depth training for technical expertise, vocational training, training in pairs and online training (e-learning). The corporation, on the other hand, encourages and supports financially, facilitate staff for self-learning to be able to raise the level of technical expertise, profession, foreign language and information technology.

The organization of training and HR development in PVEP depends on the personnel-administrative apparatus of the corporation, the business administrative block, sale and production block and on many other factors such as the management policy, personnel policy, development strategy of the Corporation. The HR training and development of the corporation are managed uniformly throughout

the company and implemented based on decentralization in which the board of directors is the highest management body. Training and HR development division is directly responsible for implementation of this task. The units of the management, sale and production block are responsible for identifying training demands serving for work requirements and production tasks (Le, 2015).

In addition to fostering the ability of employees, PVEP also carries out many programs to retain the employees. PVEP organizes Employee Conference every 3 months. In there, employees are able to openly and directly communicate with the managers, negotiate to improve the effectiveness of agreement between the employer and the employees; assess the implementation of the collective labor agreements. PVEP's leaders focus on promoting labor emulation movement for good and creative work, promoting innovations, inventions, technical improvements, competition in key projects, thereby encouraging innovative spirit and dedication of the employees. PVEP has recognized many benefits of the method training in place, such as cost savings, ability to take advantage of high-quality human resources in place, facilitating exchange and transfer of knowledge at work, improving the practical experience. PVEP's labor union established Legal counseling group which is in charge of directly consult workers and the union's members on the issue of labor's rights and obligations when signing in a labor contract. Another solution is to restructure wages and income. PVEP has established wage system which is competitive enough for labor force in Exploration and Production (E&P) field. As a state-owned enterprise, PVEP maintains basic wage system under the provisions of the Government's Decree No. 205/2004/ND-CP dated 14/12/2004 by which the basic salary ratio is calculated in accordance with minimum wage regulated by government (Luong, 2010). However, together with the full implementation of welfare regimes prescribed by the State, PVEP provides separate insurance policies for employees with high fees. Besides uniforms, workwear, visit the resort and medical examination periodic disease ... and many other benefits (PVEP, 2016). In early 2009, PVEP issued and applied Title Standard System with the consultation of IHRDC - the leading international consultants in HR development specializing in oil and gas - to standardize the labor quality assessment, work efficiency of the workforce at each position that they undertook. (PVEP, 2009). It not only helps PVEP to keep many

engineers, experts to stay, but also attract many other professionals who had worked for the foreign oil companies as BP, Lukoil to come to the corporation. Today, the labor force in the E&P field of the corporation has achieved a high level in the region and are capable of replacing the majority positions where previously taken over only by foreign experts. Every year, PVEP spends a fund of 6 billion VND for training and development for staff domestically and about 4 billion VND for the training overseas. It already includes 2 billion VND for domestic training and 2 billion VND for overseas training for member units and other subsidiaries(Le, 2015).

In 2014, PVEP was honored to receive the title of Enterprise for the workers awarded jointly by Vietnam General Confederation of Labor, the Ministry of Labor - Invalids and Social Affairs, Vietnam Chamber of Commerce and Industry (Pvn.vn, 2015).

However, on the issue of transparency of information, PVEP has not performed well. The data have been mainly collected from press where information provided incoherently by PVEP or extracted from the independent study that the researcher must obtain directly from the corporation. According to author's experience, the application asking for data in the enterprise as PVEP is quite sensitive, it is necessary to have introduction or acquaintance relationship in advance. On 18/09/2015, the Government issued Decree No. 81/2015/ND-CP requires SOEs to make disclosure of wages and remuneration of the enterprise via their official websites. But so far, PVEP has yet to do so.

Sharing the ideas with PVEP with respect to labor practices, VTC Corporation has identified that human resource is both objective and motivation as well as the most decisive important factor for the existence and sustainable development for a corporation operating in area requiring high level technology like VTC. VTC, therefore, has determined that standardization of scientific and technical staff and managerial personnel is a critical task, and need to perform regularly in order to meet the speed of development, management and operation of telecommunications networks and modern technologies. For more than 20 years, VTC has made commitments, constructed appropriate measures, mechanisms, and policies to attract, train and develop human resources. Every year, the Corporation selects and recommends qualified people, especially young professionals, resource persons for

training at domestically and overseas under many forms and different types of training. These include Training as Chief Financial Officer (CFO) to improve administrative capacity for the leaders of the member units of the VTC; VTC Mobile with Mini MBA courses, online marketing training; VTC Intercom not only provides staff training on skill improvement, but also organizes additional courses on life skills such as escape skills, training in fire protection, etc.

The Corporation has also taken seriously and performed fully activities which ensure the best interest of employees such as full payments for social insurance and health insurance for all employees subject to social insurance as prescribed by law. At the same time, the Corporation also cooperates with Social Insurance Agency on completing procedures for settling insurance regime for the case of maternity, sickness, hospitalization. In terms of compensation, in addition to the basic salary which is in accordance with law, VTC and its member units also design reasonable rewards and remuneration to stimulate teamwork and creativity of employees. The units under the VTC Corporation such as VTC Intercom and VTC Mobile are among enterprises which have high level of remuneration compared to other firms in the same industry. Digital Content Block of VTC is often on the top of spending for employee bonuses in Vietnam game industry (Infogame.vn, 2016). Ten most outstanding employees VTC Intercom were rewarded with a trip to Korea on the occasion of National Day 2015. VTC also organizes many other activities to enrich the lives of the employees such as organize collective tours for staff on holidays, hold many the activities to celebrate the New Year, Christmas, etc.

