Corporate Social Responsibility in the Vietnamese Garment and Food Industries

Antecedents, Strategies and Performance

A thesis submitted in fulfilment of the requirement for the degree of Doctor of Philosophy

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DECLARATION

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis/project is the result of work which has been carried out since the official commencement date of the approved research program; any editorial work, paid or unpaid, carried out by a third party is acknowledged; and, ethics procedures and guidelines have been followed.

Thi Ha Lan Do
Date: 28 February 2018
I dedicate this thesis to my parents

For your unconditional love, encouragement and faith you have me throughout my life. You helped me to realise that having true grit and determination can shape a better future.
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<tbody>
<tr>
<td>AFTA</td>
<td>ASEAN Free Trade Agreement</td>
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<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>CSP</td>
<td>Corporate Social Performance</td>
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<td>CoC</td>
<td>Code of Conducts</td>
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<td>CPA</td>
<td>Corporate Political Activity</td>
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<tr>
<td>CPV</td>
<td>Communist Party of Vietnam</td>
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<td>FAO</td>
<td>Food and Agriculture Organisation</td>
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<td>FDI</td>
<td>Foreign Direct investment</td>
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<tr>
<td>FLA</td>
<td>Fair Labour Association</td>
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<td>HRD</td>
<td>Human Resource Development</td>
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<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
</tr>
<tr>
<td>MOLISA</td>
<td>Ministry of Labour, War Invalids and Social Affairs</td>
</tr>
<tr>
<td>MNC</td>
<td>Multinational Corporation</td>
</tr>
<tr>
<td>OHS</td>
<td>Occupational Health and Safety</td>
</tr>
<tr>
<td>RBP</td>
<td>Resource-Based Perspective</td>
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<tr>
<td>RBV</td>
<td>Resource-Based View</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium-sized Enterprise</td>
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<tr>
<td>VCCI</td>
<td>Vietnam Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>VGCL</td>
<td>Vietnam General Confederation of Labour</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organisation</td>
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<tr>
<td>WHO</td>
<td>World Health Organisation</td>
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ABSTRACT

Corporate social responsibility (CSR) has attracted the unprecedented attention of governments, non-government agencies, civil society and businesses in developing countries. The interest was heightened when recent significant economic growth has been accompanied by unsustainable and irresponsible business practices and their consequent environmental and social problems in these countries. The extant literature on CSR in developing countries indicates that complex CSR practices are locally contextualised and driven by multilevel factors.

While studies on CSR in Vietnam suggest inadequate conceptualisation of CSR and reluctant engagement in CSR initiatives by local firms, there is a limited body of literature that investigates how CSR is conceptualised, driven and materialised by businesses and the underlying mechanism of CSR variants ‘from a state of mere compliance to a mode of engagement, from harm minimization to value creation’ (Luetkenhorst, 2004).

Using qualitative methodology with a multiple case-study approach, this thesis explores the driving factors at institutional, organisational and individual levels for CSR strategies and implementation in the Vietnamese food and garment industries as these two industries are important contributors to the national Gross Domestic Product (GDP). Purposeful sampling was employed with a sample of six companies (three garment companies and three food companies) across three major economic regions of Vietnam. A total number of 43 in-depth, semi-structured interviews were conducted with 28 senior managers in the six companies and four CSR experts. Several strategies were applied to safeguard data integrity, thereby enhancing the trustworthiness and creditability of the data. The data analyses entailed thematic and content analysis using both NVivo coding software and manual coding.

Several important findings were generated from the thesis. First, it was found that the interaction of institutional forces (regulations, social norms and political ideology), key stakeholder pressures, company strategy and leader perceptions impact CSR practices and their development over time. In particular, while institutional pressures and external stakeholders (government and customers) were proven to push local companies to adopt a defensive-compliance posture to CSR, internal factors (company strategy and leader values and perceptions of CSR) have a pull effect on the adoption of more proactive approaches to CSR. Second, the thesis reveals that company strategic postures to CSR aspects (environment, labour and society) were impacted by the type of industry. While all the companies studied took an accommodative posture to labour issues, two were proactive regarding environmental and social practices. Specifically, while food companies perceived local community and government as critical stakeholders and gave priority
to community engagement programmes, the garment companies focused on alignment of CSR practices with the requirements of international customers. Third, there is also evidence of explicit CSR practices to address more socially-desired issues that local companies embraced to build corporate reputation and competitiveness. Fourth, several company characteristics (ownership and governance structure, resources, stages of business development, corporate identity and culture) were found to influence CSR performance.

The thesis contributes to the body of knowledge on CSR practices in a developing-country context. First, the prominent form of implicit and informal internally-focused CSR in labour strongly reflects the national institutional context and political economy in which the notion of employee and social welfare is embodied in socialist ideology and the perceived role of businesses as job and income generators in a developing country. Moreover, the thesis adds a nuanced understanding of CSR development in a developing-country context in which CSR concept is diffused, translated and adapted at the State, industry, company and manager levels and manifested in variations of CSR expressions.

Theoretically, the study provides an integrative model to explain CSR antecedents, strategies and performance and develops a new 2x2 typology thereby extending Matten and Moon’s (2008) implicit/explicit taxonomy and gaining a more insightful understanding of CSR variants in a developing country. Practically, the study suggests that developing a right management mindset and stakeholder pressures are crucial factors in driving a more proactive stance to CSR issues by local businesses. Furthermore, stakeholder communication and multi-stakeholder engagement are needed to create CSR-related values in the business community and public domain to facilitate successful execution of CSR initiatives. From the business perspective, a strategic approach with formal and explicit CSR and strategic alignment can build a stronger business case for CSR engagement.
REFEREED CONFERENCE PAPERS


CHAPTER ONE

INTRODUCTION

1.2 Background

This chapter discusses the research context and overview. It also presents the objectives, research questions and scope of the study.

CSR is an absolute necessity for the modern businesses sector due to rapidly increasing social expectations (Lindgreen, Swaen, & Johnston, 2009a). CSR deals with the extent businesses assume responsibility toward the larger society and is crucial to achieving a matured, civilised and interdependent world (Hoang & Jones, 2012). The heightened prominence of CSR practices can be attributed to several driving factors. Firstly, globalisation with increased cross-border trade and economic activity together with the rising power of global firms and diminished regulatory power of national governments have produced greater pressures for a global mechanism governing the corporate behaviour of both domestic and transnational companies especially in developing countries with weak regulatory environments. On the other hand, foreign economic penetration has resulted in an increasing need for local companies to comply with international regulations to be part of the global playing field (McMurray & Simmers 2015; Scherer & Palazzo, 2008). The second driving force comes from governments, international institutions, NGOs and civil society organisations, facilitated by the prevalence of informational technology and mass media, whose aim is to prioritise social responsibility in economic institutions (Christina 2008; Scherer & Palazzo, 2008). Also, the proactivity of pressure groups, environmentalists and consumer activists put corporations under greater public surveillance and demand increased transparency (Christina 2008; McMurray & Simmers 2015). Their influence on public opinion poses a significant reputational risk to companies who behave irresponsibly. Finally, current studies show that CSR can generate commercial benefits for business (Arena, Azzone, & Mapelli, 2018). Specifically, empirical data indicate that CSR can add value to organisations regarding customer satisfaction and loyalty, employee satisfaction and commitment, and corporate image (Bhardwaj, Chatterjee, Demir, & Turut, 2018; Lim & Tsutsui, 2012; Porter & Kramer, 2007)

While Western developed countries have witnessed substantial CSR initiatives adopted by businesses, accompanied by a significant body of research, CSR in developing countries still lags behind their developed counterparts (Jamali, 2007a). In particular, there has been a demand for responsible corporate behaviour from companies in developing economies especially after unprecedented media coverage of such incidents as the Rana Plaza factory collapse in
Bangladesh (Nguyen, 2010b), the China melamine milk scandal (Dellios, Yang, & Yilmaz, 2009), the Foxconn suicide scandal in China (Labianca, 2013) and the poisoning of river water by Vedan in Vietnam (Nguyen & Pham, 2011). Moreover, the extant literature on CSR in developing countries suggests there is a limited ability to transfer Western CSR concepts and frameworks to the developing world (Jamali & Karam, 2016). In particular, Western CSR concepts may not work in developing countries that feature specific institutional contexts and lower levels of economic development where businesses are still struggling to survive, and poverty is a huge problem (Almunawar & Low, 2014).

Furthermore, the increased importance of exploring the nature and dynamics of CSR practices in developing countries stems from the fact that they comprise a large portion of the world’s population, have massive social and environmental problems (Jamali & Neville, 2011) and the potential for local firms to mitigate these adverse effects (Jamali, 2007a; Jamali & Mirshak, 2007; Margolis & Walsh, 2003). Thus, it is significant to explore the nature and sources of forces that support or impede CSR practices to shed light on mechanisms that encourage more socially responsible corporate behaviours and allow researchers, practitioners and policymakers to work toward a more effective implementation of CSR practices.

Vietnam was selected as the focus of this thesis because it provides a rich research context of a transitional economy that demonstrates how institutional factors (economic, political, social and cultural) interact to shape local CSR practices and their development. Since the inception of ‘open-door’ and reform policies in 1986, the country moved from a centrally-planned economy with a prevalence of state-owned enterprises to a market-oriented socialist regime with a growing private sector and export orientation. From an economic perspective, it has achieved significant success as one of Southeast Asia’s emerging economies, with annual per capita growth of 5.3 percent from 1986 to 2011 (McKinsey Global Institute, 2012). Moreover, its accession into international economic associations including the ASEAN Free Trade Agreement in 1996 and the World Trade Organisation (WTO) in 2007, in addition to challenges for institutional reform, has opened opportunities for increased production, cross-border trading, transformation of state-owned enterprises, equitisation, improved infrastructure, transfer of technology and employment creation (Nguyen & Pham, 2011). As far as the cultural and political context, the State Party still maintains a strong political ideology and hegemony and the country upholds its long-standing traditions and values of collectivism and the importance of family while receptive to Confucian, Buddhism and Western cultural values. From the social perspective, rapid economic development comes with a cost. Bribery and corruption, environmental pollution and ecological destruction, poor labour-relations and irresponsible business practices are emerging negative effects (Ngo, 2008). CSR has become a major concern
for the government, community and business after recent scandals involving the serious contamination of Thi Vai rivers, food poisoning and hazardous products (Ngo, 2008) and a marine life disaster resulting from a toxic spill by a foreign-invested steel mill (Tri, Dao, Van Ninh, & Sipko, 2017)

The Vietnamese garment and food industries are the focus of this research because of their economic and social significance as well as prevalent social issues. These industries play a significant role in the economy of Vietnam. The former is the second largest exporter after crude oil, accounting for about 13.18% of total exports valued at US$ 10 billion, 10% of GDP and 2.5 million jobs. The latter accounts for 20% of GDP and generates employment for 600,000 people (General Office of Statistics, 2013). Thus, both industries have significant social impacts regarding job and value creation. However, current production and management practices of industry players have worrying social implications. Concerns related to human rights, labour issues (minimum wages, insurance, occupational safety) and environmental problems have been raised by international governance agencies (Vietnam, 2010).

The current literature on CSR in Vietnam reveals a sketchy picture of how CSR is conceptualised, driven and implemented by business. Previous studies show various obstacles to CSR implementation including manager perceptions and organisational constraints. Significantly, CSR has been narrowly defined in economic terms as a responsibility to shareholders, customers and community or as corporate philanthropy rather than responsibility to the environment and employees (Bui, 2010a; Bui, 2008; Pham, 2011). A considerable number of managers still view CSR as a cost or a compliance issue pushed by global buyers rather than a sustainable investment to gain a competitive advantage (Pimpa & Hongladarom, 2013). Therefore, they appear passive and reluctant in the uptake of CSR (Twose, 2003). Moreover, domestic businesses are put at a disadvantage by foreign firms due to limited resources, inability to effectively compete, low economic efficiency and poor labour productivity and, therefore, struggle to survive in a global market (Fulop & Hisrich, 2000). Many firms, especially small and medium-sized enterprises (SMEs), are competing by reducing labour costs, human-resource development and environmental protection (Ngo, 2008). Organisational constraints for corporate engagement in CSR include lack of knowledge, resources, organisational capability and strategic planning (Nguyen, 2010a).

Apart from organisational factors, the institutional environment has also impacted on the adoption of CSR. First, CSR in developing countries is often pushed by multinational corporations (MNCs) by imposing compliance through codes of conduct (CoCs) on local suppliers (Hamm, 2012). In response to pressure from international actors, the Vietnamese
Government introduced the 21 Vietnam Agenda on Strategic Orientation for Sustainable Development in 2004 (Zimmer, Jakob, & Steckel, 2015). Furthermore, CSR has been the focus of various multi-party partnerships between non-government agencies like the United Nations Industrial Development Organisation (UNIDO), the Fair Labour Association, and local authorities including the Vietnam Chamber of Commerce and Industry (VCCI) and the Vietnam General Confederation of Labour (VGCL). However, there are no explicit CSR-related policies or requirements implemented by the Vietnamese Government (Pham, 2011), and this is exacerbated by a lack of specific regulations, poor law enforcement, corruption, bureaucratic barriers and inconsistencies between the national Labour Codes and CoCs. Overall, local CSR practices are exposed to several hindrances including ineffective regulatory frameworks, lack of institutional safeguards, low levels of economic development and poor public awareness, which typify a developing-country CSR context.

However, there is evidence that local companies are engaging in socially responsible practices (Azmat & Samaratunge, 2009). This has fuelled an interest to explore the motivations, approaches and implementation of CSR practices by these adopters. Moreover, as CSR is context-specific (Bansal & Roth 2000) and remains under-researched in developing countries (Jamali, 2007a), studies of CSR in Vietnam would enhance our understanding as different organisations, contexts and environments influence CSR perception, attitudes and motivation, which in turn affects CSR practices and strategies.

This thesis aims to explore motivations that shape CSR practices at the institutional, organisational and individual levels. It is, particularly intriguing to understand how CSR is conceptualised and implemented in the context of Vietnam with its hegemony of the State Party, the increasing power of different stakeholders and businesses, demographics, and relevant features.

Additionally, this thesis addresses the pressing need to contribute to an understanding of CSR implementation, explore the dynamics of CSR practices and factors that may influence CSR performance. First, since CSR is ‘not a single comprehensive activity but rather a bag consisting of many different activities that an organisation can select among’ (Lindgreen et al., 2009a, p. 252), it is worthwhile understanding which aspects CSR companies adopt or emphasise and how they prioritise their agenda which remains underexplored. Hence, this thesis provides an investigation of CSR from labour, environmental and social perspectives to understand the pattern of corporate actions and determine whether critical stakeholders influence on CSR practices. Furthermore, the thesis also investigates CSR performance from attitudinal, strategic and operational perspectives to gain an in-depth of its implementation. It aims to provide
practitioners with guidance on CSR implementation issues such as architecture, management, building and maintenance, re-positioning, communication and performance measures.

Since the focus of this thesis is CSR strategies adopted by Vietnamese companies, due to the scope of the research project and resource constraints, it was primarily conducted with a document analysis and in-depth interviews with senior managers who play a significant part in charting the corporate CSR agenda through the strategic management process (Singhapakdi, Gopinath, Marta, & Carter, 2008) as well as communicating CSR-related values to subordinate managers and the company (Waldman & Siegel, 2008).

1.2 Research Questions and Objectives

1.2.1 Research Objectives

Based on the extant literature, theoretical underpinnings and the context of Vietnam, the research aims to study why and how Vietnamese food and garment companies adopt CSR practices. The objectives are:

(i) To investigate the types and forms of CSR activities and strategic postures that Vietnamese garment and food companies adopt;

(ii) To assess the motivations and the roles of variables, including institutional, organisational and individual factors that drive certain CSR strategies or practices, thereby shedding light on whether internal (individual and firm characteristics) or external factors (context) determine the adoption of CSR strategies by Vietnamese food and garment firms;

(iii) To identify and examine how Vietnamese companies perform CSR activities from attitudinal, strategic and operational aspects;

(iv) To explore other factors that may influence CSR performance; and

(v) To identify similarities and differences in CSR motivations, strategies, practices and performances between the garment and food industries.