Like other state-owned enterprises, VTC has undertaken the principle of local democracy, respect for opinions of the employees. For example, in the designing of the restructuring scheme for the Corporation, VTC has conducted consultation from the local level before synthesis and submitted to Ministry of Information and Communications for approval. At the parent company as well as its unit members, the Employee Conferences are held annually. Here, the company's managers will present and update the provisions relating to the rights and responsibilities of the employee, employers and result of production and trading. Next, the representatives the employee and the managers will have time to exchange, discuss and comment frankly, directly with each other. All questions about the salary

regime, the rights of the employee will be answered in this conference. In addition, this is also the time of election of the Board of People's Inspection - a department responsible as a bridge between employee and leaders, responsible for reviewing the lives of workers and report to superiors.

VTC is also one of the few state-owned enterprises to conduct the vote of confidence for the planning of Corporation's leaders. This will ensure democracy for employee in the selection of their leaders (VTC, 2014)

4.1.3.3 Fair Operating Practices

Corruption is a phenomenon exists in all countries, but the level of corruption varies. Corruption has been recognized as an obstacle to economic growth and sustainable development of the country. A study conducted by World Bank (2013) shown that corruption is selected as the second pressing issues, after the cost of living. Since 2005 when State enacted Law on Anti-corruption, it has made some progress, but not clear. The objective to prevent and gradually push back corruption has not yet realized. Most of detected acts of corruption are usually processed internally only, only a little part of such acts bear criminal responsibility. According to Global Compact (2010), enterprises in the oil and gas industry are considered to "often conceal" by the lack of transparency. Despite that, there were some scandals involving to PVEP had been uncovered, among them can be named as "petroleum villa projects" in Ho Chi Minh City. There were individuals making mistake in this case, of which is Mr. Hoang Ba Cuong, Deputy Head of PVEP Planning Division – present Director of PVEP-POC. He was equivocal, used the title of PetroVietnam to evoke the confidence and urged investors to contribute capital. Within just 5 days, these 3 individuals transferred a project of PVEP Labor Union into individual project represented by these 3 people. They called themselves "Board of Petro representatives" to collect contribution capital of investors. Up to now, Hoang Ba Cuong has not been handled or subjected to any form of discipline (danviet.vn, 2011). Some stakeholders suggested that they were just "visible part of the iceberg" but it also noted that they have no clear evidence. Many other scandals related to corruption in PVN - parent company of PVEP recently revealed dark patches in the business of the SOEs as well as reflects the weakness in the prevention of corruption

in Vietnam in general and in the SOEs in particular. PVEP is itself a subsidiary of PetroVietnam also inevitably involved when there were some events to be discovered.

In terms of fair competition, according to a report on the business situation first 6 months of 2016, total revenue PVEP after 6 months was estimated at 15,000 billion (equivalent to US\$ 750 million). However, behind this figure is the monopoly status of this corporation. In Vietnam market, PVEP is lion's share in the field of exploration and exploitation of oil and gas, there is almost no rival in the country.

Unlike the PVEP with the position as near-monopoly in the field of exploration and exploitation of oil and gas, the VTC Corporation faces pretty fierce competition in the telecommunications services sector. Currently, Telecommunications Law and Decree no.25/2011 / ND-CP has allowed all economic sectors to participate in business in telecom service sector. Consequently, the competition in the industry becomes fiercer. In the context of competition, with the typical characteristics of the enterprises operating in the field of communications services, copyright issues become important factors in the brand positioning of an enterprise. In the statement about core values of the Corporation, VTC featured issue of sharing copyright and respecting partners. This value represents the views of the VTC on Fair Operating Issues. In VTC, they have a center specializing in this regard named the Copyright and Media Centre. In the member units, the copyright issue has always been emphasized. Especially after the scandal about copyright issues in the past, VTC today get tightening on the copyrighted content in their products (VTC, 2015).

One of the scandals about VTC's piracy may be mentioned as: October 2006, VTV warned VTC about suing VTC for infringement on the copyright of broadcast Miss World that VTV has purchased exclusive rights. VTC after that apologized to VTV and claim damages for TVplus. Since then, after 2006, VTC has acquired the important rights including the World Cup, AFF Cup 2006 (former name is Tiger Cup), F1, Oscar 49, Mister World, Miss Universe, Copa America 2007 and especially AFC Asian Cup 2007 when Vietnam is one of four host countries.

4.1.3.4 Consumer Issues

The information about customer and code of conduct which PVEP is following is inaccessible. It is only identified from the interview that most of PVEP's customers and partners are foreigners. Therefore, PVEP does follow the standard required by them.

In contrast, as an enterprise operating in the service sector, where customers have more choices and easy to change, the policies dealing with customers are also the top priority of VTC. Customers are considered the most valuable asset for an online communication company. One of the missions that VTC has been set for itself is to satisfy their customers. According to the speech of General Director of VTC, the Corporation has been always heading for serving customers as many as possible, with the highest possible quality. Customers are the reason for its existence and the target that VTC looking for. Besides technological innovation, improve the quality of service, VTC and its other member units also perform very good customer care services. By great efforts, VTC with its product VTC Pay was awarded "Reputed and quality Product - Service voted by consumers in 2015" (VTC, 2016). In addition, VTC usually offers promotions to express its gratitude to customers, rewards for their loyalty. Especially, VTC holds customer conference, an annual event to thank the partners and customers who have been with VTC during the past year.

In addition to these achievements, VTC did make some mistakes in solving the problems related to the customers. VTC is known for its signal decoding digital television named as VTC-Digital (with versions such as T5, T9, T10, T11, T12, T13, etc.). VTC has promoted that it would increase the channels for VTC-Digital Receiver T13 version, but then, when the channel VTC3, VTC6 were born and they were locked by Irdeto code. It showed that VTC did not support older receivers that the advertisement on its product. This left many of VTC customers dissatisfied for not having seen their desired channel.