On the accomplishment of these objectives, the thesis can shed light on whether current CSR initiatives and programmes are adequate and effective and identify key factors that stimulate successful implementation of CSR in the Vietnamese manufacturing industry.

1.2.2 Research Questions

Given the lack of studies on what factors drive CSR strategies and incomplete literature on performance, the primary research questions in this thesis are: Why and how do Vietnamese garment and food firms adopt CSR practices? The following sub-questions support the primary research question:
1. What are the current CSR practices and strategies adopted by Vietnamese garment and food companies?

2. What are the motivations and key drivers at the institutional, organisational and individual levels for Vietnamese companies to adopt CSR practices?

3. What are the factors influencing the social and environmental performance of these companies?

4. What are differences in CSR motivations, strategies, practices and performances between the Vietnamese garment and food industries?

1.3 Approaches to Inquiry

The thesis employed a qualitative research design with a multiple-case approach as this helped deepen the understanding of how Vietnamese companies adopt CSR (Yin 2003, p. 40). Multiple sources of data collection, including in-depth interviews, document analysis and field notes were used simultaneously. Six CSR-embracing large or medium companies (three of each in the garment and food industries across three major economic regions) were deliberately chosen to gain an insight into the phenomenon (Patton 2002). The researcher conducted 43 interviews with 28 managers from the six companies and four CSR experts from UNIDO Vietnam, BetterWork Vietnam, VCCI and the Vietnam Textile and Apparel Association (VITAS). Research ethics approval was granted in January 2015, before data collection by the RMIT Human Research Ethics Committee (No. 19081) (Appendix 5). The study employed two complementary coding techniques, manual and electronic (NVivo Version 10) to help the researcher analyse and manage the large amount of qualitative data, develop preliminary coding ideas, and further develop the codes. Moreover, two data analysis techniques, thematic and content analyses were employed to identify important concepts/themes and minimise selective perception bias. Several strategies were adopted to enhance the credibility of the study including systematic coding, coding validation, respondent validation and pattern matching.

1.4 Outline of the Thesis

This thesis comprises eight chapters including this chapter (Chapter 1)

Chapter 1 – Introduction. This chapter provides a discussion of the research context, the research overview and scope of the study. It also presents the objectives and research questions.

Chapter 2 – Literature Review. This chapter presents a critical review of the literature about CSR-related concepts, its development, approaches and critical perspectives. In particular, one hundred and ninety-five CSR-related articles from eighteen top-tier journals published over the past two decades were systematically reviewed with a focus on the key drivers or motivations
identified in both developed and developing countries. The chapter also discusses several streams of CSR theories, including institutional theory, stakeholder theory, resource-based theory and upper-echelon theories, as theoretical lenses for the study.

Chapter 3 – Vietnam Research Context. This chapter provides an overview of the institutional context for CSR in Vietnam including important economic and political developments, and formal (laws and regulations) and informal institutions (social and cultural). It also presents the current state of CSR practices, the roles of key CSR stakeholders and a description of the two industries including their economic and social significance.

Chapter 4 – Research Methodology. This chapter provides justifications for the research methodology. First, it discusses the selection of qualitative research, the selection of the research paradigm and the research design strategy. It then explains the selection of multiple-case studies and the three research methods employed in collecting the data, such as interviews, document analysis and field notes. Several techniques pertaining to the credibility of the qualitative research is also discussed, and the chapter also illustrates how data were analysed and triangulated. Finally, ethical considerations for conducting the research study are discussed and outlined.

Chapter 5 – Food Industry Case-study Analysis and Findings. The chapter presents data analysis and findings from the three food company in-depth interviews, document analysis and field notes regarding CSR practices and strategies (labour, environment and social aspects) and the key drivers as perceived by interviewees in relation to institutional, stakeholder, organisational and individual perspectives. It also provides a detailed description of CSR implementation from attitudinal, strategic and operational aspects and explicates the factors influencing CSR performance. The chapter is organised on a case-by-case analysis. Each case study comprises the case background, findings, discussion and summary. The single-case analyses and discussions are then followed by a cross-case analysis and discussion to identify similarities and differences.

Chapter 6 – Garment Industry Case-study Analysis and Findings. This chapter presents and discusses the empirical findings for single and cross-case analyses for the three garment companies as well as a cross-industry analysis and discussion. First, it presents data from the garment company in-depth interviews, document analysis and field notes regarding CSR practices and strategies (labour, environment and social aspects) and the key drivers as perceived by the manager-participants in relation to institutional, stakeholder, organisational and individual perspectives. To support the discussion on CSR strategies and performance, it describes CSR implementation from attitudinal, strategic and operational aspects and explicates the factors that
influence CSR performance. Each case study comprises a case background, findings, discussion and summary. The single-case analyses are then followed by a cross-case analysis and discussion.

**Chapter 7 – Cross-industry Analysis and Findings.** This chapter integrates the findings from all single cases to address the research questions of the study. It also provides a cross-industry analysis to shed light on the similarities and differences of CSR practices between the two industries. The chapter concludes with a discussion of the findings from the cross-case analysis in the context of extant literature, and a chapter summary.

**Chapter 8 – Conclusion, Implications and Future Research Areas.** This chapter provides an overview of the entire thesis and draws key conclusions in response to the primary research question based on findings from Chapters 5, 6 and 7. Also, the theoretical contributions and practical implications are presented and discussed, including limitations and recommendations for future research.

**1.5 Summary**

This chapter presented an overview of the thesis. It provided a discussion of the research background and presented the research questions and objectives. Finally, it outlined the structure of the remaining chapters. The next chapter presents a comprehensive literature review of existing CSR studies.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides a review of CSR literature with a focus on CSR concepts, practices, strategies and performance. It also discusses multilevel antecedents of CSR and the four theories widely used in CSR studies. The chapter develops a conceptual model based on the literature review and identifies gaps to explore further key factors influencing CSR adoption by the Vietnamese garment and food companies.

2.1 CSR Conceptualisation, Practices and Strategies

CSR definitions and practices are dynamic and constantly modified, revised and adopted in response to the diverse needs and requirements of the business environment and society (Arena et al., 2018). The following sections elaborate CSR definitional development and practices in developing countries regarding types, forms and strategies.

2.1.1 CSR: Historical and Theoretical Developments

Although the concept of CSR can be traced back over hundreds of years, its modern formulation may be attributed to Howard Bowen in his 1953 book *Social Responsibility of the Businessmen* (Carroll, 2015). CSR in the 1950s was characterised by the nominal practice of corporate philanthropy and educational support considered desirable by society.

The 1960s were marked by rising social consciousness and closer scrutiny of business behaviour. CSR was driven by social movements and a higher-level of activism pertaining to civil rights, women’s rights and an expectation of environmental protection. CSR was redefined more accurately by Davis (1960, p. 70) as ‘businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest’. This period witnessed continued corporate initiatives in philanthropy and community relations. McGuire’s (1963) idea of social responsibility was a remarkable development. He stated that ‘the corporation has not only economic and legal obligations; a corporation must take an interest in politics, in the welfare of the community, in education, in the happiness of its employees, and, in fact, in the whole social world about it’ (1963, p. 144). This observation identifies the responsibilities to different stakeholders that a corporation must address.

The 1970s saw new social regulations in the US to address and formalise the responsibilities of businesses. Examples include the Environmental Protection Agency, the Consumer Product
Safety Commission, the Equal Employment Opportunity Commission and the Occupational Health and Safety Administration (Carroll, 1999). This decade also marked the era when companies responding to institutional pressures started to ‘manage their corporate social responsibility’ in a formal manner (Carroll, 2015). Carroll’s (1979) four dimensions of corporate social responsibility was a remarkable definitional contribution. He writes that CSR is ‘the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time’ Carroll (1979, p. 500). Another significant advancement in CSR conceptualisation was the CSR concept developed by the Committee for Economic Development in its 1971 publication Social Responsibilities of Business Corporations. It observes that ‘business functions by public consent and its basic purpose is to serve constructively the needs of society—to the satisfaction of society’ (1971, p. 11). This suggests that the role of the social contract between business and society in affects the conceptualisation of CSR. The landmark CSR research definition in this period was the introduction of Wallich and McGowan’s (1970) new rationale for CSR adoption: the enlightened self-interest model. It postulates that CSR adoption is consistent with stockholders’ long-term interests since a company can gain critical support for long-term success when it takes care of the environment (Lee, 2008).

In the 1980s, there was significant public interest in the role of businesses that drove CSR uptake beyond philanthropy. Due to the prevalence of business scandals, more attention was paid to the causes and remedies of illicit corporate behaviours (Carroll, 2015). The conceptual development of CSR was marked by the inclusion of corporate social responsibilities, ethical issues, corporate social responsiveness and social issues in Wartick and Cochran’s (1985) framework of principles, processes and policies.

The 1990s underwent significant changes due to globalisation and the technological power of internet and E-commerce. The period was characterised by new levels of CSR development in the US and abroad. Common trends in this period featured the institutionalisation of CSR in business thinking and operations, the inclusion of women, minorities consumer protection and environmental sustainability in the corporate agenda, and the strategic adoption by top management of the business case for CSR (Carroll, 2015).

The turn of the century saw increasing importance and attention concerning corporate governance and the strategic reconciliation of CSR with profitability (Carroll, 2015). The early years of the twenty-first-century witnessed a number of ethics scandals and consequent collapses of big US corporations and this made corporate governance a central issue, triggered greater public scrutiny of corporate behaviour and increased the pressure on business to adopt CSR. For example, the corporate scandals at Enron, WorldCom and other corporations resulted in a huge
decline in public trust and fuelled the critical need for business ethics exercised by the top management (Carson, 2003). However, at the same time, there was more interest in coupling CSR and corporate performance (Lee, 2008). CSR is not only conceived as a corporate moral responsibility for greater social good or business manager largess, but as a strategic resource to improve the bottom-line performance of corporations (McWilliams, Siegel, & Wright, 2006). The Cisco Systems’ Networking Academy was a classic example of its effective use of its distinctive assets, expertise and worldwide presence to create far-reaching education initiatives to high schools, students, teachers and local communities. It provided networking facilities, networking skill training and recruitment support for people in disadvantaged communities. Its social programs only generated significant social benefits but also leveraged its operation efficiency and reputation (Porter & Kramer, 2002).

The twenty-first century also witnesses increased interest among businesses to integrate CSR in corporate strategy for risk management and corporate reputation. Companies which actively engage in social activities in environment and stakeholder management tend to reduce business risks like government intervention, labour unrest and adverse environmental impact (Orlitzky & Benjamin, 2001). This is because companies nowadays face with more expectations and heightened salience of not only primary stakeholders but also secondary stakeholders like regulators, communities, activists and other non-government organisations (Thijssens, Bollen, & Hassink, 2015). Hence, CSR disclosure and increased corporate investment in CSR activities can generate important informational signals to stakeholders in their assessment of corporate reputation. Proactive CSR practices have been found to create more shareholder value and market value particularly in the face of negative corporate (Godfrey, Merrill, & Hansen, 2009).

CSR constructs are subject to continual changes consistent with shifting expectations in the business, social and political context of globalisation (Mazutis & Zintel, 2015). Overall, there are three approaches adopted by scholars to address the issue of whom corporations have a responsibility toward: (1) the shareholder approach (2) the stakeholder approach and (3) the societal approach. The shareholder approach holds that corporations are only responsible to shareholders as they are privately owned by shareholders and not created by society (Evan & Freeman, 1988). Hence, businesses should only be engaged in CSR if shareholders allow them to do so for their long-term benefit. On a different note, the stakeholder approach maintains that a company is responsible to its shareholders and any relevant stakeholders being ‘any groups or individuals who can affect or are affected by the achievement of the company objectives’ (Freeman 1984, p.25). The societal approach focuses on the responsibility of companies to the greater society, of which business forms an integral part (Freeman, 1984). It suggests that companies should address the needs of society because they rely on society to grant their licence
to operate. This approach is a response to a myriad of social issues facing companies who operate in current complexity of social contexts including labour issues, human rights and ethical consumerism (Carroll & Buchholtz Ann, 1993).

For the purpose of this study, the researcher adopted Blowfield and Frynas (2005a, p. 503)’s CSR framework where companies have a responsibility (a) for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) for the behaviour of others with whom they do business; and (c) to manage their relations with the wider society, whether for reasons of commercial viability or to add value to society. This definition best fits the objectives of the thesis which is to focus on the social and environmental practices and strategies of Vietnamese garment and food companies. Also, it also allowed the researcher to explore different motivations for CSR adoption.

2.1.2 CSR Practices in Developing Countries

CSR in the mainstream literature is well developed and largely characterised by ‘Western frames, nuances and connotations’ (Jamali, Karam, Yin, & Soundararajan, 2017, p. 344). However, there has been scepticism regarding the transference of CSR frameworks from developed to developing countries (Idemudia, 2011). In fact, the distinctive socioeconomic, historical and political realities of developing countries shape unique forms of responsible business practices in addition to adaptations of globally dominant CSR practices in local contexts (Jamali & Neville, 2011). The extant literature on CSR in the developing-country context has seen a nuanced conceptualisation of CSR as a ‘complex phenomenon that is contextual and multimodal and often initiated in collaboration with others inside and outside the corporation’ (Jamali et al., 2016, p.13).

Jamali et al. (2017) maintain that CSR ideas and practices, as circulated across national boundaries and institutional orders, are translated and adapted from generalised notions to embedded practices with local meaning. For instance, recent studies indicate variations in both CSR conceptions and practices in developing countries (Jamali & Karam, 2016); the varied and indigenous forms of CSR activities of small-to-medium size enterprises (Karam & Jamali, 2017), the culturally-based socially responsible or irresponsible practices of local companies within specific nations (Husted, 2015) and the distinct CSR profiles of developing-country multinational enterprises compared to their developed-country counterparts (Preuss, Barkemeyer, & Glavas, 2016). Low, Idowu, and Ang (2013) describe various ways of addressing CSR in six Asian countries in their book Corporate Social Responsibility in Asia. For example, South Korea’s CSR features philanthropic activities, whereas Singapore is strong in developing and executing legal principles and a governance framework for CSR. China tends to focus on
ways to tackle the quality control of irresponsible companies who produce dangerous products for human consumption while India faces the issues of identifying the needs of rural society, lack of transparency and accurate measurement of CSR initiatives (Low et al., 2013).

There is empirical evidence of companies in developing economies adopting CSR initiatives as a way to gain social legitimacy and competitiveness (Su, Peng, Tan, & Cheung, 2016). In the inefficient institutional contexts, engaging in socially-oriented activities (labour, environment and community) could generate positive signals on company performance (Margolis, Elfenbein, & Walsh, 2009). This is because by adopting CSR practices, they not only demonstrate their capacity to fill the institutional voids but also their capability to go beyond the traditional legal and economic responsibilities (Su et al., 2016). In particular, multinational enterprises from developed and developing countries are likely to use CSR as a signal for their legitimacy in host countries (Doh et al., 2016).

To gain a better understanding of current CSR practices in the local context, the researcher adopted Matten and Moon (2008b) implicit and explicit model of CSR categorisation to discuss the variety of its practices.
2.1.3 Types and Forms of CSR Practices

Matten and Moon (2008) suggest that the differences in CSR practices between countries can be viewed from the type of CSR they adopt: implicit or explicit. Using the US and European countries as examples, they argued that businesses operating in European countries tend to adopt CSR practices more implicitly because they are embedded in law, regulations, and collective agreements, while those operating in the US tend to embrace CSR practices more explicitly than their European counterparts. These differences exist due to the differences in national business systems. Matten and Moon (2008b, p. 410)’s classification of implicit and explicit CSR offers insight into the differences between countries. More particularly, explicit CSR practices are ‘corporate policies that assume and articulate responsibility for some societal interests’ whereas implicit CSR is referred to as the corporation’s role within the wider formal and informal institutions for society’s interests and concerns’. In other words, implicit CSR involves more of a ‘reaction’ or ‘reflection’ of a corporation’s institutional environment, as opposed to explicit CSR which involves a deliberate, voluntary, and often strategic corporate decision (Matten & Moon, 2008, p. 409). Nevertheless, the distinction cannot explain why organisations operating within the same country adopt different CSR practices. Table 2.1 provides a comparison of implicit and explicit CSR.

Table 2.1: Explicit and Implicit CSR

<table>
<thead>
<tr>
<th>Explicit CSR</th>
<th>Implicit CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describes corporate activities that assume responsibility for the interests of society</td>
<td>Describes a corporation’s role within wider formal and informal institutions for society’s interests and concerns</td>
</tr>
<tr>
<td>Consists of voluntary corporate policies, programmes, and strategies</td>
<td>Consists of values, norms, and rules that result in (often codified and mandatory) requirements for corporations</td>
</tr>
<tr>
<td>Incentives and opportunities are motivated by the perceived expectations of different stakeholders of the corporation</td>
<td>Motivated by the societal consensus on the legitimate expectations of the roles and contributions of all major groups in society, including corporations</td>
</tr>
</tbody>
</table>

Source: (Matten & Moon, 2008, p. 410)

On a more specific note, implicit CSR is also investigated regarding formal and informal
practices, with the former embedded in regulatory systems and the latter being responses to cultural and social norms and religious issues. For example, Vives (2006) and Tran & Jeppesen (2016) highlighted the presence of informal CSR practices in the developing-country context of Latin America, South Africa and Vietnam.

The recent literature also provides some variations of explicit CSR practices. Jamali and Mirshak (2007) describe CSR practices in the Lebanese context as discretionary without a focused, systematic or institutionalised approach. In this respect, Russo and Tencati (2009) also observe that informal CSR practices are based on ad-hoc decisions, rather than integrated into management, and are often peripheral to the business strategy and daily operations and routines. A more formal variant of explicit CSR practices is often stated in organisational policies, structured and embedded in formal management systems and integrated into the business strategy, daily practices and routines (Aguinis & Glavas, 2013).

As discussed above, the categorisations of CSR practices by implicit versus explicit and formal versus informal types provides an insight into the nature, characteristics and patterns of CSR activities. These distinctions could facilitate an understanding of CSR strategies in developing countries where its expressions can be nuanced, implicit, silent and invariably contextualised as influenced by multilevel factors and actors (Jamali & Karam, 2016).

### 2.1.4 CSR Strategy

The concept of CSR strategy appears to be underdeveloped with no prevailing definition. The strategy is defined by Miles and Snow (1984, p. 11) as ‘the basic alignment mechanism’ between an organisation and its environment. Since this study aims to explore company strategic approaches to CSR, its strategy can be referred to as a plan or a course of actions that enables a company to be aligned with its social environment, specifically the expectations of its stakeholders.

CSR literature, including environmental management, describes various typologies for classifying company approaches and practices to these issues. Carroll (1979, p. 502) proposes a model to address the economic, legal, ethical and discretionary responsibilities using four strategies: reactive (‘fight all the way’), defensive (‘do only what is required’), accommodative (‘be progressive’) and proactive (‘lead the industry’). Schermerhorn (2005) also developed a similar taxonomy of CSR strategies from the work of Gatewood and Carroll (1981); these include the categories of obstructionist, defensive, accommodative and proactivity. An obstructionist strategy reflects a focus on economic priorities and resistance to social responsibility. A defensive strategy refers to a company’s compliance with minimum legal requirements such as regulations, competitive market pressures and activism. An accommodative
strategy indicates an approach by companies to embrace social responsibilities and ethical expectations as a response to external pressures. A proactive strategy refers to a leadership role in social issues (Schermehorn, 2005, pp. 75-76). Likewise, on the basis of the four generic strategic postures suggested by Carroll (1979); Wartick and Cochran (1985), several authors also proposed a corresponding categorisation of company strategies or postures to the management of the natural environment (Azzone & Bertele, 1994; Hunt & Auster, 1990; Roome, 1992).

The recent body of knowledge has witnessed an emerging trend of research into the integration of CSR strategies with business strategy and a shift from an ethical to an instrumental approach. For instance, Lantos (2001) differentiates three categories of CSR strategies as ethical, altruistic, and strategic from an intrinsic and extrinsic value orientation. A study by Galbreath (2009) provides a discussion of CSR strategies in the context of company strategic management. The literature indicates a trend to investigate CSR as a voluntary, proactive and strategic option for companies. Remarkable work by Husted and Allen (2010) provides a meaningful discussion of how CSR can be tied to sustainability through a management process that simultaneously deals with corporate, economic and societal issues. However, the authoritative study put a strong focus on multinational rather than local companies (Doh, 2012; Pérezts, 2011).

Clarkson (1995, p. 87) suggests that CSR strategies can be ‘demonstrated by the presence or absence of policies and programmes concerning relevant issues and the by corporation’s performance in implementation’. Thus, to understand corporate strategic postures to CSR, this thesis employed the Reactive-Defensive-Accommodative-Proactive (RDAP) scale developed by Clarkson (1988, 1991) from the work of Wartick and Cochran (1985) and Carroll (1979). This prevailing categorisation (shown in Table 2.2) provides a convenient way to understand a company’s CSR posture or the level of responsibility that a company demonstrates in its management of stakeholders and social issues.

**Table 2.2: The Reactive-Defensive-Accommodative-Proactive (RDAP) Scale**

<table>
<thead>
<tr>
<th>Categorisation</th>
<th>Posture/Strategy</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Reactive</td>
<td>Deny responsibility</td>
<td>Doing less than required</td>
</tr>
<tr>
<td>2 Defensive</td>
<td>Admit responsibility but fight it</td>
<td>Doing the least that is required</td>
</tr>
<tr>
<td>3 Accommodative</td>
<td>Accept responsibility</td>
<td>Doing all that is required</td>
</tr>
<tr>
<td>4 Proactive</td>
<td>Anticipate responsibility</td>
<td>Doing more than is required</td>
</tr>
</tbody>
</table>

*Source: Clarkson (1995, p. 109)*
As far as CSR performance is concerned, the thesis adopted Clarkson’s (1995) approach to measuring stakeholder satisfaction by evaluating the data record concerning the actions of a company in respect of managing stakeholders. The absence or availability of company data about an issue may imply whether it was managed or not or may suggest whether a stakeholder issue was sufficiently important to the company survival and success (Clarkson, 1995).

Also, the extant literature suggests that what a company’s past and present actions could demonstrate its commitment to socially responsible behaviour. In particular, the company CSR practices in respect of structure, communication, executive management support and strategic planning and formalisation indicate the company’s strategic posture to CSR (Henriques & Sadorsky, 1999). For instance, a company statement on its commitment to environmental management by the formulation of an environmental plan may suggest executive management priority and their commitment to building an effective environmental management system with clear and specific goals communicated throughout the company (Mastrandonas & Strife, 1992).

To summarise, this thesis explores how local companies adopt CSR strategy through an investigation of company processes (planning, structure, communication and formalisation) as well as policies and programmes about different stakeholder groups. The two terms ‘CSR strategy’ and ‘CSR strategic posture’ are used interchangeably hereinafter.

2.1.5 Critical Perspectives on CSR

The extant literature reveals two schools of criticism toward CSR: ‘CSR is bad capitalism’ and ‘weak CSR is bad development’ (Blowfield & Frynas, 2005b). The former perspective reflects Milton Friedman’s view that the ultimate goal of a business to increase profits. Friedman (2009) indicates that CSR is a ‘misguided in principle’ because it may hurt shareholders since pursuing social and environmental objectives results in lower profits. Moreover, businesses do not have sufficient capabilities to tackle social issues. The latter perspective contends that current CSR is not adequate in relation to the broader social impact companies are expected to produce. In particular, corporate planning and implementation of social programmes are deficient and State involvement, monitoring and enforcement are still lacking (Barrientos, Dolan, & Tallontire, 2003).

It is argued that although companies have recently been urged to move beyond their traditionally primary economic role to address social issues like poverty, human rights and climate change, there is a limit to their CSR engagement (Subhabrata Bobby, 2014). This is explained by the fact that the current form of companies with the primary goal of profit generation makes it inappropriate for them to act as agents for positive social change. Subhabrata Bobby (2014) argues that corporate focus on primary stakeholders who may influence its financial or
competitive position leaves little or no resources to tackle the social issues of marginalised stakeholder groups. In this vein, Margolis and Walsh (2003) maintain that ‘the practical necessities of stakeholder theory have meant that normative justifications beyond that of providing shareholder value have not gained significant ground in theory or practice’ (cited Subhabrata Bobby, 2014, p. 266). On this view, the company rationale is that since it ‘can do good only to help itself do it well, there is a profound limit on just how much good it can do’ (Bakan, 2012, p. 50). Also, the political economy in which companies operate with a normative framework of public-decision making means that the power dynamics between market, state and civil society actors can determine what a company can or cannot do to produce positive social change (Bobby Banerjee, 2014).

The following sections discuss institutional theory, stakeholder theory, resource-based views and upper-echelon theories to propose external and internal antecedents of CSR uptake and, thereby, address the research question of how and why companies behave in certain ways as far as CSR is concerned.

2.2 Antecedents to CSR Adoption and Performance

Responding to the call for integration of different levels of analysis and the ‘context-embedded’ perspective, this thesis provides a theoretical synthesis to explain the crucial factors driving CSR practices and gain an in-depth understanding of CSR implementation. Notwithstanding a vast body of research, our knowledge on CSR is fragmented because a significant number of studies focus on a single level of analysis (either institutional, organisational or individual) and use different theoretical foundations (Aguinis & Glavas, 2012). In particular, the extant literature on CSR that relies on just one theory may not provide an adequate explanation for variations in corporate CSR strategy (Greenwood & Hinings, 1996; Oliver, 1991). Moreover, there is also a lack of research into multilevel factors including organisational and individual factors which may be determinants of CSR engagement (Delmas & Toffel, 2010).

Also, current studies suggest that CSR in developing countries emerges as a ‘distinctive field of study’ with complex institutional antecedents and multiple actors that drive variations in CSR expressions (Jamali & Karam, 2016). Therefore, this thesis aims to identify factors determining the underlying processes of CSR adoption on the three levels, institutional, organisational and individual.

2.2.1 Institutional Level: Institutional Pressures and CSR

After more than three decades of constructive development, there has been a shift of focus from whether CSR makes a business case, to the drivers of CSR initiations and corporate engagement
in social change (Aguilera, Rupp, Williams, & Ganapathi, 2007; Alshareef, Sandhu, & Bazhair, 2012). Empirical studies of CSR have revealed a wide array of factors categorised as drivers/motivators of CSR awareness, engagement and responsiveness. Such divergence in influencing factors may be justified by the fact that motivations are context and culture-based (Lynes & Andrachuk, 2008).

Various studies have investigated different catalysts of CSR. There is general agreement in the literature that CSR engagement cannot be thoroughly understood if only single level factors are investigated (Alshareef et al., 2012; Chen & Delmas, 2011). This could be because companies operate in complex multilevel environments with both macro and micro-level factors which influence strategic decisions (Dabas, 2011). In fact, the literature indicates there is a paucity of research that focuses on the multilevel dynamics of CSR practices (Chih, Chih, & Chen, 2010; Muller & Kolk, 2010; Starik & Rands, 1995).

2.2.1.1 Institutional Theory and CSR

Institutional pressure has been popular in CSR studies, especially corporate environmental performance (Henriques & Sadorsky, 1996; Jennings & Zandbergen, 1995; Roxas & Coetzer, 2012). Moreover, as Judge Jr and Zeithaml (1992) posit the ‘institutional perspective is a relatively deterministic theoretical framework’ that may drive organisations to adopt certain practices consistent with the institutional environment. As organisations are no longer viewed as just ‘a technical system, a production and/or exchange system of their task environments … shaped by their technologies, their transactions or the power-dependence relations growing out of such interdependence’, they are embedded in the nexus of social systems that are ‘multiple, enormously diverse and variable over time’; and consequently they ‘define and delimit social reality’ (Fauzi, 2010 p.507-508). As a result, the presence and power of the institutional environment are significant to understand the causal factors that shape organisational structure and practices.

The institutional theory focuses on the interaction of an organisation with its environment. Scott (1995, p.33) posits that ‘institutions consist of cognitive, normative and regulative structures and activities that provide stability and meaning to their social behaviour’. Scholars in different disciplines hold different approaches to institutional analysis. The institution as a regulatory system approach refers to rules and law mechanism developed to govern and control behaviours of individuals and collective actors (like companies), especially in relation to conflicts of interest (Scott, 2013). From a different perspective, institutions as normative systems encompass values, beliefs, expectations and social patterns of behaviour which are based on the premise that social norms govern individual choices, values and restrictions (Bingham, Gibb Dyer, Smith, &
Adams, 2011). Similarly, Parson (1951) and Buono (2005) in their study of organisations maintain that the organisational set of values is aligned with society’s values. While the first two approaches put more focus on institutions as collections of regulations or norms, the third approach deals with the cognitive-knowledge system which controls behaviour by controlling our conception of what the world is and what kind of actions can be taken by various actors types (Bingham et al., p.18). Thus, companies adopt actions as dictated by the regulatory bodies of social constituents either to gain legitimacy or to reduce environmental uncertainties (DiMaggio & Powell, 1983).

Legitimacy is defined as ‘a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially-constructed system of norms, values, beliefs, and definitions’ (Suchman, 1995, p. 574). The basic tenet of business legitimacy is the ‘congruence between the social values associated with or implied by [organisational] activities and the norms of acceptable behaviour in the larger social system’ (Dowling and Pfeffer, 1975, p. 122) Legitimacy, in fact, serves as an important explicator in neo-institutional theory (Deephouse & Suchman, 2008; Meyer & Rowan, 1977). Companies are strongly motivated to gain legitimacy from social constituents since legitimacy results in enhanced access to social resources and market, latitude to pursue their business activities and, hence, better prospects for long-term survival and growth (Brown & Deegan, 1998; Meyer & Rowan, 1977). Moreover, companies have a cognitive need for social legitimacy in order to gain substantive and tangible benefits such lower compliance costs and higher stock market evaluations (Staw & Epstein, 2000; Tuschke & Sanders, 2003) or symbolic and intangible benefits like brand and public endorsement and good repute (Ashforth & Gibbs, 1990; Fiss & Zajac, 2006); these collectively result in a competitive advantage (Heugens & Lander, 2007). It can be observed that a company chooses to conform to external pressures survival a strategic advantage. Management of environmental uncertainties, better access to available resources and interdependencies may induce compliance with institutional pressures (DiMaggio & Powell, 1983; Salancik & Pfeffer, 1978). Hence, the institutional theory is suited to studies aimed at explaining external influences on company actions and strategies.

### 2.2.1.2 Institutional Pressures and CSR

There is a rich body of research concerning institutional influences on corporate social behaviours and environmental or ecological responsiveness which are aspects of CSR (Bansal & Roth, 2000b; Campbell, 2007; Chiu & Sharfman, 2011; Clarkson, Li, Richardson, & Vasvari, 2011; Darnall, Henriques, & Sadorsky, 2010; Henriques & Sadorsky, 1996; Murillo-Luna, Garcés-Ayerbe, & Rivera-Torres, 2008; O'Shaughnessy, Gedajlovic, & Reinmoeller, 2007;
Perez-Batres, Doh, Miller, & Pisani, 2012a; Perry & Towers, 2009). This is because since companies are ‘embedded in different national systems, they will experience divergent degrees of internal and external pressures to engage in CSR initiatives’ (Aguilera et al., 2007, p. 836). These studies suggest that socially responsible behaviours are driven by various forms of organisational legitimacy (Aguilera & Jackson, 2003; Chiu & Sharfman, 2011; Luo & Bhattacharya, 2006) and that companies are motivated to abide by institutional rules and practices for actual and symbolic legitimacy (Dabas, 2011). Contrary to the classical economic view that companies are rational and have the primary role of maximising shareholder value and thus would not engage in CSR, their socially responsible behaviours are induced by formal and informal rules set by institutions.

This thesis is premised on CSR literature and institutional theory. In particular, the researcher draws on DiMaggio and Powell’s (1983) model of institutional pressures as determinants of CSR. The model suggests three mechanisms each with their own antecedents: (1) coercive isomorphism induced by regulatory pressure; (2) mimetic isomorphism by competitive pressures; and (3) normative isomorphism by social pressures. The following section provides a discussion of how institutional pressures induce socially responsible behaviour among companies.