4.1.3.5 Corporate Governance and Human Rights

For PVEP as well as VTC, concerns related to human rights is mainly limited to the working place; to ensure issues such as workers' rights, gender equality. On the other hand, other issues are rarely discussed, especially concerning

political rights. Corporate Governance to both PVEP and VTC is noticeable since their type of enterprise: State-owned enterprise. Both of corporations are 100% state-owned enterprises. State heavily control over operations a decision-making process of them. Therefore, there are not much different between PVEP and VTC regarding this issue

Regarding the governance structure, since PVEP is a large enterprise, the governance apparatus of the corporation constructed by three levels in which the highest governance level is Board of Members and Board of Directors. Mid-level managers are leaders of affiliates and subsidiaries. The last level is the functional parts of the subsidiaries. PetroVietnam Exploration Production Corporation is under the management of Vietnam Oil and Gas Group (PetroVietnam), operates following the model of the regime of the head, and democracy. Along with the implementation of the plan assigned by the Group, PVEP also actively implements its own social welfare activities through mass movement within the corporation and its member units. The leaders and the Labor Union of PVEP have been actively building the corporate culture, the culture of oil and gas field, which is as they said “for community “, to create the strength to complete the task of producing and trading.

In the statement PVEP’s leaders, particularly PVEP’s General Director, he appreciated the dedication and contributions of women staff, officers and employees of the Corporation and at the same time pledged to create favorable conditions to ensure the career development, justice, equality for women employees in the policies of the Corporation. Currently, there are 2,506 labor PVEP, among them, there are 820 women. In PVEP, there is Women Committee at every branch of the Corporation which are in charge of taking care of the life and activities of female staff in the enterprise. To organize activities to celebrate the annual Day 8/3 becomes the typical annual activity honoring PVEP’s women (PVEP, 2013). This indicates that there is no discrimination between male and female in PVEP.

Like other state-owned enterprises, VTC has undertaken the principle of local democracy, respect for opinions of the employees. At the parent company as well as its unit members, the Employee Conferences are held annually. Here, the company’s managers will present and update the provisions relating to the rights and responsibilities of the employee, employers and result of production and

trading. Next, the representatives the employee and the managers will have time to exchange, discuss and comment frankly, directly with each other. VTC is also one of the few state-owned enterprises to conduct the vote of confidence for the planning of Corporation's leaders. This will ensure democracy for employee in the selection of their leaders (Anh, 2016)

4.1.3.6 Community Involvement

The activities of PVEP towards community are very diverse, focusing on the main contents such as support for building “solidarity houses” (charity houses for the poor); educational support; medical and hospital assistance,; Gratitude programs (towards Vietnam heroic mothers, war invalids, martyrs); disaster assistance, and participation in the protection of sea and island sovereignty of the fatherland. With a target to enhance social responsibility, contribute to the community, in the period 2007-2012, PVEP has spent over 350 billion VND for social security activities. In particular, in 2012, PVEP funded 130 billion VND in total for projects such as building solidarity houses, schools, clinics, hospitals, maritime constructions, to remedy the consequences of natural disasters and humanitarian aid. In 2013, PVEP implemented many other new social security projects, sponsored for gratitude programs, building solidarity houses, support financially for social organizations in the provinces of Nam Dinh, Thai Binh, Hai Duong with a fund of over 90 billion VND. These projects have contributed significantly to socio-economic development for local areas which aims to build a better life for more and more people in the difficult areas all over the country.

The years of 2014 and 2015 are considered to be difficult years for the petroleum industry in general and PVEP in particular when oil prices sank down, negatively affecting production and trading situation of the corporation. But the community's contribution of PVEP was still performed regularly. Responding to the call of the PetroVietnam Group, the Vietnam Oil and Gas Labor Union, PetroVietnam's Veterans Association, the Labor Union of PVEP has donated the total 91 billion VND and more than 377.000USD by donating extra working day; donated for military and civilian in Truong Sa and the rig DK1; donated to support Coast Guard Forces and Vietnam Fisheries Inspection; support program “Sentimental Net” and donated for Fund for Poor Women as well as assisted poor people in difficult

circumstances. In 2015, to fulfill the plan assigned by the Group, PVEP aimed to implement social security with the amount of about 100 billion VND (Petrotimes, 2015).

Similarly, VTC also put a lot of efforts and resources for activities related to community involvement. In 2015, Agency Union of the VTC was a leader in the volunteer work for the community. The Union participated in the programs such as: “VTC Youth with highlanders Celebrate Tet At Mui 2015”, “1000 Lunar New Year gifts to poor workers and labor in the area of Hanoi”, “White Shirt to school and Meals for Children” and actively encourage staff and employees to join blood donation festival 2015 . In addition, the Union also made very good work in “Volunteer for national security, for the maintenance of social security and order”, promoting the campaign “Towards Bien Dong (South China Sea) by encouraging all employees to support 1 day salary and awarded other valuable gifts both mentally and materially. As of May 11/2015, only the first 9 months of 2015, Union Agency of the VTC has registered two construction - a social security construction under the campaign “White Shirt to school and Meals for Children and construction of “Vietnam Media Hub - solution to store and exchange content”.

On 11/7/2008, the Minister of Information and Communications Ministry signed Decision No. 1009/QD-BTTTT on establishing National Humanitarian electronic portal (port 1400), with the aim of allowing phone subscribers phone nationwide to donate and support voluntarily by messages. The money collected from these messages will be used to help people to overcome difficulties caused by natural disasters, fires or serious incidents, patients with serious illnesses and serve for other humanitarian and charitable purposes. The VTC was assigned by the MIC to manage, operate and exploit systems of National Humanitarian electronic portal 1400. According to statistics of VTC, the total amount mobilized in the form of text messaging via port 1400 for 7 years reached: 112.85 billion VND with more than 12 million messages and over 60 charitable texting campaign launched by the big and reputable charity organizations such as Vietnam Central Committee of the Fatherland Front; Vietnam Central Red Cross; Golden Heart Fund - Labor Newspaper; Association for Victims of Agent Orange/Dioxin in Vietnam, etc. (1400.vn, 2016).