**Regulatory pressures**

Regulatory pressures are the most visible form of institutional pressures enforced on companies via legislation, legal systems, rules and policies (DiMaggio & Powell, 1983; Heugens & Lander, 2007). The diffusion of responsible practices are facilitated by mandatory compliance such as pollution control practices, safety standards and government mandates on human-resource practices which exemplify coercive pressures. Companies are forced to adopt uniform structures and practices to conform to the requirements of regulatory institutions (Meyer & Rowan, 1977). Otherwise, penalties in forms of fines and punishments applied to impose restrictions on company behaviour. Furthermore, failure to comply with regulatory pressures would expose companies to unfavourable public opinion, social rejection and, thereby, threaten their symbolic legitimacy or reputation. This is because issues noncompliance, corporate misbehaviour and regulatory penalties can be publicised very quickly through the prevalence of mainstream and social media. For example, a study by Williamson, Lynch-Wood, and Ramsay (2006) revealed that companies would not adopt environmental-friendly practices unless noncompliance resulted in financial penalties. Matten and Moon (2008b) illustrated the role of government policies in the implementation of CSR in Europe and the US with the concepts of implicit and explicit CSR. Similarly, Campbell (2007) suggests that regulatory pressures can shape CSR initiatives. He
maintains that well-enforced regulation with continuous monitoring is required for inducing firms to be more socially responsible. On the same note, qualitative studies indicate that the local institutional context influences the extent of CSR behaviour by drawing on Scott’s (2001) three elements of regulatory, normative and cognitive principles (Kim, Amaeshi, Harris, & Suh, 2013; Muthuri & Gilbert, 2011; Yin & Zhang, 2012). In particular, it is evidenced that institutional factors have coercive power on CSR approaches and that a lack of a regulatory system with an enforcement mechanism is conducive to poor CSR practices. This conclusion is consistent with both Bansal (2005) and Campbell (2007) who argue that regulatory sanctions (fines and penalties) and regulatory monitoring and enforcement systems serve as important instigators of CSR-related behaviours. In particular, it is evidenced that regulatory pressure is the most cited driver of environmental management practices (Henriques & Sadorsky, 1996). For example, Christmann and Taylor (2001) found that a higher-level of stringency of government environmental regulations, as perceived by managers, leads to more stringent internal environment company policies.

Social pressures

DiMaggio and Powell (1983) suggest that existing social norms or socially defined work condition or standards are driving forces of normative isomorphism among companies. The normative elements ‘introduce a prescriptive, evaluative and obligatory dimension into social life’ (Scott 2008, p. 51). The presence of expectations and informal rules of social networks (social groups, suppliers, customers or trade associations) induces the adoption of similar behaviour among companies in order to gain social legitimacy. The extant literature indicates that the adoption of socially-responsive behaviours may be influenced by the institutionalisation of normative standards for CSR practices through trade publications, the education system and trade association membership (Campbell 2007). For instance, a low diffusion of CSR practices could be attributed to low social pressures from activists (NGOs, consumer and employees) and the institutionalisation of those practices (Jamali & Sidani, 2008) whereas the increase of CSR initiatives in European countries could be explained by the high degree of CSR institutionalisation. Compliance with social norms and responsiveness to social issues help companies gain symbolic legitimacy, better brand image and social approval. In particular, with the increasing power of mainstream and social media, reputational risk could be one of the most significant drivers of CSR uptake (Graafland & Smid, 2004). Also, different industries feature various levels of visibility regarding impact and risk (e.g., environmental, operational and financial) as well as the extent of its influence on customers and employees, and the revenues or taxes it produces. As a result, it may come under various levels of public scrutiny. Companies in more visible industries appear to be under a higher pressure to act in a more socially responsible
way. Moreover, there may be industry-specific regulatory rules, or the industry associations may develop their own CoCs and regulations. These mechanisms pressures industry members to be more socially responsible (Campbell, 2007). An empirical study of 4000 companies in the chemical, textile and pulp and paper industries by Lenox and Nash (2003) revealed that companies, especially the large companies in polluting industries are more likely to join self-regulatory programmes.

**Competitive pressures**

Majumdar and Venkataraman (1993) contend that competitive pressures induce the adoption of popular practices. Companies, especially in times of uncertainty, are inclined to adopt business practices of similar organisations or imitate the strategies of other successful companies as a benchmark to economise on research costs or offset potential unforeseeable losses (DiMaggio & Powell, 1983; Haveman, 1993; Heugens & Lander, 2007). Hence, the competitive strategies of successful businesses induce mimicking, modelling or mimetic isomorphism. This form of isomorphism is documented by the most influential institutional literature (Heugens & Lander, 2007). Companies are motivated to adopt successful strategies from their competitors since they expect to gain substantial benefits by (a) minimal research costs involving the identification of most appropriate strategies and (b) potential returns on investment as reaped by competitors, while at the same time gaining legitimacy (Heugens & Lander, 2007). Existing CSR literature indicates that competitive pressures have an impact on CSR practices (Jamali & Sidani, 2008; Matten & Moon, 2008b). In particular, the diffusion of CSR practices in Europe was found to be influenced by competitive pressures (Jamali & Sidani, 2008). Moreover, due to the information externality condition, under which information concerning appropriate actions to respond to market demands and their outcome are not available, companies tend to adopt ‘herd behaviour’ by following successful or experienced competitors (Misani, 2010). The adoption of self-regulated programmes like ISO certification and the sustainability standard such as Global Reporting Initiatives (GRI) or the Dow Sustainability Index exemplifies competitive isomorphism. It is clear that corporate peer pressure can be an effective trigger for corporate social responsibility (Martin, 2002).

It is important to note that institutional forces involve complex interactions rather than a single factor and this should be recognised regarding how institutional environment pressures pressure companies to adopt CSR practices (Kim et al., 2013). For example, Özen and Küskü (2009) attribute variations in corporations’ environmental citizenship to the three institutional effects of market orientation, industry concentrations and organisation identity, indicating how institutional forces govern strategies to deal with environmental issues.
However, empirical studies have indicated mixed evidence regarding similarity and variability in CSR strategies to deal with the same institutional pressure. For example, Hoffman (1997) revealed a tendency among US oil and gas companies to adopt similar strategic postures. On the other hand, other studies found variations in the adoption of corporate environmental strategies in response to pressures from regulations, public policy, media, NGOs and industry norms (Aragón-Correa, 1998; Sharma & Vredenburg, 1998). Such heterogeneity can be attributed to differences in the composition of the organisation field. In other words, organisational and managerial factors may have a significant role in a corporation’s choice of strategy (Buysse & Verbeke, 2003; Sharma, 2000).

2.2.2 Organisational Level: Stakeholder Theory

Stakeholder theory has gained currency and attention from management researchers over the past few decades (Laplume, Sonpar, & Litz, 2008). Its timeliness and importance are that it challenges the conventional shareholder-based view of companies and seeks to address how companies affect society (Hinings & Greenwood, 2002) at the time of increasing regulation and exposure of irresponsible corporate behaviour. Stakeholder theory is the most widely-used theoretical framework in CSR studies (McWilliams & Siegel, 2001). Freeman (1984, p. 48) maintains that ‘the stakeholder approach is about groups and individuals who can affect an organisation, and is about managerial behaviour taken in response to those groups and individuals’. Moreover, since the word ‘social’ in the concept of CSR has been vague regarding delineating to whom the companies are responsible, the idea of organisational stakeholders appears to be a good fit as it helps define specific groups that companies should consider in its CSR policies (Carroll, 1991).

The following subsections discuss the definition and salience of stakeholders and company actions and responses.

2.2.2.1 Stakeholder Definition and Salience

Freeman (1984, p. 41) defines stakeholders as ‘any individual or group who has an interest in the company because he (or she) can affect or is affected by the company activities’. This definition was clarified by Evan and Freeman (1988, p. 79) to identify suppliers, customers, employees, stockholders, the local community and management as stakeholder groups ‘with a stake in or a claim on the company’. Similarly, Carroll and Buchholtz Ann (1993) define a stakeholder as ‘any individual or group who can affect or is affected by the actions, decisions, policies, practices, or goals of the organisation’ (p. 74).
Stakeholder groups are further differentiated regarding their influence on companies. Freeman (1984) argues that primary stakeholders are those upon which the organisation depends for its survival (customers, shareholders, government and employees) and secondary stakeholders are those with interest in the organisation or its activities but not essential for its survival (such as environmental groups and the media). However, he also maintains that while an organisation may not depend on secondary stakeholders, they could exert a direct and powerful influence on organisation if ignored.

Regarding the question of how organisations best manage multiple stakeholder relationships, Mitchell, Agle, and Wood (1997) propose that stakeholders may be identified by their possession of three core attributes: power, legitimacy and urgency. In particular, managers may identify and prioritise stakeholders ‘who have power in relation to the company (i.e., possess valued resources), are deemed legitimate (i.e., are socially accepted and expected), and can muster urgency (i.e., have time-sensitive or critical claims)’ (Laplume et al., 2008, p. 1161). Stakeholder salience is defined by Mitchell et al. (1997, p. 854) as the ‘degree to which managers give priority to competing stakeholder claims’. The more attributes – power, legitimacy, and urgency – stakeholder is perceived to have, the higher their salience is. In other words the greatest priority will be given to stakeholders who have the highest degree of the attributes. The identification of the correct stakeholder and accurate prioritisation of stakeholder claims are crucial to the successful management of a company. A classic example of Royal Dutch Shell’s incorrect assessment of the salience of the local Ogoni tribesmen protesting against the company’s alleged violation of human rights and environmental impact cost them US$15.5 million compensations and damaged their valued CSR reputation (Usborne, 2009).

Extant CSR literature identifies several stakeholder groups who could impose pressure on companies to act in more socially responsible ways. They include shareholders, employees, institutional investors, suppliers and customers and community stakeholders (community groups, social movements and NGOs) (Bansal & Roth, 2000b; Campbell, 2007; Chiu & Sharfman, 2011; Henriques & Sadorsky, 1996). Since stakeholders ‘have an interest in the actions of an organisation and the ability to influence it’ (Savage, Nix, Whitehead, & Blair, 1991, p. 61), different stakeholder groups may have various levels of influence on company decisions concerning environmental or ecological strategies (Buysse & Verbeke, 2003; Darnall et al., 2010; Henriques & Sadorsky, 1999; Perez-Batres et al., 2012a; Vazquez-Brust, Liston-Heyes, Plaza-Úbeda, & Burgos-Jiménez, 2010). For example, a CSR study in a sample of Lebanese and Syrian companies revealed that companies in developing countries tend to be engaged in CSR initiatives in accordance with priority given to a limited number of salient stakeholders (namely employees, customers and shareholders) (Jamali, 2008). Particularly, Shareholders can exert a
significant impact on company’s CSR activities. For example, Chatterji (2009) claimed that institutional shareholder ownership has a positive impact on CSR. On the same note, another 2007 study of manufacturing companies in China illustrated a positive relation between the control of the largest shareholders and the extent of CSR practice among state-owned companies (Li & Zhang 2010).

2.2.2.2 Company Actions to Manage Stakeholder Relationships

Several studies have relied on stakeholder theory to explain corporate decisions and practice about stakeholder interests (Clarkson, 1995; Jones and Wicks, 1999; Mitchell et al., 1997). Jones (1995) suggests that one of the ways to achieve stakeholder support is to build trust and avoid treating stakeholders opportunistically. Other authors argued that companies can gain stakeholder support by making charitable contributions (Adams & Hardwick, 1998; Brammer & Millington, 2004; Godfrey, 1995; Haley, 1991); by providing employee stock option programmes (Marens & Wicks, 1999); or by reputation management via public relations (Carter, 2006; Snider, Hill, & Martin, 2003; Ulmer & Sellnow, 2000). Scott and Lane (2000) suggest that business leaders can employ three specific approaches to increase the ‘organisational identification’ of stakeholders that in turn produces stakeholder support: (a) organisational communications, (b) enhancing the visibility of stakeholder organisational affiliations, and (c) embedding stakeholders within the organisational community.

Moreover, the extant literature contains a rich body of empirical studies employing stakeholder theory. This proliferation could be explained as follows. As far as the theoretical aspect is concerned, stakeholder theory offers a relevant approach for collecting and analysing CSR data since it facilitates the delineation of appropriate stakeholders and provides related measures of impacts (Jamali, 2008). From a practical perspective, it could offer useful guidelines for managers and companies who wish to adopt CSR practices.

2.2.3 Organisational Level: Resource Based Perspectives

The resource-based perspective (RBP) or resource-based view (RBV) is commonly used to explore the link between company performance and its resources and capabilities (Branco & Rodrigues, 2006). Wernerfelt (1984) suggests that a company formulates and implements its strategy based on the value of its resources and capabilities to achieve optimal performance. In other words, the theory postulates that differences in performance can be explained by considering the deployment of company-specific resources that are rare, valuable and not easily imitated by competitors (Barney, 2001). Galbreath (2005) provides a typology of strategic resources which comprise tangible (financial and physical assets) and intangible resources and (i.e., intellectual property, organisational and reputation assets). While tangible resources are
easily imitated or substituted, intangible resources and capabilities are difficult to acquire, and thus, more likely to be a source of competitive advantage. This is because intangible resources are products of organisational learning and accumulated over time. Examples of intangible resources and capabilities include culture, human-resource management policies, organisational structure, and reputation.

McWilliams et al. (2006) contend that RBP can be used to analyse CSR as it offers important insights into the motivation to engage in these activities. It is argued that engagement in CSR activities enables companies to achieve a sustainable competitive advantage through effective deployment of resources and capabilities that are valuable, rare and cannot be imitated or substituted. In particular, RBP could be useful in studies that emphasise the qualitative aspects of CSR influence on company performance (Branco & Rodrigues, 2006). For example, the role of intangibles resources and capabilities, such as innovation, human capital, culture and reputation, as mediating factors in the relations between CSR and financial performance was well-evidenced in an empirical study by Surroca, Tribó, and Waddock (2010). This is because CSR performance facilitates the development of intangible resources and capabilities, which in turn lead to better financial performance. Furthermore, improved financial performance and the development of new intangible resources and capabilities stimulate the development of CSR practices.

2.2.3.1 Company Resources and Capabilities

The literature also suggests that company-specific factors that determine proclivity for a specific CSR strategy may include size, financial capability, adequate resources and international experience, which affect environmental and sustainable responses (Bansal, 2005; Bansal & Roth, 2000b; Darnall et al., 2010; Henrique & Sadorsky, 1996; Perez-Batres et al., 2012a; Sharma, 2000). Scholarship has indicated the influence of company size on how companies respond to social issues. Etzion (2007) suggests that larger companies are more likely to be more environmentally responsible than small companies since they are more visible to the public through both social impact and operational risks. Moreover, large companies may be less constrained from social initiatives than their smaller counterparts as far as the cost burden is concerned (Darnall et al., 2010). On the other hand, size can create challenges in the coordination of CSR programmes across various individuals and sub-units for larger companies, whereas smaller companies may be more responsive to environmental and social changes as a result of flexibility and efficient decision-making processes (Henrique & Sadorsky, 1996).

Capital management capability is associated with a company’s capability to conduct continuous improvement and process innovations which enable them to adopt best practice and technologies to deal with changing environmental and social regulations and expectations (Bansal, 2005).
Also, their resources and international experience are also cited as important factors facilitating their capability to pursue environmental proactivity (Bansal, 2005; Darnall et al., 2010; Henriques & Sadorsky, 1996).

2.2.3.2 Organisational Culture

Organisational culture is defined by Schein (1983, p. 14) as ‘a pattern of shared basic assumptions that the group learnt as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way you perceive, think, and feel in relation to those problems’. Hence it could determine the corporate behaviour patterns as well as corporate artefacts such as visions, mission, structures and processes (Schein, 1983).

There is evidence that organisational culture influences a company’s approach to CSR (Keogh & Polonsky, 1998, p. 3). The values and assumptions embedded in the culture may drive manager CSR decisions and affect its commitment and level of engagement to meet stakeholder demands and expectations. Hence, investigating a company’s culture could shed insight into ‘why things happen the way they do’ in relation to CSR engagement (Mazutis & Zintel, 2015, p. 15).