The Competition “Smart Traffic” on the Internet is a contest to build a culture of traffic for every citizen of Vietnam, especially for the students who are sitting in schools including three main topics: Knowledge about safety awareness in traffic; skills involved in driving and behavior in good manner when participating in traffic (VTC, 2015).

4.2 CSR Drivers

4.2.1 External drivers

4.2.1.1 Regulatory Pressure

With respect to regulatory factor, domestic law and policy play critical role in shaping CSR practice of all enterprises operating within Vietnam territory in general and PVEP & VTC in particular. Vietnam Petroleum Law (2008), Law on Protection of Environment (2014), Vietnam Labor Code (2012) and Law on Enterprises (2014) become prerequisites for the business conduct of enterprises and frame CSR practice of Vietnamese corporations.

The interviewee represented for VTC confirmed the influence of State and Party’s policy on the behavior of all companies in general, especially as a State-owned Enterprises. He said:

“(to behave responsibly) is the common direction of all firms, of a State-owned corporation, to comply with the general policy of the Party and State.”

During the talk, he recognized the role of Law and State’s policy again even though he stated that it was not the decisive factor.

“Law and State’s policy only plays the orientation role for the action and operation of the corporation, lead the corporation to implement activities to the right direction, not being taken advantage of. It is not the decisive factor.”

To PVEP, staying as a large enterprise, enjoying the natural industrial monopoly, clients and partners are mainly international ones, compliance with the domestic standards and regulations as well as requirements from international clients in terms of oil and gas exploration and production play important

role. Looking through the responses of the interviewee to the question regarding motivations for PVEP to engage in CSR, people may argue that there is a conflict since he refused at first the influence of government and State's regulation but then in the answer for the last question, he confirmed it. He commented:

“Without state policy, it (PVEP) will not achieve high efficiency.”

However, it would be appropriate to explain when it is put in the context of his view about the term CSR. From the beginning, he constantly stood for environmental and social aspects which are relevant to term “social security” for the definition of CSR but rarely mentioned the labor practices. The last question is about pressure and demands from the employee, which seems to him not be incorporated with the term CSR. So actually confirms the role of “state policy” for CSR engagement.

4.2.1.2 Market competition

As presented above, PVEP is currently a nearly-monopoly in the field of oil and gas exploration and production in Vietnam, the practice of CSR towards increasing image and reputation of the business seems to be not important. This was evident from the comment:

“...the implementation of the social responsibility to improve the reputation just partly influenced...., the promotion of image doesn't have big impact. We don't do it because of promoting the brand or image.”

Meanwhile, to VTC, although the interviewer also denied the purpose of profit-making for CSR practice, but it is only rational when put it in the context of his own interpretation about CSR activities which are limited to social welfare, philanthropy and charity. When looking at the broader view, take practices relating to consumer issues into account, the fact gathered from secondary data shows that consumers are one of the top priorities of the corporation. Consumer behavior plays a critical role in the survival and development of the enterprise. The responsible behaviors (such as concern more seriously on copyright and license issue of products shortly after the scandals) become comparative advantages of VTC in retaining customers in an environment of fierce competition in the Vietnam telecommunication

market. It can be said that market competition plays a big role in promoting VTC for implementing CSR-related activities.

4.2.1.3 Cultural norms

Both of companies showed the strong agreement with the cultural norms as a factor influence CSR activities of the companies. This conclusion is drawn from the voice and facial expression of the interviewee. For PVEP's interviewee, even though he just answered shortly, he spoke it with a firmly voice and smile which expressed how he was proud of it. He affirmed that the tradition of "the good leaves protect the worn-out leaves" which is an important moral code of Vietnamese society is contributed to the behavior of the Corporation. To VTC, the Vietnamese culture makes people feel of good deeds. He felt that being responsible to society is VTC's mission. It is shown in the comment below:

"Living in a society like present Vietnamese society, everybody is aware of good deeds and responsibility."

"The values such as: When drinking water, remember its source; the good leaves protect the worn-out leaves. Certainly, those values have effect on the corporate culture. Without these values, it will not promote enterprises to behave correctly and responsibly to the community and society."

Another aspect of Vietnamese culture is religious belief. In fact, major of Vietnamese population do not practice officially any religion, especially Party's member. Therefore, for managers in both companies, they refused the impact of religious on their implementation of CSR-related activities. However, religious belief, especially Buddhism, has been attached to Vietnam's long history and blended intensively with Vietnamese culture. Therefore, Buddhism and its teaching provide a solid foundation for supporting CSR values. The data collected from primary sources as well as secondary sources confirms that the cultural normative motivation is critical for two corporations to behave responsibly. It is penetrated in the personality of the enterprises leaders as well as frame the corporate culture of both PVEP and VTC.

4.2.1.4 Civil Society Groups

The pressure from civil society groups was not recognized by both companies as a factor which may promote and motivate the CSR practice of PVEP and VTC. It is what they replied to the question: "Does the pressure from

NGOs affect your company decision-making process of CSR? If yes, then at what extent?”

The manager from PVEP responded: “*No, they do not*” which is similar from the answer of the respondent from VTC: “*to VTC these organizations don't have any impact.*” However, VTC recognized the supportive role of these organization to the practical implementation of social responsibility of VTC.

4.2.2 Internal Factors

4.2.2.1 Top management

Firstly, the decision-making process in terms of CSR is top-down. It means that the ideas come first from the awareness of the leaders of the corporation and then disseminated to the whole enterprise. Talking about the motivations in general for PVEP to behave responsibly before going into detail institutional drivers of CSR engagement, he again emphasized the self-awareness. He pointed out that although it is specified in law, it depends on the awareness of the enterprise in practically complying with it or not. By that, he stated that PVEP is well aware of its responsibility to environment and society.

“As for petroleum industry, our leaders and even our employees are all aware of the environmental impacts. We are aware that petroleum activities have huge impacts on the environment, and if we do not treat it well, we will not able to develop our business, the exploration and exploitation field of oil and gas itself will also be hampered, not able to develop...Again, it is mainly from our awareness.”

In his point of view, the motivation for practicing CSR of both kind of enterprises is the same which stems from kindness, the goodness of people or as his word “our hearts”, therefore, the practice should be the same. With regards to the decision-making process of CSR, it is again top-down when ideas of CSR are reflected firstly in “subjective opinions of the corporation’s leaders”. He also mentioned the participation of many other departments of VTC in implementing the work assigned by the superior besides the Trade Union. It means that the plan usually built, discussed and designed by the top managers first, then disseminated to lower levels to follow. These departments work with their own appropriate mission but also have to support each other.

In addition, since the decision-making process is top-down, how the top managers view CSR becomes very important to the practice of CSR.

This is the evidence: *“CSR is reflected in several aspects. Firstly, it is shown in the subjective opinions corporation’s leaders. They always pay attention to social responsibility. Besides, all 8 member units of the corporation have departments to specifically work in policy, separated from the Trade Union, such as Veteran Association, Women’s Union with their own responsibility and missions assigned by the superior.”*

Top management commitment, therefore, has been confirmed to play a significant role in CSR practice of PVEP as similar as VTC.

4.2.2.2 Corporate Culture

The corporate culture is recognized as a factor which has a definite influence on CSR-related decisions. This opinion is received approval from the two corporations. PVEP especially concern on corporate culture when develop it further by consulting experts in the field. The interviewee from VTC even added that he believed the different corporate culture resulted in different implementation of CSR in different companies.

PVEP: The corporate culture influence on CSR engagement was also confirmed. He stated that as long as the corporation still existed, they “keep doing social responsibility” and “will always encourage employee that working on social security is indispensable”.

For VTC, while it was stated above about how traditional culture affected the individuals, in this answer, its role was added due to its importance in the construction of corporate culture. The corporate culture of VTC which is constructed based on Vietnamese culture, consequently have big impact on the engagement of VTC in CSR-related activities. He stated as below:

“Each company shall have its own corporate culture. For all company which is building a corporate culture or have already built, they are all influenced by the corporate cultures. To VTC, it is originated from Vietnamese culture, based on that to build its own corporate culture.”

In the next two question regarding corporate culture, he emphasized it again and the idea of CSR which refers to doing “right things” was repeated.

4.2.2.3 Structure, Financial Resources, Knowledge-based Resources and Human Resources

PVEP and VTC are both 100 % State-owned corporations, therefore, their structures are similar. It is believed by the two interviewees that structure of enterprises does not place any struggle on the implementation of CSR activities in the whole system.

Financial resources, on the other hand, are recognized to have big impacts on the CSR practice of PVEP as well as VTC. This claim concluded from answers of interviewees during the interview session. They explained that the budget for CSR-related activities is extracted from the profit of corporations annually. Therefore, it is apparent that financial situation of enterprise influences on the implementation of CSR, especially on the scale and the number of activities.

Responding to the question regarding the pressure from the employee on the company’s behavior, the manager from PVEP agreed partly when saying that:

“[the influence] comes from both sides, but mostly from state policy, from the Groups and the Corporation.

It implied that compared to pressure from the employee, the state policy, regulations of the PetroVietnam Groups and the Corporation have bigger influence:

For VTC’s responses, the respondent he agreed partly about how financial resources affect the implementation of CSR activities while excluded the demand and pressure of employee as a driver. He clarified by saying that policy on wages and commissions were deployed top down.

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With respects to the pressure from the human resources on the company's behavior, PVEP as well as VTC agreed that it is not significant, especially in comparison to the regulation from State.



CHAPTER 5

ANALYSIS

5.1 Drivers

The paper have conducts an empirical study to test the influence of both internal and external institutional factors on CSR practices. Looking at external institutional drivers, the effects of regulatory pressure and cultural norms are confirmed. The findings showed that how regulatory pressure affects CSR implementation of PVEP and VTC appears to be consistent with many previous researches (Ramon V. del Rosario, 2011). The regulation shape behaviors of the Corporations in most of aspects from organizational governance, environmental practices, human rights to consumer issues. To the SOEs specifically, they are owned by the state, thereby it is obligatory to follow the government's and the Vietnam Communist Party's guidelines and directions in corporate development (Lan, 2016). The government has insisted that in Vietnam, state-owned enterprises are the tools for the Government to regulate the macro economy, stabilizing the economy and ensure social security. The dominant role of state-owned enterprises (SOEs) was asserted by the Party (VnEconomic, 2014). Government officials take it for granted that SOEs must perform economic-political tasks assigned by the State. According to Vietnam legal frame and the Party's advocates, they are still determined to have political missions which mean to support the social welfare and balance demand-supply for the national economy. Among all drivers which have impacts on responsible behaviors of the corporations, the regulatory pressure is recognized as most powerful. However, this driver is itself also problematic that may become challenges for implementation of CSR. Considering the overall context of Vietnam, the content of the Code of Conduct is basically consistent with national legislation. Yet there are also some conflicts between them that make firms disorientated when adopting. Additionally, the legal document system has revealed a number of points which need to be amended such as overlapping terms, terms which are not appropriate for practical adoption as well as the low effects of enforcement. In order to implement a term of a law, it must also issue hundreds of guidance documents. The content and duration specified in

guidance documents in many cases are not synchronized with the law and again, get the enterprises into troubles. Moreover, the regulations on sanctions of violations of Labor Code is still at a low degree, not enough to make the objects (of law) strictly abide.