The extant literature suggests several aspects of company culture that may be linked to CSR (Papagiannakis & Lioukas, 2012). In particular, humanistic, market and competitive orientations have a significant impact on management practices as well as a corporate commitment to managing stakeholder expectations and demands (citedMaignan, Ferrell, & Hult, 1999). For instance, since a market-oriented culture upholds the ‘value of thorough market intelligence and the necessity of functionally coordinated actions directed at gaining competitive advantage’ (Papagiannakis & Lioukas, 2012, p. 31), this suggests that companies embracing this cultural orientation would make all possible attempts to include economic, legal, ethical and discretionary responsibilities into their operations to stay abreast of environmental changes. Therefore, the relation between the extent of a company’s market orientation and the degree of its CSR behaviour is an important area of investigation (Papagiannakis & Lioukas, 2012). Similarly, a humanistic orientation which promotes values and policies of caring and harmony toward employees, as well as other stakeholder groups, could stimulate the company to systematically address its economic, legal, ethical and discretionary responsibilities, and thereby, satisfy stakeholder demands (Laplume et al., 2008). In particular, empirical findings support the crucial role of company values in driving more proactive CSR engagement (Galbreath, 2010; Maignan & Ferrell, 2001; Pedersen, Gwozdz, & Hvass, 2016).
2.2.4 Individual Level: Upper-Echelon Theory

Apart from the prevailing academic discourse on CSR analysis at the institutional and organisational levels, there is increasing interest in investigating the role of top managers in CSR initiatives (Godos-Díez, Fernández-Gago, & Martínez-Campillo, 2011). The underlying belief is that top managers play a significant part in charting the corporate CSR agenda through the strategic management process (Singhapakdi et al., 2008) as well as transmitting CSR-related values to subordinate managers and throughout the organisation (Waldman & Siegel, 2008). Upper-echelon theory has been widely used to explore the relation between top managers’ characteristics and CSR (Manner, 2010; Mazutis, 2013b; Swanson, 2008). According to this theory, organisational strategic choices and performance are influenced by manager’s perceptions, background, personalities and values (Hambrick, 2007; Hambrick & Mason, 1984). As far as environmentally and socially-responsive initiatives are concerned, managers hold power to make decisions on which direction to take and drive the effort to deal with increasing environmental pressure and expectations. Such decisions and strategic choices reflect manager cognition and interpretation of the environment and their perceptions of pressures from various stakeholders (Hemingway & Maclagan, 2004; Manner, 2010; McGuire, Dow, & Argheyd, 2003; Papagiannakis & Lioukas, 2012; Sharma, 2000). As ‘there cannot be a socially responsible company without socially responsible managers’ (Godos-Diez et al., 2011, p. 531), it is important to explore the role of the top managers in corporate decision making regarding CSR initiatives. However, much of current CSR-related research appears to ‘neglect … the impact of the top management’ (as cited He, Chen, & Chiang, 2015).

2.2.4.1 Top Manager’s Characteristics

Previous studies postulate that top management strategies, behaviour and performance is affected by their education, background and work experience (Bantel & Jackson, 1989; Herrmann & Datta, 2002). This subsection discusses how a manager’s education and experience affects their perception, values and behaviour, thereby influencing their decision-making processes and organisational strategies to respond to CSR issues (Hambrick & Mason, 1984).

Educational background of the top management is considered crucial in developing their ability to deal with external changes and complex environments (Wiersema & Bantel, 1992). This is because educational levels affect their abilities in information processing, analysing, communication and coordination, tolerance and knowledge (Bantel & Jackson, 1989). Moreover, prior studies have revealed that top management who possessed higher educational qualifications exhibited a greater ability to deal with external issues (Bantel & Jackson, 1989; Hambrick & Mason, 1984; Üsdiken, 1992). Since CSR decisions entail complex social issues and the ability
to address various stakeholders (Egri & Herman, 2000; Lynes & Dredge, 2006), they come with a high degree of uncertainty and complexity. Hence, managers with higher levels of education are more likely to effectively handle information processing, better recognise the significance of key stakeholders and make decisions that contribute to better CSR outcomes (Shafer, Fukukawa, & Lee, 2007).

The extant literature suggests that work experience can affect manager working styles and performance (Abdolmohammadi & Wright, 1987; McDaniel, Schmidt, & Hunter, 1988). Hambrick and Mason (1984) elaborate that top manager work experience and training processes could affect their perceptions, values and behaviours. These in turn significantly influence their decisions and company performance. As far as CSR performance is concerned, it is proposed that knowledge and experience from addressing political, economic, social, technological and environmental issues in the past are of great value for improved CSR performance (Thomas & Simerly, 1995).

Several empirical studies have provided evidence as to how top manager characteristics and values influence corporate social performance (CSP). A study of 97 American companies by Thomas and Simerly (1994) highlights that top manager functional background and tenure are related to the extent of CSP. Mazutis (2013b) also highlights CEO attributes, such as their functional and educational background and international experience together with the moderating effect of managerial discretion and industry norms, shape a company’s strategic approaches to CSR.

Furthermore, Hinings and Greenwood (2002) investigate the micro-foundations of CSR by focusing on individual traits, behaviours, and shared leadership as antecedents to CSR and socially irresponsible activities. Schein (1983) contends it is the leaders’ beliefs, values, and assumptions that create company cultures and shape its ways of doing things. In particular, (Wu, Kwan, Yim, Chiu, & He, 2015) examine the relationship between a CEO’s ethical leadership and CSR by focusing on the mediating role of an organisation’s ethical culture and the moderating role of manager’s discretion. They revealed that CEO ethical leadership positively influences CSR via the organisation’s ethical culture.

2.2.4.2 Managerial Perceptions

Sharma (2000) maintains that managerial perceptions of environmental issues as opportunities or threats could influence their strategic choices. Sharma also emphasises that organisational factors such as legitimisation of environmental issues and poor levels of discretionary resources lead to a different interpretation. In a similar approach, Papagiannakis and Lioukas (2012) highlight the influence of managerial interpretation of subjective norms on their environmental responsiveness.
decisions. Subjective norms are social pressures from key stakeholders. This is because key stakeholders have control over important resources (Pfeffer and Salancik, 2003) and could exert an adverse influence on companies with poor environmental performance (Buysse and Verbeke, 2003). Moreover, whether managers perceive a source of environmental pressure as an obligation, a business opportunity or threat would then influence manager environmental decisions and possibly company levels of social responsiveness (Banerjee, 2001; Bansal and Roth, 2000; Flannery and May, 1994). Hence, it is important to understand how top management evaluates and makes investment decisions regarding broader stakeholder and societal issues (Waldman, Siegel, et al., 2006).

2.3 Antecedents of CSR in Developing Countries

The researcher conducted an exhaustive literature review of 480 journal articles referenced in two important review papers by Jamali and Karam (2016) and Aguinis and Glavas (2012) to investigate the antecedents of CSR practices in both developed and developing-country contexts. The reviews reveal that multilevel (institutional, organisational and individual) factors influence CSR practices in both contexts. In particular, at an organisational level, various antecedents like company ownership, size, stakeholders, resources, values and strategy impacted CSR performance (Aragon-Correa & Sharma, 2003; Choi, Lee, & Park, 2013; Julian & Ofori-dankwa, 2013; Wickert, Scherer, & Spence, 2016). Individual factors including manager values, religion, CSR awareness and perceptions also significantly affected CSR decisions (Brammer, Williams, & Zinkin, 2007; Maak, Pless, & Voegtlin, 2016; Yin, Singhapakdi, & Du, 2016). However, there were some differences regarding institutional factors that shaped CSR conceptualisation and practices in developing and developed-country contexts. While literature on CSR in developed countries reports the influence of institutional factors like the media, the public, interest groups, regulations, CSR in developing countries feature complex institutional antecedents within the national business system, including geopolitical landscape, international standards, social and cultural values and religion (Amaeshi, Adegbite, & Rajwani, 2016; Brammer et al., 2007; Tarus, 2015; Zheng, Luo, & Maksimov, 2015). This suggests that context is a key consideration in understanding CSR in the developing world because multilevel factors and various actors shape CSR practices and embedded in formal and informal institutions (Jamali & Karam, 2016). A summary of antecedents of CSR in developed and developing countries is provided in Appendices 1 and 2.

While there is a rich body of research into predictors and drivers of CSR adoption, to the best knowledge of the researcher, no studies explicitly address the questions of which driving factors cause companies to embark on a reactive, defensive or proactive strategy. Hence, this thesis aims
to investigate how the interaction between multilevel organisational factors and individual actors may intensify or diminish institutional pressures and shape CSR practices (Delmas & Toffel, 2010).

2.4 CSR Performance and Outcome

CSR and CSP is a set of descriptive categorisations of business activity, focusing on the impacts and outcomes for society, stakeholders and the firm itself. The extant literature indicates that measuring CSR performance is controversial and difficult (Crane, Henriques, Husted, & Matten, 2017; Wood, 2010). This is because CSR is ‘an elusive concept which to a certain extent defies quantification’ (Gjølberg, 2009). This section provides a discussion on the challenges of measuring CSR performance and sets out the approaches employed in this thesis.

2.4.1 CSR Performance and Measurement

The literature records various approaches to CSR measures advocated by researchers and practitioners. Performance measures, including those by Kinder, Lydenberg and Domini (KLD), the FTSE, the KLD 400 Social Index, the Dow Jones Sustainability Index and the SAM Corporate Sustainability Assessment (Montiel & Delgado-Ceballos, 2014), have been used in numerous studies (Fowler & Hope, 2007; Knox, Maklan, & French, 2005; López, Garcia, & Rodriguez, 2007; Sharfman, 1996). Their popularity can be attributed to their multi-dimensional rating schemes and the involvement of third-party assessments (Wood, 2010). However, Fowler and Hope (2007) postulate that these sustainability indexes do not appear to be highly objective and bias-free as more priority paid to economic rather than social and environmental issues and apply to large companies in several developed countries. Moreover, given the complexity of measuring CSP, using an aggregate index by grouping measures of each CSR category makes it difficult to understand how different aspects of CSR were implemented (Wood, 2010). Another common tool is the GRI advocated as a comprehensive CSR performance measure due to the fact of its global recognition and influence and use by businesses for CSR self-reporting, self-regulating and performance measurement (Anne Ellerup & Christa, 2007; Aries Widiarto, 2009). In addition, the extant literature also suggests that company performance could be improved when CSR processes are integrated into company structure and policies aimed at addressing different stakeholder expectations (Donaldson & Preston, 1995) and when they involve the knowledge and skills of people across the company (Teece, Pisano, & Shuen, 1997). On the same note, Black (2006) proposes a CSR model with the two elements of company structure and culture with five capabilities comprising stakeholder engagement, ethical business behaviour, social accountability, value-attuned communication and dialogue.
To develop a comprehensive understanding of local company CSR performance, this thesis investigated CSR practices (i.e., activities and policies) as well as internal capabilities and processes necessary for implementation. Specifically, it employed Wood’s (1991) CSP model, focusing on principles of social responsibility, processes of social responsiveness, and policies, programmes and observable outcomes (p.693).

The scope of the thesis focused on measuring CSR practices (primarily self-reported) covering CSR reporting, membership of CSR organisations and certification networks, internal processes and structure with data triangulation derived from a document analysis. The thesis employs three domains that emerge from the literature as the most commonly measured CSR dimensions which are environmental management, and community (social issues) and employee relations (labour issues). Particularly, the thesis adopts the stakeholder CSR approach proposed by Spiller (2000) to collect and analyse CSR data. Table 2.3 provides a list of CSR perspectives and key business practices proposed by Spiller (2000).
Table 2.3: Perspectives and Key Business Practices for CSR (Spiller, 2000)

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Key business practices</th>
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| Community   | 1. Generous financial donations  
2. Innovative giving  
3. Support for education and job training programmes  
4. Direct involvement in community projects and affairs  
5. Community volunteer programmes  
6. Support for the local community  
7. Campaigning for environmental and social change  
8. An employee-led approach to philanthropy  
9. Efficient and effective community activity  
10. Disclosure of environmental and social performance |
| Environment | 1. Environmental policies, organisation and management  
2. Materials policy of reduction, reuse and recycling  
3. Monitoring, minimising and taking responsibility for releases to the environment  
4. Waste management  
5. Energy conservation  
6. Effective emergency response  
7. Public dialogue and disclosure  
8. Product stewardship  
9. Environmental requirements for suppliers  
10. Environmental audits |
| Employees   | 1. Fair remuneration  
2. Effective communication  
3. Learning and development opportunities  
4. Fulfilling work  
5. A healthy and safe work environment  
6. Equal employment opportunities  
7. Job security  
8. Competent leadership  
9. Community spirit  
10. Social mission integration |

Also, this thesis investigates CSR practices (as the levels of CSR performance) which could complement normative and motivational components of social responsibility and provide an understanding of how a company adopts strategies to adapt to environmental changes (Jamali & Mirshak, 2007). Particularly, each of the three aspects of labour, environment and community
were evaluated against a scale adapted from the seven-stage CSR development model by Maon, Lindgreen, and Swaen (2010) (See Appendix 5). This comprised the three main CSR dimensions of knowledge and attitude (CSR awareness and top management support), strategic dimensions (strategic posture, performance objectives and reporting) and operational dimensions (stakeholder relations, CSR structure).

2.4.2 CSR Outcomes

There are a plethora of studies investigating CSR outcomes regarding the links between an organisation’s CSR and its financial performance (Chand, 2006; Griffin & Mahon, 1997b; Kristoffersen, Gerrans, & Clark-Murphy, 2008; Orlitzky, 2001; Soana, 2011) and between CSR and nonfinancial performance indicators such as employee retention and satisfaction, customer loyalty and organisational reputation and attractiveness (Backhaus, Stone, & Heiner, 2002; Flannery, 1997; Greening & Turban, 2000; Heather Schmidt & Freeman, 2000; May-May & Schuyt, 2005; Nicolau, 2008; Siemieniec, 2012; Winkler, 2012). However, the relation between CSR and financial performance remains inconclusive (Wood, 2010). The literature review indicates an excessive focus on company-specific outcomes and suggests a change of focus to social perspectives (Aguinis & Glavas, 2012). Consequently, this thesis explores the social and environmental outcomes of CSR strategies by Vietnamese garment and food processing companies.

CSR literature suggests a diverse range of outcomes from company CSR engagement including employee commitment, satisfaction, trust, loyalty and company image and reputation (Skudiene & Auraskeviciene, 2012). In particular, successful CSR adoption can motivate people to preference that company as an employer, strengthen employee self-image, positively impact employee retention, their willingness to initiate, participate in and contribute to social change initiatives and inspire teamwork and boost morale (Aguilera et al., 2007; Heslin and Ochoa, 2008; Melynyte and Ruzevicius, 2008; Turban and Greening, 1997; Werther and Chandler, 2006; Viswesvaran et al., 2004; Brammer et al., 2007; Turban and Cable, 2003).

Empirical studies on CSR performance are diverse and show inconsistent findings. Implementing CSR in developing countries is seen as a complex process as it involves a context characterised by social, economic, cultural and political dynamics different to those from developed countries (Aragón-Correa & Sharma, 2003; Hunt & Auster, 1990). Also, the lack of resources coupled with weak institutional pressures also prevents companies, especially, SMEs from successfully implementing proactive CSR (Bansal, 2005; Buysse & Verbeke, 2003). However, recent research indicates different trends in CSR orientation among SMEs in developing countries. For instance, CSR may be seen as comprising the philanthropic
contribution businesses make over and above mainstream activities rather than other economic, legal and management issues (Jamali & Mirshak, 2007). Furthermore, SMEs have shown an indication to be voluntary and proactive in adopting CSR practices and formulating CSR strategies (Doh, 2012). However, while CSR is well-accepted and considered important by companies, the literature indicates that there is still a lack of understanding regarding how companies can realise their CSR policies; and this remains a challenge to both theorists and practitioners (Lindgreen, Swaen, & Johnston, 2009b). This lack of knowledge could be attributed to the fact that CSR is conceptualised differently by the various underlying theories (McWilliams & Siegel, 2001).

In conclusion, the current literature review indicates a diversity of views concerning motivations and antecedents of CSR at various levels of analysis (institutional, organisational and individual). Also, there is a dearth of both theoretical and empirical research into the multilevel factors influencing the adoption of CSR strategic postures. Particularly, few studies investigate all three levels of analysis. Moreover, a lack of literature on CSR practices in developing-country contexts such as Vietnam motivates the proposed research.

2.5 Development of Conceptual Model

The conceptual framework forms a ‘skeletal structure for organizing or guiding a new study’ (Eisenhart, 1991, p. 203); thus, developing a conceptual model is the first step in qualitative research (Marshall & Rossman, 2011). A conceptual model is based on ‘common sense, subjective opinions and experience…[as] design artefacts used to actively construct the world rather than simply describe it’ (Moody, 2005, p. 243). A conceptual model for CSR engagement represented in Figure 2.1 below was developed from the literature by incorporating elements from several studies. The purpose of the proposed model is to (a) establish a structure for the data-collection process and (b) guide the analysis and discussion of the primary data.

The development of the conceptual framework was based on four main theories: institutional theory, stakeholder theory, RBP and upper-echelon theory, derived from a number of sources (Deephouse & Suchman, 2008; DiMaggio & Powell, 1983; Donaldson & Preston, 1995; Mazutis, 2014; Meyer & Rowan, 1977; Mitchell et al., 1997; Waldman, Siegel, & Javidan, 2006).
As discussed above, the consolidation of extant literature informed the formulation of the conceptual model. The researcher adopted the overall model by considering Peng’s (2009) Strategy Tripod model, Wood’s (1991) three-level analysis of CSP and Aguinis and Glavas (2012) advocacy for CSR multilevel analysis. Peng’s (2009) Strategy Tripod model was used to shed light on how a company behaves by investigating three perspectives: institutional, industry and company-specific (or resource-based). However, although Peng (2009) does not include
individual perspectives, individual-level variables are included in the model in addition to institutional and industry and company-specific factors because that this inclusion can provide important information regarding the underlying CSR mechanism (Aguinis & Glavas, 2012).

Overall, this thesis investigates the key drivers and motivations of certain CSR strategies and other factors that influence the implementation of CSR practices. First, key drivers are referred to as important factors that significantly shape certain types and forms of CSR practices as well as CSR strategy. They include external factors (institutional and stakeholder factors) and internal factors (company culture, leadership, strategy) that exert significant pressures on companies to uptake certain CSR approaches (Yin, 2017). Second, the thesis delves into important motivations (instrumental, relational and moral motives) for organisational actors (top management, shareholders and owners) to adopt socially responsible initiatives (Aguilera et al., 2007). Specifically, it looks into the key reasons for CSR engagement, whether for business efficiency and profitability, competitiveness, long-term growth and corporate reputation; or for gaining social legitimacy and public support or purely for ethical grounds. Thirdly, contingency factors like size, ownership and resources that influence the implementation of CSR initiatives or the effect of environmental changes on corporate commitment to CSR are investigated.

2.6 Summary

Over the four decades since its inception, CSR has undergone a radical rationalisation process from discussion of its macro-effects to the micro-organisational level that assesses the impact of organisational performance (Keogh & Polonsky, 1998); from normative and ethical-oriented studies to normative and performance-oriented research; from the CSR concept to the CSP model which combines different dimensions of CSR, social issues and corporate responsiveness.

This thesis focuses on factors influencing the adoption of CSR on three levels of analysis (institutional, organisational and individual), CSR strategic postures and CSR performance. The literature review in this chapter has shown the evolution of CSR concepts as well as the adoption of various theoretical perspectives by CSR studies. Notwithstanding the vast body of literature exploring the institutional drivers of CSR initiatives, there is a limited body of knowledge on which institutional drivers are more likely to shape specific CSR approaches. Also, there is a lack of research investigating multilevel factors including organisational and individual factors which may act as determinants or moderators that magnify or diminish institutional pressures (Delmas & Toffel 2010). Therefore, the proposed research is an attempt to explore how and why Vietnamese companies adopt CSR strategies, thereby revealing the determining factors and underlying processes of CSR adoption.
CHAPTER THREE

VIETNAM RESEARCH CONTEXT

3.0 Introduction

This chapter outlines the institutional contexts and stakeholders which may promote or hinder CSR and the current state of CSR conceptualisation and practices. Specifically, Section 3.1 presents a historical overview of the Vietnamese economy and the role of the State Party and its ideology during the transition process from a closed to a relatively more open economy. It also discusses the formal and informal institutions which may shape company behaviours in relation to CSR issues. Sector 3.2 presents a discussion of current CSR issues and key stakeholders in local CSR engagement. Sections 3.3 and 3.4 describe the relevant characteristics of the two industries under study and CSR-related concerns.

3.1 National Context

3.1.1 An Overview of Vietnam’s Political and Economic Systems

Vietnam is among the largest socialist countries with a one-party political system and led by the Communist Party of Vietnam (CPV) since 1975 (Gainsborough, 2013). Its latest constitutional revision took place in 1992 and reaffirmed several key aspects of the Vietnamese polity: its socialist character, based on an alliance between the peasantry, the working class and the intelligentsia, and the vanguard role of the CPV which draws on Marxist-Leninist doctrine and ideas of Ho Chi Minh (Government of Vietnam, 1992). While the country has witnessed a relatively slow development regarding political reform, its economy has undergone significant transformation through two distinct periods of economic development: the pre-

doi moi (before reform 1986) and after doi moi (after 1986). While both periods feature the hegemony of the State Party and its socialist ideology, there has been some changes in relations between companies and the Vietnamese society (Thang & Fassin, 2017).

During the period before 1986 (pre-

doi moi), the country was characterised by a centrally-governed economy with decades of economic stagnation due to the Soviet-modelled economic management, and subsequently, the 1989 collapse of Eastern European socialist Bloc which served as the main source of economic aid (Schellhorn, 1992). The primary roles of state-owned enterprises (SOEs) were to manage planned production and protect employment and social welfare rather than profit. The consequent economic and social crises (food shortage, wasted resources, biased data and corruption) pressured the CPV to undertake radical economic reform toward a socialist-oriented market economy by the development of a private sector.
The period from 1986 to 2000 (doi moi period) featured the government’s ‘open-door’ policy (chinh sach mo cua) and a more liberal and multi-sector market economy (Tonkin, 1997), and subsequent substantial economic growth and increased integration into the regional and global economy (Jeffries, 2007). The two major drivers of economic change were the government and the business sector, the latter of which comprises SOEs and private enterprises. Economic liberalisation and privatisation meant that the government welcomed and maintained good relations with both foreign and domestic investors. The economic reforms initiated in 1986 were given more impetus in 2006 through new legislation governing private enterprises and investment that boosted domestic and foreign investment indicated by the establishment of the first stock market in 2000 and a series of bilateral trade agreements. Since 2000, Vietnam has established diplomatic ties with the Association of Southeast Asian Nations (ASEAN) and most countries of Western Europe and Northeast Asia. It is also a member of several United Nations (UN) organisations, including the World Health Organisation (WHO), the International Labour Organisation (ILO), the UNIDO, the United Nations Development Programme and the Food and Agriculture Organisation (FAO). Vietnam attained WTO membership in January 2007.

The integration period of the 2000s also featured the government’s consolidation of the Party’s Marxism-Leninism and Ho Chi Minh ideological foundation (Malarney, 2002). First, the Vietnamese state labelled itself a ‘market economy with a socialist orientation’ aiming to fulfil a ‘civilized and equitable’ society (Tran & Jeppesen, 2016). Specifically, the State provides direction for economic development, and SOEs play a major role in making a substantial contribution to the national economy, government income and reinforcing political ideology (Ashwill & Diep, 2011). Second, the power of the State Party and the ideological hegemony were enshrined in socialist doctrine by legislation that governs various issues in society (Vu, 2010). In particular, the Party’s most credible members were also appointed to key management positions in both public administration and important state conglomerates (Edwards & Phan, 2013) to ensure all key decisions were made in accordance with the socialist aspirations and the ideology of the ruling party (Abuza, 2001). Third, to retain social consensus and national unity the State Party maintained control of its official ideology through ubiquitous communication and propaganda of socialist values in the education, healthcare and social welfare systems by various organisations and associations (Nicholson & Gillespie, 2013) and tight control over the freedom of the press via state-controlled media (Gainsborough, 2013). Overall, this period saw that the State Party exercise its control in various spheres to uphold socialist laws and the political regime in light of the social conditions in Vietnam (Freeman, 1992).

Despite significant economic growth resulting from economic reform, there are challenges to realising the potential success of economic liberalisation and the creation of a free-market
Economy in Vietnam (Edwards & Phan, 2014). First, inefficient state management was coupled with lax central government supervision, poor legal enforcement and excessive bureaucracy and corruption (Alpert, 2005) hindering the development of businesses and the national economy (Anh, 1994). In particular, despite the government’s SOE restructuring schemes, mismanagement of some SOE conglomerates, which were dependent on government funding but had low operational efficiency and lacked endorsement of market principles, led to many bankruptcies and large defaults in state budgets (Rodan, Hewison, & Robison, 2001). Also, while the country’s constitution affirmed the principle of democratic centralism, decision-making authority regarding key aspects of public life such as investment, budgeting, education and public healthcare were increasingly delegated to the sub-national level. The National Assembly, which is the sole legislative body and elected every five years, has also been increasingly proactive in debating development issues. The main obstacles that Vietnam faces in achieving its target of becoming a developed nation by 2020 are corruption rising social inequalities, lack of transparency, accountability and media freedom, as well as an inefficient bureaucracy (Nguyen, Kelly, & Bensemann, 2017).

Economic reform also means changing the role of businesses in society as this involves dismantling the universality and coverage of the country’s health, education and pensions systems which were previously the responsibility of the government, the state-owned farms or enterprises. On the one hand, Vietnam faced a dilemma when it adopted aspects of both a market-based economy and a socialist orientation. Albeit the growth of trade, there was limited value to the society since its primary use was to support a low-skilled, low wage workforce, who constantly reminded the government and other organisations to maintain its socialist legacy and observe the social contract for their rights and entitlements (Tran, 2013). On the other hand, low efficiency and limited resources for social welfare, public health and education, meant that the government expects the corporate sector to fill these capacity gaps (Tran & Jeppesen, 2016). Situated in this historical legacy, Vietnam’s market economy, with its socialist orientation, triggered an ideological tension for business managers between socialist values and market principles with capitalist components (Nguyen et al., 2017).

3.1.2 CSR-related Formal Institutions

The mandatory framework relating to CSR activities incorporates international conventions ratified by the State Party and several laws in the areas of labour, corporate governance and environmental protection (See Appendix 6). Particularly, the main labour laws are the Labour Code (1994, amended 2002), the Law on Trade Unions (1990), the Law on Environmental Protection (1991, amended 2005) and the Law on Social Insurance (2006). The labour codes
articulate labour standards, employee human rights and role of labour unions. Moreover, since Vietnam’s ratification of ILO conventions in 1994, there were new guidelines for businesses regarding labour practices preventing child or compulsory labour and endorsing collective bargaining, dispute settlement and minimum wages (ILO, 2017). Regarding corporate governance, the Vietnamese Government passed various laws since 2004, such as the Enterprise Law, the Law on Foreign Investment, the Law on Securities, the Law on Procurement, and the Law on Cooperatives. These laws also include mandatory reporting. The basic elements of enterprise governance covered in the Law on Enterprises, the Law on Securities and the Model Charter for Listed Companies were adapted from OECD guidelines. Regarding the environment, there are also laws covering environmental protection and responsible consumption, such as the Law on Special Consumption Tax (2004), the Law on Environmental Protection (2006), the Law on Water Resource (1998) and the Electricity Law (2005). Also, in relation to stakeholder issues, legislation regarding the consultation of stakeholders other than trade unions and business associations, which was passed in July 2007 in the form of the Grassroots Democratic Ordinance, provides for consultation with local communities, especially regarding socioeconomic development, environmental plans and infrastructure. Overall, the State Government has promulgated a fairly rigorous and comprehensive set of regulations on environmental protection and labour standards (Ortmann, 2017; Tran, 2011) which aims to protect the working class from exploitation and provide a social safety net for the poor (Rodan et al., 2001).

Albeit the comprehensiveness of the national regulations for the environment and labour (as illustrated in Appendix 7), they are poorly enforced due to the overlapping of state and local-level responsibilities and lack of enforcement resources at the local level (Clausen, Vu, & Pedrono, 2011; Tran & Nørlund, 2015). There is clear evidence of implementation problems at different levels of authority, stemming from inefficient supervision by the central government to the bureaucracy, the administration of ministries and local governments, low levels of transparency and corruption issues (Gillespie & Nicholson, 2005). Furthermore, there is no clear legal definition of the responsibility society expects companies to adopt (Nguyen et al., 2017). As a result, scandals concerning irresponsible business conduct associated with the market economy are rampant.

In summary, the political economy of Vietnam reflects its socialist legacy, the social contract and cultural expectations regarding labour issues, and weak institutions for CSR implementation (Tran & Jeppesen, 2016). Compliance with regulations presented some challenges as this depends on proper instructions for implementation and efficient coordination between different levels of state governance that are lacking (Nguyen & Nguyen, 2008).
3.1.3 CSR-related Informal Institutions

Vietnam’s traditions, underpinned by social and cultural values, are considered significant factors embedded in all aspects of Vietnamese society that influence the way people think and act within a society, particularly their perceptions of business, ethics and CSR (Jamieson, 1995; Nguyen et al., 2017).

Albeit the impact of different cultures, ideologies and religions, like India’s Buddhism, China’s Confucianism and Taoism, as well as Western capitalism and Christianity throughout its history (Rowley & Truong, 2009), familism and a sense of family solidarity had a profound impact on traditional Vietnamese society and penetrates all levels of contemporary society where collective values supersede individual aspirations (Taylor, 1976). These long-standing values play a significant role in maintaining social cohesion and national unity and identity despite external cultural impacts (Caldarola, 1982) and internal cultural differences that result from many years of national fragmentation (Edwards & Phan, 2013). Also, Confucian values and Buddhist religious beliefs also have a substantial impact on perceptions of moral obligations, ethical standards with a strong focus on building individual and social harmony (Whitmore, 1984). First, Confucianism has long been incorporated in Vietnamese society through family traditions, education and literature; it forms a basis for social morality according to which everyone must behave morally by showing piety, loyalty and benevolence to their fellow citizens (Jamieson, 1995). These Confucian core values build an ethical foundation for business management (Nguyen et al., 2017). Second, Buddhism may have a substantial role in shaping people’s perception of their moral obligations and social and the ethical standards that guide behaviour. As elements of Buddhist moral instructions concerning the true value and legitimacy of one’s actions have been an integral part of Vietnamese culture, there is a pervasive understanding of the principles that develop personal morality. These include being compassionate, virtuous and benevolent to others which attracts reward and good luck (McHale, 2004). However, these beliefs derived from Buddhism philosophy could result in a pragmatic conceptualisation of good deeds (Nguyen et al., 2017).

Since approximately 74 percent of the population lives in rural areas, traditional rural customs are highly important in Vietnamese society. As discussed, the national culture featuring familism collectivism and Confucianism, with values of morality, solid social relationships, responsibility and the recent imbued socialist ideology play a significant role in Vietnamese society and perceptions and largely determine local social and cultural norms (Odell & Castillo, 2008; Truong, Hallinger, & Sanga, 2016). In particular, Confucian leadership is associated with CSR in that it enables ‘peace, economic growth for both the organisational growth and communal
wellbeing in the region’ (Low & Ang, 2012, p. 92). These culture features have some bearing on how businesses view their responsibilities to the community and society. For example, there is evidence of Vietnamese companies engaged in charitable activities for the poor or who embrace various forms of family-oriented practices (family-related leave, days-off for family events and budgets for annual company trips) aimed at building familial values and unity among employees and addressing social expectations. Several Vietnamese companies also engaged in traditional charity work to help local communities alleviate social issues like illiteracy, educational funding, poverty and social inequality (Hoang, 2015). These activities are perceived as a way of improving social cohesion by treating the community as a large family and also enhance company reputation and manager prestige (Minh, 2014).