Besides the regulatory pressure, the findings indicate strong support for cultural norms in explaining firms' responsible behaviors. Vietnamese culture is a unique fusion of many different cultures, however, there are still some typical characteristics which can be named as representatives of Vietnamese culture as follows: high power distance, high collectivism, moderate uncertainty avoidance, and high context. Vietnamese people prefer and feel comfortable with group activity. They usually consider themselves as a part of a group and make decisions that benefit the group instead of personal goals (Truong, 2016). Moreover, Many Buddhism's teaching becomes core values of Vietnamese tradition. Therefore, although the religious belief is crossed out from the drivers by the interviewee, it should be understood from the perspective of cultural norms. This is relevant to the research findings of Herrera et. al. (2011) and Visser (2008) stated that Philanthropy (charity) and doing no harm to society is one of the primary teachings of Buddhism and therefore, could provide a solid foundation for supporting CSR values among Southeast Asian countries.

In contrast, the pressure for civil society groups is proved to be the least effective factor on CSR implementation for both corporations. This result is in line with previous findings related to the role of civil society groups in Vietnamese society in general and to CSR practices in particular (Dang & Pham, 2013). The working areas of civil society in Vietnam are limited around human rights and environment related issues only. However, even on human rights issues, it should be noted that political rights are very sensitive. As the consequence, their works limit on social works and philanthropy activities. There is still some concerns among business community that the operation of civil society may conflict with their benefit and in some way have adverse impacts on them which lead to a loose connection between enterprises and CSO. The most influential civil society group in enterprises are trade union, however, have a close tie with Vietnam Communist Party. Therefore, it is

explainable why both these SOEs representatives assessed that the pressure from civil society groups on forcing companies to practice CSR is not big.

Regarding the internal institutional drivers, top management commitment and ethical corporate culture are proved to have strong influence on responsible behavior of the corporations. This finding was supported by Campbell (2007), Hieu (2011). Under planned economic system (before Doi Moi), state-owned enterprises (SOEs) were considered the only legitimate economic form (Nguyen, 2011). Under such system, being ethical was presumably equivalent to being compliance and obeying instructions from higher hierarchical authorities. These characteristics still remain in present PVEP and VTC which are both 100 % SOEs. The senior managers of these two corporations are all party's member and their positions in the companies depends heavily on their loyalty to the State and Party. Accordingly, following and being loyal to the State policy and Party's guidelines are instinctive.

The corporate culture is also found to have positive effects on CSR decision-making of PVEP and VTC. The corporate culture of PVEP as well as VTC are first constructed based on traditional Vietnamese values. Then the nature of enterprise as state ownership is taken into account. In Vietnam, a socialist country, the state-owned enterprises are conventionally believed to be owned and shared by people and community. Therefore, serving people with qualified products, support the poor people financially were supposed to be their obligations and then it becomes critical components of their corporate culture. PVEP and VTC are not exceptional.

On the other hand, the human resources and knowledge-based resources seem to be struggles to CSR good implementation of both companies. Human resources here set beside the top management. It is the level of employee involvement in commitment to and engagement in the firm's CSR strategy (Ahmed, 2011). Good human resources management has been proved to be a critical role in spreading CSR concept and better adoption of CSR by matching the business objectives and employees' expectations (Sharma et. al., 2011). In PVEP and VTC, however, the voices of employees do not have strong impact on the CSR strategy. Even it has been recognized that there are some channels for discussion between workers and leaders in PVEP and VTC, the major policies are decided top-down. In addition, the involvement of employees in these companies is limited at the workplace. The wage

and social insurance policies are still followed by the State's policy. Especially, issues related to political freedom. The most influential social organization in PVEP and VTC, and in SOEs in general, is the trade union. As mentioned previously, this organization is under control of the Party and therefore, is loyal to the Party's spirit.

Concerning knowledge-based resources as a driver, it should mean to ensure people to have the right information at the right time and in the right format so that they can increase their performance and that of the organization (Preuss et al., 2009). As analysis about how PVEP and VTC view CSR concept, it may argue that the lack of comprehensive understanding about CSR has led to the current situation of CSR practices in both companies. This institutional factor only can become a strong driver as long as the knowledge about CSR is improved. The misunderstanding about what is CSR and what benefits CSR may bring will constrain the corporations in better implementation of CSR and in the process to incorporate it into company's strategy.

5.2 CSR Practices

The findings above indicates that the way PVEP and VTC understand the concept of CSR shares similarities with the definition offered by ISO 26000: 2010. These two corporations agreed that CSR now has close ties, integral to sustainable development. Both of them shared the same opinion when stating the enterprise only exists as long as performs well in social responsibility and only when society develops, does the enterprise develop. The corporations see themselves as parts of society, and aware of responsibility to contribute and share the benefits with the community and society to together construct the environment within which the corporations exist. It is noticeable that CSR definition of ISO 26000 does not mention profit-making profit aspects of CSR explicitly. The only element of economic nature as mentioned in the CSR concept is "welfare of society" which implies that the activities of businesses towards sustainable development through social enrichment. ISO 26000 standard also recognizes the interdependence of financial success, sustainable environment and social development by stating that:

“[...]an organization’s performance in relation to the society in which it operates and to its impact on the environment has become a critical part of measuring its overall performance and its ability to continue operating effectively” (ISO 26000, 2010: vi).

Similarly, both PVEP and VTC also set aside the profit-making goal in their CSR activities and enhancing the image and gaining profit are only considered the results that CSR-related activities bring unintentionally. However, the core subjects which are under CSR spectrum understood by PVEP are more diversified and more competent with the definition stated in the theoretical framework. PVEP show its special attention to the environment and local area where it is embedded in. Therefore, the corporation takes serious consideration on how its operations impact on them and proactively deal with it. The “stakeholders” who it “takes into account the expectations” are broader in comparison to VTC. On the other hand, there is a limitation in the consideration of VTC on stakeholders when thinking of CSR concept. They believe that their CSR is all about how the share benefits with the whole society in general, how to support and assist society whenever the situation permits. Accordingly, among 6 themes specified, VTC believed that CSR concept only embraces community involvement, their activities incline to charity, donation and philanthropy activities. VTC’s understanding of the concept actually is similar to the major number of enterprises in Vietnam (Hamm, 2012). Perhaps it is the translation of the term “corporate social responsibility” into Vietnamese creates the misunderstood when it refers to “society” and “responsibility”. When it comes to “corporate social responsibility”, it is to think of what should do, what responsible contribution to society as a whole without understand the complexity of CSR concept which covers many aspects and themes. A reason may explain this difference is that PVEP is working with foreign partners and expanding its business into overseas markets, therefore, they exposed to more developed approaches to CSR while VTC’s operation is limited within the border of the domestic market.