3.2 CSR Issues and Stakeholders

3.2.1 CSR in Vietnam

The concept of CSR was recently introduced into Vietnam by international and transnational actors (Hamm, 2012). Specifically, as Vietnam moved to the export-oriented market economy, local companies were pushed by their foreign counterparts to embrace CSR through the implementation of CoCs or social compliance. Moreover, following its participation in global and regional trade organisations such as APEC, ASEAN, and WTO, the Vietnamese Government was pressured to build a more business-friendly playing field and address legislation and enforcement gaps to meet the international standards on CSR-related issues. These included labour rights abuses, environmental deterioration and other human rights impacts (Hamm, 2012) as well as a public policy such as the development of a labour code and trade union laws (Tran, 2011). From a societal perspective, foreign influence affected education and the media. Due to globalisation and technology, many Vietnamese have been exposed to foreign education and Western ideas and culture, and this experience made people aware of different perspectives concerning global issues such as climate change. This exposure might eventually become a driving force for change in social and business attitudes to CSR.

Furthermore, the concept has gained ascendancy in the wake of the disadvantages of rapid economic growth, increasing mass and social media coverage, foreign influence and Western ideas of CSR-related business practices. In particular, public outcry accompanied by unprecedented media coverage followed a spate of scandals associated with lack of environmental protection, poor labour practices and ecological destruction (Nguyen & Pham, 2011); this indicated the need for a strong sense of pragmatism in business practices (Jeffries, 2007) that acknowledged social expectations regarding CSR and corporate citizenship.
The extant literature addressing CSR conceptualisation in Vietnam displays varied findings on CSR awareness over recent years. For example, a study in 2008 on CSR perception involving 341 executive management trainees of which 72% were employees, 22% were executives and 4% were senior managers showed poor awareness of CSR and lack of training. Specifically, 8% of respondents had never heard of the term CSR, 80% had never received any training, and 37% did not agree that CSR could create a competitive advantage but merely considered it in terms of philanthropic and fundraising activities following natural disasters. Similarly, another study by the Vietnam Business Council for Sustainable Development in 2014 showed that 63% of Vietnamese companies did not have a practical understanding of sustainable development processes or a uniform approach to CSR. However, there is some evidence of considerable improvement in CSR awareness among Vietnamese companies. A recent study of Vietnam’s Top 500 companies by Vietnam Report (2015) found that approximately 62% of VNR500 companies believed that CSR played an increasingly important part in their business strategies, particularly in periods of economic downturn. The main motivations for adopting CSR programmes included ‘improving the corporate image in communities’ by 78% of respondents, followed by ‘increased competitive advantage’ and ‘high-quality human resource attraction’ by 28% and 30% of respondents respectively. Businesses commitment to CSR was recognised by 59% of the studied companies which reported an increase of up to 25% in CSR programmes since the previous study in 2010 (Vietnam Report, 2010).

Nevertheless, there may be differences between what was reported and practised. A study by Do, Huang, and McMurray (2016) investigating CSR disclosure practices in the 100 largest publicly listed Vietnamese companies in 2014 revealed that the information disclosed was primarily for corporate reputation management and did not reflect CSR practice.

Overall, CSR in Vietnam seems to be in a passive state with Western actors playing the key role in CSR promotion and a lack of ownership of CSR initiatives by Vietnamese companies. In fact, the local regulatory framework still lacks CSR public policy (Hamm, 2012).

### 3.2.2 State Actors

The government of Vietnam has been increasingly active in endorsing sustainable development in general and more particularly CSR-related issues. This commitment is indicated by a resolution at the 9th National Congress of the Communist Party of Vietnam in 2001 which emphasised that economic growth must be accompanied by achievements in social progress, equality and environmental protection. In 2004, the CPV developed the Vietnam Agenda 21 (VA21) in accordance with UN general guidelines covering nineteen priority areas in economic, social and environmental aspects and subsequently introduced the Social and Economic
Development Strategy for 2011-2020 that underscored the importance of economic development and the achievement of social goals.

The VA21 Office is the most recently established public-sector forum that focuses on sustainable development and related areas. It was set up to coordinate, organise and monitor the execution of VA21 activities with the aid of national ministries and international organisations. At the national level, its role is to develop policies and propose solutions in collaboration with various ministries. It also acts as a focal point for coordinating and promoting joint international projects.

At the same time, the State government and the Party display consistent evidence of their continued effort to maintain a socialist ideology through state policies and publicity via mass media organisations and state ownership, which may impact business decisions and CSR perceptions (Tran, 2011). First, the government has maintained its state administration of business practices in accordance with a socialist ideology which serves as the official political framework that binds society (Abuza, 2001). Second, albeit dwindling state ownership, the State Government maintains its power as major shareholders and appoints key positions in joint-stock or state-owned companies in key industrial sectors (Alpert, 2005). Third, various social and political organisations like the Women’s Union, the Trade Union and the Ho Chi Minh Youth Union also represent the State Party and have administrative structures in place to protect the rights of women, workers and youth, and promote the support of disadvantaged people in the community. Hence, the government’s ideological hegemony could have a significant impact on how local businesses respond to CSR issues.

Furthermore, the impact of the socialist hegemony can be seen in the conceptualisation of CSR and its related activities undertaken by key national public-sector bodies. First, the understanding of CSR by key stakeholders such as the general population, Vietnamese labour unions, the Vietnam General Federation of Labour (VGFL), the Ministry of Labour, Invalids and Social Affairs (MOLISA) was originally limited to either charitable activities or focused on labour standards (Nguyen, 2011). Second, the main activities conducted by the labour unions and tri-party partnership projects of the VGFL, MOLISA and the VCCI includes management-labour conflict management, the development of the collective bargaining agreements and labour standards such as wages, work hours and benefits, wage rises, bonuses and allowances. Hence, the priority agenda of these stakeholders highlight the promotion of CSR through improved labour standards (Tran, 2011). Moreover, since 2005 these public-sector organisations have also launched the CSR Awards to recognise socially responsible enterprises in the garment industry (Nasrullah & Rahim, 2014) and the government has many awards for Vietnamese business figures who actively participate in social and community activities.
It is also important to note the role of the VCCI, a quasi-state business/management association assigned to coordinate and oversee the implementation of CSR in Vietnam. Although the VCCI is appointed to represent all business members in Vietnam, it does not have a national presence or control of the budgets of its company membership (Tran & Jeppesen, 2016). The VCCI has partnered with several NGOs, including the UNIDO in various projects aimed at improving CSR awareness among SMEs in the garment and footwear industry. However, there have been limited results reported about improvement of the work environment and labour representation on management committees (Tran & Jeppesen, 2016)

3.2.2 Civil Society and NGOs

The role of civil society organisations and NGOs is still limited, although the constitution provides significant scope for the concept of societal participation (Navigator, 2007). These organisations principally deal with the consequences of war and poverty. Moreover, the lack of an enabling environment and the low-profile of Vietnamese civil society organisations are major challenges to the execution of CSR initiatives. For example, civil society organisations in Vietnam like the Women’s Union, the Farmers’ Association, and the Youth Organisation are still in the process of developing their identities, especially in legal terms, since most are still quasi-governmental bodies. However, in functional terms, there has been progress in that the traditional NGO functions of watchdog, special-interest-group representation and lobbying are being adopted by various national and international associations. These voluntary associations are seeking to expand their influence on both the public and business sectors (Bach Tan Sinh, 2001).

As an attempt to make CSR activities more sustained in Vietnam, multi-party collaboration was initiated by the involvement of companies, local authorities, international agencies and civil societies. The World Bank, the Global Compact Network Vietnam, UNIDO and OXFAM, and especially SMEs in association with the VCCI, Ministry of Labour, MOLISA and VGCL, initiated and provided funding for various programmes to develop government involvement in CSR. This included the raising of CSR awareness, its promotion the entrenchment, and improved social standard practices of Vietnamese companies.

The following section provides an overview of the two industry sectors of this study including their economic significance to the national economy and social implications.
3.3 The Garment Industry Context

3.3.1 Industry Overview

Over the past 40 years, the garment and textile industry has been one of the major export industries, making a significant economic contribution to the national economy. In 2015, Vietnam's garment products were exported to over 180 countries and territories with an export turnover of USD 22.8 billion. It was ranked as the second largest industry after electronics manufacturing (LPBResearch, 2016b), and accounted for 13.8% of total exports and 10.5% of Vietnam’s GDP in 2013. The annual growth rate for the industry in the period 2008-2013 was 14.5%, making Vietnam one of the world’s fastest growing garment and textile exporters (Bui, 2014). Also, the industry is an important source of job generation for local regions, especially in the North (the Red Delta Region) and Southeast where 30% and 62% of the enterprises are respectively located. The sector employs about 2.5 million workers, accounting for 25% of total employment in the manufacturing sector (Bui, 2014).

Nevertheless, there are also challenges facing the industry in general and particularly locally-owned companies due to its peculiar features as illustrated in Table 3.1.

Table 3.1 : Key Features of the Vietnamese Textile-garment Industry

<table>
<thead>
<tr>
<th>Number of Companies</th>
<th>6000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size (number of employees)</td>
<td>84%:&lt; 300; 16%: &gt;= 300</td>
</tr>
<tr>
<td>Ownership</td>
<td>Private (84%), Foreign (15%), State (1%).</td>
</tr>
<tr>
<td>Major operation</td>
<td>Garment (70%), Yarning (6%), Textile (17%), Dyeing (4%), Supporting industries (3%)</td>
</tr>
<tr>
<td>Areas of operations</td>
<td>North Vietnam (30%), Central Vietnam (8%), South Vietnam (62%).</td>
</tr>
<tr>
<td>Number of employees</td>
<td>2.5 million</td>
</tr>
<tr>
<td>Average wages/month</td>
<td>US$225</td>
</tr>
<tr>
<td>Working days/week</td>
<td>6</td>
</tr>
<tr>
<td>Working hours per week</td>
<td>48</td>
</tr>
<tr>
<td>Export turnover</td>
<td>US$ 17.9 billion</td>
</tr>
<tr>
<td>Main export markets</td>
<td>US, Europe, Japan, Taiwan, South Korea, China</td>
</tr>
<tr>
<td>Mode of production</td>
<td>CMT (85%); Others (15%)</td>
</tr>
</tbody>
</table>

*Source: (Bui, 2014, p. 11)*

First, most garment and textile companies are primarily engaged in the Cut-Make-Trim (CMT) mode of production. While most product value is generated in design and marketing and distribution, CMT is the simplest mode and thus generates the least value in the value chain (LPBResearch, 2016b). In this aspect, local companies are mostly provided with inputs (supplies, materials) and manufacture garments to the buyers’ requirements. Second, the
majority of industry players are SMEs with invested capital of less than US$2.5 million and 70% of production is for export. However, local SMEs are struggling to win orders from international buyers due to limited resources and operational capability (LPBResearch, 2016b). Third, as far as ownership type is concerned, while 84% of garment and textile companies are privately owned, compared to 15% foreign-owned, the latter has a higher export turnover (valued at US$10.7 billion), comprising nearly 60% of total export values compared with the local counterpart of US$7.3 billion. This could be the result of low productivity and profitability ratios common among local Vietnamese companies (Bui, 2014).

3.3.2 CSR issues in the Garment Industry

Given its labour-intensiveness and low-skilled employees, several social issues are of concern for the industry (Global Compact, 2010). First, the issue of minimum wage has long been one of the key social concerns of the government, State agencies and businesses. While the Labour Code has clear regulations concerning minimum wages and there have been very few, if any, reported incidents of minimum wage violation; and the issue is more linked to the concept of a living wage—particularly with rising inflation since 2008. In fact, the minimum wage can barely secure workers’ minimal living needs. On a similar note, an official from the Garment and Textile Association commented that ‘the minimum wage is too low. If we only rely on it as a measure to protect our labourers, we are not protecting them well’ (Global Compact, 2010). Second, environmental pollution is another issue in the industry, particularly with businesses who have dyeing and washing plants. Third, violations of labour regulations relating to working hours, human rights, freedom of association and employee entitlement are prevalent in the garment industry. Garment companies are driven to engage in CSR by compliance with buyers’ CoCs (Hamm, 2012). However, there is evidence of rampant violations of CoCs regarding working conditions, employee insurance, working hours and overtime payments (Hoang & Jones, 2012).

Government support for CSR promotion in the garment industry is limited to initiatives by the VCCI, a quasi-State business association in cooperation with international NGOs and local public organisations (Tran & Jeppesen, 2016). Recent CSR projects by the VCCI and UNIDO were aimed at improving CSR awareness and ensuring a healthy and safe working environment for SME workers. Even though the State Government developed a strategic development plan for the garment and textile industry, much of the government’s attention was paid to the development of supporting industries and environment infrastructure for industrial clusters and trade support rather than CSR-related issues (Vietnam Business Registration Department, 2014).
3.4 The Food Industry Context

3.4.1 Industry Overview

Similar to the garment industry, the food processing industry is also a major contributor to the national economy. As indicated in Table 3.2, the industry generated a production value of US$53 billion, accounting for 20% of GDP in 2012 (General Office of Statistic, 2013). The industry is forecasted to maintain an average annual growth rate of 11.4% for the period 2014-2018 as a result of increasing population and rising middle-income class (LPBResearch, 2016a). Also, it also presents a significant source of employment for the country. Under the Prime Minister’s Decision (No. 10/2007/QD-TTg, 23/01/2007) regarding classification of economic sectors, the Beverages and Food Processing Industry includes several sub-industries, namely the meat and processed meat industry, the seafood processing industry, the dairy industry, the vegetable-fruit processing industry, the rice milling industry, the alcoholic and non-alcoholic beverages industry and other agricultural produce industries.

Table 3.2: Key Features of the Vietnamese Food Industry

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies</td>
<td>7.893</td>
<td>4.2%</td>
<td>8.939</td>
<td>2.1%</td>
</tr>
<tr>
<td>Total employees</td>
<td>565,634</td>
<td>1.9%</td>
<td>599,192</td>
<td>4.9%</td>
</tr>
<tr>
<td>Production value (USD billion)</td>
<td>53</td>
<td>5.1%/</td>
<td>181</td>
<td>19.2% (largest)</td>
</tr>
<tr>
<td>Net revenue (USD billion)</td>
<td>45</td>
<td>21.1%</td>
<td>79</td>
<td>7.3%</td>
</tr>
<tr>
<td>Total net profit (USD billion)</td>
<td>2</td>
<td>12.5%</td>
<td>2.8</td>
<td>8.0%</td>
</tr>
<tr>
<td>Profitability ratio (%)</td>
<td>3.43% (food processing)</td>
<td>13.25% (beverages)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: General Office of Statistics Vietnam, 2013

However, regarding market orientation, 71% of industry production is for local market consumption (especially dairy products, meat, rice, and beverages) and 29% is for export, (primarily seafood, rice, cashews, coffee and fruit). Overall, the food sector is characterised by a focus on the domestic market, specifically the dairy and meat industries—these are the focus of this thesis and hereafter referred to as ‘the food industry’.

The dairy industry comprising 70 companies has experienced rapid growth over the past ten years with several major changes. In 2015, industry production and revenue increased by 15.4% and 22.9% respectively compared to 2014 and continued growth is forecast for the future due to the growing domestic market and increased investment in local-dairy farming capacity (LPBResearch, 2016a). Concurrent with a dramatic decrease in milk imports, there is increasing competition in the industry, where most market share is held by several key players in both
major market segments: liquid milk (including fresh milk and liquefied milk from milk powder) and milk powder.

Regarding the meat industry, given the strong market growth for food in general and meat products in particular, the meat industry, with a market value of US$18 billion and a growth rate of 5%, also has also played an important part in the economy (VCCI, 2016). However, the industry’s current production capacity does not meet local demand, thus opening the way for foreign investors to trigger increased competition.

3.4.2 CSR Issues in Food Industry

One of the key concerns is the lack of safety measures for workers in contact with chemicals. Some stakeholders note other potential labour issues common to all manufacturing sectors ranging from child labour and hazardous labour and excessive overtime. However, these reports are not as well-evidenced compared with the garment and shoe industries (Global Compact, 2010).

Environmental issues in food processing are another concern (Global Compact, 2010). For example, waste-water discharged from production facilities poses a problem with high concentrations of toxic substances beyond permitted standards. More particularly, recent media attention on cases such as Vedan and San Miguel has put environmental issues in the spotlight (Bui, 2008). Moreover, as perceived by businesses, investment in proper waste treatment is considered too expensive (Global Compact, 2010). This presents a challenge to many small, traditional food processing premises which traditionally use manual techniques, thereby seriously polluting the environment. Also, there is a perceived lack of enforcement of environmental regulations and a high incidence of corruption by regulators. Questions were raised that if the right person is ‘facilitated’ then a blind eye is turned on environmental issues (Bui, 2008).