Regardless of limited understanding of both corporation compared to core subjects which CSR concept covers (specified in ISO 26000), the practical practices of PVEP and VTC are beyond that. As a large, branded enterprise whose partners and customers are mainly foreigners, PVEP has fully and seriously implemented national

and international standards on the environment. PVEP also builds a long-term strategy to implement more and more fully the social responsibility on environmental protection, human resources development as well as support and community development. Meanwhile, standing from the position of a state-owned enterprise, VTC always believes that being ethical enterprise is their mission.

The CSR activities towards environment of PVEP is obviously more comprehensive than those of VTC. PVEP not only adhere to the basic regulations of domestic law as well as international standards but also pay serious attention to the further investment of research and development in order to better improve the impacts of business activities on the environment. Not only looking outward, focusing on the issue of savings and efficient use of energy are also taken into account by PVEP and are considered not only sustain the environment but also a solution for crisis management. Meanwhile, the VTC environmental activities primarily embraced at the workplace and a limited number of fragmented activities related to environmental issues in the theme of Community Involvement.

With regard to consumer issues, VTC notes that the corporation takes it very seriously and we easily to traced it from their vision, mission statements as well as the public announcement. Their communication towards consumers also reveals that. On the other hand, during the interview with PVEP, the interviewee did not stress on that and in fact, there is no source we can find on the internet about who are their clients and how PVEP treat them.

PVEP and VTC share a common perception by that, once profitable, they should fulfill their responsibility to their local communities by making charitable donations (eg, to poor people and victims of disaster), supporting and contributing to local and community projects and providing education to poor children. All companies discussed social responsibility as being embedded in their corporate activities (eg, an implicit form of CSR as argued by Matten and Moon, 2008, p. 418) and heavily alluded to how they looked after their employees and their welfare (eg, raising wages, employees' welfare and determining the investment in energy conservation projects) and maintained doing so by communicating with them on a regular basis (through employee congress, reports, surveys etc.). Both corporations put special focuses on the role of the laborers to the survival and development of

enterprises. Thus the activities related to guarantee labor practices are well implemented, comprehensively and uniformly. For PVEP as well as VTC, concerns related to human rights is mainly limited to the working place; to ensure issues such as workers' rights, gender equality. On the other hand, other issues are rarely discussed, especially concerning political rights since the one of the characteristics of the state-owned enterprises is being controlled by the Party and Socio-political organizations such as trade union. Because trade unions in SOEs are closely tied to Vietnam Communist Party, there are shortcomings in the enforcement of Labor power, especially political rights. As an example, companies hardly referred to any external channels of communication (eg, NGOs) when discussing with their employees.

Corporate Governance to both PVEP and VTC is noticeable since their type of enterprise: State-owned enterprise. Both of corporations are 100% state-owned enterprises. State heavily control over operations a decision-making process of them. Therefore, there are not much different between PVEP and VTC regarding this issue. In terms of this subject, ISO 26000 standard states that a corporation would have good corporate governance regarding CSR if it based on incorporating CSR principles. One of the common problems of SOEs in general and PVEP as well as VTC in specific is the principle of transparency. Their performance in this principle is relatively weak. It is almost impossible for the public to track how and what the decision related to CSR are made. Only short of results are published publicly. This top-down approach causes Vietnamese firms to conceptualize CSR as a compliance issue, without regarding how CSR can strategically drive better performance (Twose & Rao 2003). Thus, while VTC is depicted as a CSR passive performer, PVEP appears as a more proactive one who integrates CSR activities better into operation and strategy.

CHAPTER 6

CONCLUSION

This paper contributes to the literature concerning CSR in Vietnam as a pilot study focusing on State-owned Enterprises by making a comparative analysis of two large Vietnam SOEs: PVEP and VTC. The paper has achieved its objectives and answered the two research questions. The analysis concluded that the understanding of PVEP and VTC about CSR concept is consistent with the definition given by standard ISO 26000. Both of them share the idea that there is a close relationship between CSR-related activities and sustainable development and that the existence of the corporation is attached to the development of surrounding environment and society. They believe that being ethical enterprises is their mission. It was discovered that these SOEs have not considered or recognized profit-making impact of CSR on corporate performance at appropriate extent. Besides, it is also suggested that PVEP has a more comprehensive view on subjects that CSR covers while VTC view on the term “corporate social responsibility” more or less is synonym to philanthropy and charity. This partly explained why PVEP has been practiced CSR better and more effectively than VTC. To answer the second question, it was found that the factors which have influence on the responsible behaviors of PVEP and VTC are top management and corporate culture as internal institutional factors as well as regulatory pressure, market competition and cultural norms are key drivers. The role of civil society groups has not been recognized to an appropriate level. Through analysis of the CSR drivers and CSR practices of PVEP and VTC, figuring out some challenges for better implementation of CSR, the writer have some recommendations to further promote the implementation of CSR as follows. Firstly, it is necessary to have a plan for advocacy and education for all enterprises, primarily for enterprises’ owners about the CSR, to make them understand that CSR is not only limited in charity and philanthropy. Similarly, it is in need of raising awareness and building capacity for enterprises and other stakeholders about comprehensive CSR implementation.

Enterprises as well as other agencies should regularly provide information, knowledge about updated laws and regulations, the standards inside the

business and especially, to disseminate to employees their rules of law on their rights and obligations at work. Mass media should be used as an effective tool to spread comprehensive and consistent understanding of CSR concept for all enterprises and employees as well as other stakeholders such as consumers, investors. The government should encourage and award firms which perform well in CSR to create momentum and pressure for other firms to perform CSR more comprehensively and create conditions for the better compliance with legislation.

Secondly, it demands developing a better binding legal framework regulating enterprises to implement CSR fully and strictly. This relates to the responsibilities of the State in creating the environment and the legal framework for firms to operate. The legal framework is the most effective measure for the implementation of CSR; at the same time, is the solution supporting positively for the moral solution, making the moral motives be regularly strengthened and more effective in practice.

The third recommendation is related to the development of more effective CSOs. In developed countries, NGOs, associations and interest groups play a huge role. These structures create representation costs, but in general, they help reduce the total cost to the people and single communities to achieve their social purposes. In Vietnam, in contrast, the role of CSOs is relatively weak. There is almost no presence of the consumer associations in many past cases of the food contamination. Therefore, besides completing the validity of laws and law enforcement, the third solution is to encourage and develop the mechanism of “civil society” in the locality, to create a counterbalance to firms which mean to create a social mechanism strong enough to monitor the operation of enterprises. At the same time, the State may also cooperate with these organizations to educate and raise awareness of the people about the importance of CSR and sustainable development.

To conclude, besides what have been achieved, this study faces several limitations. Due to the ability to access the interviewees and studying time was limited, interview questions are not comprehensive enough, the sample size is still very small. When evaluating the performance of the company's CSR, it is just to look from the internal aspect (almost one-sided information from the persons interviewed and the documents provided from the official announcement of the business). The

paper has not considered the views of other stakeholders such as customers, suppliers, partners, social organizations and has not estimated the impact of the implementation of CSR on the company performance. Therefore, it leaves the gap for future research to design more detailed questions, survey clients and stakeholders and estimating the impact of CSR on corporate performance by methods other methodology.



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APPENDIX

INTERVIEW QUESTION

I. Questions about understanding and practice of CSR in the company

1. Have you ever heard of the term “Corporate Social Responsibility”? What do you understand by that term? Is there any other term (other than CSR) you would prefer to use?
2. In your enterprise, is CSR considered an important strategy?
3. In your opinion, do you think whether there is any relation between CSR and Sustainable development?
4. Do you find the economic objectives of this enterprise are in contradiction to moral obligations? Do you agree that practicing CSR may harm to the economic benefit of the enterprise? Why so?
5. Among these themes, which theme is enterprise focusing on when practicing CSR:
 - a. Environment
 - i. The corporation operating as for reducing the negative impacts on the environment. For instance, consuming energy reasonably, minimizing and recycling waste, preventing pollution (reducing waste, investing in waste treatment)
 - ii. Has the corporation been doing or planning for investment in producing or using sustainable products and services? (E.g: Recycled and energy saving products)
 - iii. The corporation provides customers, suppliers and local community with clear and accurate information regarding environmental factors on products and services as well as your activities?
 - b. Labour

How is the corporation’s priority for labor issues such as: encouraging employees to develop their skills, preventing discrimination in the workplace and during recruitment, consulting the employees on the important decisions, building policies to protect health, safety and other interests of employees in the workplace?

c. Fair Operating Practices

Fair Operating Practices includes: Anti-corruption, Responsible Political Involvement, Fair Competition, Promoting social responsibility in the value chain, respect for the property rights

d. Consumer Issues

- i. The corporation provides clear and accurate information as well as labeling in products and services, guarantee post-purchase services.
- ii. The corporation makes sure about timely payment for all suppliers.
- iii. The corporation has a process to make sure that the feedback is effective and to consult and/or dialogue with customers, suppliers and business partners.
- iv. The corporation receives and resolves any complaints from customers, suppliers and business partners.

e. Governance & Human Rights

- i. The corporation builds system/structure through which decisions related to CSR and sustainable development are implemented.
- ii. The corporation trains staff on the importance of enterprise's core values and code of behavior.
- iii. Guarantee individual rights, economic, political, social and cultural rights of employees.
- iv. Form of rules and regulations to avoid harming employees' rights
- v. Handle complaints and strengthen communication with employees

f. Community Involvement

- i. The corporation opens opportunities for local people in the area of your operation to be trained.
- ii. The corporation host opened dialogue with local communities on controversial or sensitive issues related to corporation (E.g: garbage collection, traffic jam)
- iii. The corporation prioritize to purchase goods in the local area (where the corporation is operating)
- iv. The corporation encourage employees to participate in activities at the local communities

- v. The corporation has provided financial support for local activities and projects (eg. Charitable donations or sponsorship)
- 6. In your opinion, is there any differences between CSR of an SOE and a private enterprise?

II. Questions about Motivations

1. Could you please tell me how decisions of CSR (or the other term) are taken in this enterprise? (The process of decision making, the decision makers?)
2. What are the motivations for your company to behave responsibly?
3. To what stakeholders do you CSR activities aim at?
4. To what extent do the regulations from State affects your I's behaviors?
5. Do you consider pressure from competitors when designing CSR activities?
6. Do you think CSR influence a company's image and reputation?
7. Do you think practicing CSR will increase company's profit? Is that the biggest goal of the company when practicing CSR?
8. Does the pressure from NGOs affect your company decision-making process of CSR? If yes, then at what extent?
9. Do you exercise any religion? If any, to what extent does it affect your decision to practice CSR?
10. Does behaving responsibly as a business originate from Vietnam tradition?
11. Which aspect of Vietnam tradition motivates your company to act responsibly?
12. Do you think that corporate culture affects the corporate's decision in practicing CSR? What is the future strategy and vision of the company?
13. Does the corporation's structure struggle the company in implementing CSR activities?
14. Do you think that the corporate's financial budget has effect on the implementation of CSR?
15. Is the demand or pressure from the employee one of the factors influencing the company's behavior? How does it influence?