The food industry, particularly the dairy sub-industry are included in the government development agenda. In addition to new regulations on food safety, the State Government launched a Food Branding Programme and Strategic Plan for Rural Development of the dairy industry (Vietnam Trade Promotion Agency, 2014). Yet, there is no specific government policy or guidelines for CSR promotion in this industry.

3.5 Summary

Vietnam has transitioned from a socialist regime with a centrally-planned economy to a market economy with a socialist orientation. These reforms were accompanied by rapid economic achievement and the country’s integration into the global market. At the same time, the State
Party exercised control in various spheres to uphold socialist legality and establish the political regime of socialism. The political economy of Vietnam reflects this socialist legacy, the social contract and cultural expectations regarding labour issues and weak institutions for CSR implementation.

The peculiar features of formal (laws and regulations) and informal institutions (social and cultural norms) may impact CSR practices. Specifically, the legal framework is comprehensive but poorly enforced due to overlapping state and local-level responsibilities, and lack of local authority enforcement capability and resources. There is no CSR public policy. Furthermore, the national culture featuring familism, collectivism and Confucian culture with values of morality, sound social relationships, responsibility and the recently imbued socialist ideology play a significant role in shaping Vietnamese society and perceptions. These factors affect social and cultural norms and the local level and, therefore, shape the way businesses view their responsibilities to the community and society.

CSR in Vietnam seems to be driven by Western actors. Recently, there has been collaboration among companies, local authorities, international agencies and civil society organisations to address social issues. However, there is limited Vietnamese Government ownership of CSR initiatives.

The garment and textile industry and the food processing industry have been two major economic contributors to the national economy and important sources of job generation. At the same time, they face significant challenges relating to labour and environmental issues. Given their importance to the national economy, the State Government introduced strategic development plans for these industries. However, no specific programmes or guidelines on CSR promotion are evident.

This section provided a discussion of the contextual background of the study from political, economic, social and regulatory perspectives which facilitates an understanding of CSR antecedents and strategies by the local garment and food industry companies.

The next chapter will provide a discussion of the research methodology used in the study to address the research question of why and how Vietnamese companies implement CSR.
CHAPTER FOUR

RESEARCH METHODOLOGY

4.0 Introduction

The objective of this chapter is to describe and justify the research methodology employed in this thesis. Particularly, it provides an examination of the most appropriate research methods aimed at answering the research question as well as strategies to overcome potential weaknesses. The chapter comprises six sections. The first introduces the philosophical assumptions and interpretive framework underpinning the study. The second explains the rationale for adopting a qualitative research design followed by a discussion of ethical considerations. The third describes the case-study design and data-collection approaches aimed at protecting data integrity. The fourth discusses the data analysis techniques employed in this study. Finally, the fifth section outlines strategies to deal with the limitations of the methodology pertaining to the validity of the study.

4.1 The Research Paradigm

A research paradigm guides all research, that is a set of principles and beliefs about the world and ‘how it should be understood and studied’ (Denzin and Lincoln (2011) p.13). These philosophical assumptions underpinning a study shape how a researcher ‘sees the world and act[s] in it’. Hence, investigators adopt a research paradigm to research a specific perspective and within a specific constructed logic of inquiry crucial for theory development (Perry, Riege, & Brown, 1999). Research design derives from and reflects the researchers’ philosophical assumptions and their worldviews (Creswell, 2012) because there is a congruence between the research approach and the nature and objectives of a particular research question (James & Vinnicombe, 2002). Therefore, a clear understanding of the research paradigm helps the researcher select the most appropriate methods to address the research questions and improve data validity and reliability. On a similar note, Easterby-Smith, Thorpe, and Lowe (2002) maintain that research quality could be seriously affected as a result of failure to have a clear view of relevant philosophical assumptions.

As far as the research approach is concerned, Marilyn and Chad (2000) provide four main scientific paradigms, each with three dimensions: ontological (the nature of reality), epistemological (how it is known) and methodological (approach to inquiry). Table 4.1 presents four categories of scientific paradigms and their elements suggested by Perry et al. (1997).
### Table 4.16: Four Categories of Scientific Paradigms and Their Elements

<table>
<thead>
<tr>
<th>Element</th>
<th>Positivism</th>
<th>Critical theory</th>
<th>Constructivism</th>
<th>Realism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ontology</strong></td>
<td>Reality is real and apprehensible</td>
<td>‘Virtual’ reality shaped by social, economic, ethnic, political, cultural and gender values, crystallised over time</td>
<td>Multiple local and specific ‘constructed’ realities</td>
<td>Reality is ‘real’ but only imperfectly and probabilistically apprehensible</td>
</tr>
<tr>
<td><strong>Epistemology</strong></td>
<td>Objectivist: findings true</td>
<td>Subjectivist: value mediated findings</td>
<td>Subjectivist: created findings</td>
<td>Modified objectivist: findings are probably true</td>
</tr>
<tr>
<td><strong>Common methodologies</strong></td>
<td>Experiments or surveys: Verification of hypotheses, by chiefly quantitative methods</td>
<td>Dialogic/dialectical: The researcher is a ‘transformative intellectual’ who changes the social world within which participants live</td>
<td>Hermeneutical or dialectical: The researcher is a ‘passionate participant’ within the world being investigated</td>
<td>Case studies/convergent interviewing: Triangulation, interpretation of research issues by qualitative and some quantitative methods such as structural-equation modelling</td>
</tr>
</tbody>
</table>

*Source: Perry et al. (1997, p. 547)*

The research paradigms refer to different epistemological positions about ways to investigate the nature of the world (Easterby-Smith, Thorpe, & Jackson, 2012). As researchers develop their views of what constitutes reality, they consider ‘ways in which it possible to gain knowledge of reality, how what exists may be known, what can be known and what criteria must be satisfied to be described as knowledge’ (Blaikie, 1993). Also, these research approaches are prevalent in social science which involve humanistic factors, and therefore, contributes to the complexity of how a social phenomenon can be studied in various ways.

The realism paradigm with a qualitative approach was selected for this thesis to gain an insight into the influential factors of CSR uptake. In terms of ontology, which is about the nature of reality (Newman, 2006), this research is conducted under the assumption there is a ‘real’ world out there to explore although it is not perfectly apprehensible (Godfrey & Hill, 1995; Guba & Lincoln, 1994; Merriam, 1988; Tsoukas, 1989). The study is designed to shed light on
participant perceptions, perspectives and interpretations as to CSR strategies as well as internal and external factors influencing their CSR practices and outcomes. A positivistic approach is not appropriate for this study because it may ‘strip the context from meanings, exclude members’ meanings and interpretation on data’ (Guba and Lincoln, 1994, p.106). For example, peculiar social and contextual conditions that affect company CSR engagement might be ignored if the positivism paradigm is used. Popper has made a useful distinction between different scientific paradigms. For example, he refers to positivism as ‘the very objective world’ and critical theory and constructivism as two ‘very subjective world of minds’ (cited in Marilyn and Chad (2000). If participant perceptions are investigated by a constructivist study for their own sake, as perceptions alone, in a realism study they shed light on the real ‘world’ beyond perceptions. For example, the qualitative researcher in this study conducted in-depth interviews with participants to understand their perceptions and interpretations of antecedents of CSR uptake and engagement, and, more importantly, identify the mechanism of CSR practices in the local context. So, the constructivism paradigm was used as a means of applying perceptions to real-world issues. Particularly, while socially-constructed realities may uncover values and ideologies embraced by participants regarding personal motivations for CSR, CSR engagement and practices may also involve external factors including the regulatory environment, industry competition and the market landscape. Furthermore, critical theory seems irrelevant to the study as it primarily focuses on destructive outcomes rather than improvement and may impose an impetus for people who are not prepared to change (Delahaye 2002); this is not the objective of this thesis.

Concerning axiology, it is suggested that qualitative researchers may bring values into the course of their inquiry (Creswell, 2012). This study strives to maintain a high-level of objectivity by employing a triangulation approach. Regarding methodological choice, the researcher primarily follows the inductive approach even though the conceptual framework for the study is initially built on relevant references to prevailing theories in corporate sustainability and environmental responsiveness and proactivity.

4.2 The Qualitative Research Approach

A qualitative case study approach was employed to explore why and how Vietnamese companies adopt their CSR strategies. This qualitative approach enabled the researcher to gain an understanding of the socioeconomic context in which the businesses operated (Myers, 2013). As the study entails an analysis of the multilevel antecedents (institutional, organisational and individual) that drive a company to uptake CSR, qualitative research was adopted to reveal details of the social context not captured by quantitative studies (Athanasopoulou, 2012).
CSR qualitative studies, though less popular than quantitative, have witnessed a growing interest due to their contextual richness (Bansal and Roth, 2000; Owen et al., 2000; Tilley, 2000; Cramer et al., 2004, 2006; Conley and Williams, 2008; Rodrigo and Arenas, 2008). The literature indicates several effective illustrations of how qualitative research contributes to the body of CSR knowledge. Particularly, qualitative studies were advocated to gain an insight into how contextual conditions and motivations exert an impact on CSR engagement (Aguinis & Glavas, 2012; Athanasopoulou, 2012; Bansal & Roth, 2000a). The qualitative research design was selected for the study in this thesis because of its relevance to the research questions. First, a qualitative design fits well with exploratory studies where available literature is limited, and where the variables are not easily identified or measured to gaining an insight into understandings and meanings that participants added (Creswell, 2007; Leedy and Ormrod, 2001; Walter, 2006). The objective of this thesis is to identify CSR strategies adopted by Vietnamese companies as well as to assess the impacts of various multilevel factors on a company’s strategic CSR responses through in-depth interviews conducted with key decision-makers. The researcher adopted the assumption that participants’ perceptions and interpretations are contextually constructed. Moreover, the literature review reveals that little is known about the determinants of a company CSR strategy, particularly in the developing-country context of Vietnam.

Second, it is acknowledged that a qualitative methodology assists research that entails a complex and detailed understanding of the issues and the contexts in which participants act (Creswell, 2007). This study identifies institutional pressures, organisational factors as well as the individuals’ influence on corporate CSR strategic postures in national, industry and company contexts. The complexity of these issues, therefore, is best addressed using a qualitative approach. Moreover, as CSR is ‘context-specific’ (Bansal & Roth 2000), the qualitative research design allows theory revision and development for a certain context if prevailing approaches do not suffice.

4.3 Research Design Strategy

A systematic research design is crucial to conduct rigorous research. It represents the logic that ‘link the data to be collected, the conclusions to be drawn to the initial questions of the study’ (Mays & Pope, 1995). It sets out a detailed plan to ensure the coherence of the study from research questions to the conclusions, thereby avoiding a situation where the data does not enable the researcher to address the initial research questions (Yin, 2010). A cross-sectional study design was employed in this thesis because it provided the overall picture obtained at the time of the study and was best suited to investigate the prevalence of a phenomenon, situation, problem or issue (Sekaran, 2006; Smith, 2012).
4.3.1 Qualitative Research Design Overview

Denzin and Lincoln (2008) suggest that the qualitative approach can generate rich descriptions at both micro and macro levels. Aguinis and Glavas (2012) argue there are three levels of analysis regarding the factors affecting CSR engagement (1) the institutional level (the macro-level) (2) the organisational level (the meso-level) and (3) the individual level (the micro level). To explore these three levels regarding the research questions of why and how companies become engaged in CSR practices, the research design employed a conceptual model of CSR engagement constructed from a literature review with semi-structured interview questions developed from the components of the model. As discussed in the literature review, the components are derive from seminal theories on institutional, resource-based, stakeholder and upper-echelon perspectives and several studies from CSR research. The integration of macro-, meso- and micro-level factors in the conceptual model facilitated the investigation of the historical development of CSR engagement practices by companies via the lived experience of the participants and the context of their world (Morse & Richards, 2002).

On the approval of the ethics application for the study by the Business College Human Ethics Advisory Network at RMIT University dated 24 January 2015, a two-stage research design with specific sequential steps was adopted for this thesis. As research questions were defined, the researcher began the selection of the research paradigm and methods. The researcher then developed a semi-structured interview protocol based on the conceptual model of CSR engagement for Stage One (the pilot study). The pilot study involved a preliminary qualitative study by face-to-face interviews with three local CSR experts and two business leaders. This study provided inputs for the revision of the interview guide both regarding the content items and timeframe. More importantly, it was aimed to ensure the questions asked were valid, thereby enhancing the quality of the data.

After refining the semi-structured interview guide derived from the pilot study, the researcher conducted the in-depth interviews for the main qualitative study in Stage Two. This entailed preparing an interview protocol, selecting and contacting targeted companies, scheduling interviews and follow-up contacts with key respondents. All interviews were audio recorded with the permission of the participants and then transcribed and translated. The transcripts were then sent back to several participants from each of the organisations studied for validation. Moreover, the accuracy and consistency of the translated transcripts were controlled using a ‘back to back’ translation technique (Marin, Triandis, Betancourt, & Kashima, 1983). NVivo (Version 10) was used to manage the collected data, theme coding and data analysis to improve the reliability of the study. The final process entailed the reporting and discussion of the findings to the research.
questions. Figure 4.1 depicts the steps undertaken sequentially to conduct the qualitative research.

### Research Paradigm

**Justification for the Inductive-Realism Paradigm**

### Literature Review

**Developing Conceptual Framework**

### Research Design

- Designing the research
- Designing the interview guide and protocol
- Developing strategies for improving research creditability
- Obtaining ethics approval

### Data Collection Methods

- In-depth interviews
- Document Analysis
- Field Notes

### Qualitative Data Collection

- The two-staged approach:
  - Stage 1: The pilot study
  - Stage 2: In-depth interviews

### Qualitative Data Analysis

- Transcribing/Translation Process
- Analyzing process and methods

### Writing up Results

---

**Figure 4.1 : Research Design Processes**

*Source: Adapted from Creswell (2012)*

### 4.3.2 The Case Study Approach

A case-study approach was selected as the research method for this thesis as it fits well with the categorisation of research questions required for the research objective. As Yin (2009) maintains, the choice of a case study depends on three factors: the research question, the researcher's control over actual behaviour and events and the degree of focus on contemporary events. Furthermore, Creswell (2007) adds that investigators should embrace the case-study method if cases are easily identifiable; they wish to gain an in-depth understanding of the phenomenon and make cross-case comparisons. In this explorative study, the case-study method was highly appropriate as the key research questions involve the ‘how’s,’ that is, how institutional, organisational and individual factors influence CSR strategies and how such strategies, in turn,
affect company social and environmental performance. Also, the researcher had little control over the events but explored them through interviews with key company personnel. The desire was to provide a detailed and comprehensive account of the phenomena, thereby making comparisons across companies in each industry and across different industry sectors of the garment, footwear and food industries. Furthermore, Eisenhardt and Graebner (2007) propose that case studies work toward theory building when prevailing theories may not provide a holistic approach that addresses the research questions. Hence, the study offers a more relevant framework to fill in the gaps concerning how CSR strategies are shaped in a developing-country context such as Vietnam.

### 4.3.3 The Multiple Case Study Design

A multiple-case study design was selected because it served two useful purposes. First, this design allows for cross-case comparison of available evidence, suggesting the possibility of the generalisability of the data collected (Creswell, 2007, Yin, 2009). Second, as CSR is ‘context-specific’, a collective-case approach allows for theory revision and development based on its applicability to different contexts if prevailing theories do not suffice (Bansal & Roth 2000). Eisenhardt and Graebner (2007) emphasise that a collective-case approach provides a stronger ground for theory building as opposed to a single case because it offers accuracy, generalisability and testability. This thesis conducted multiple studies of Vietnamese companies in the garment and food industries to assess the impacts of institutional, organisational and individual factors on company selection of CSR strategies.

In summary, a qualitative exploration with case-study approach represents a comprehensive research strategy (Creswell, 2012) as it provides crucial information to understand CSR underlying mechanisms (Aguines & Glavas, 2012). However, there is some doubt about the rigour of qualitative research, particularly its limitations relating to reproducibility and generalisability (Mays & Pope, 1995). The following sections discuss the data collection and data analysis processes with specific research design strategies to protect data integrity and, thereby, establish the validity of the qualitative data.

### 4.3.4 Sampling and Case Selection

The researcher employed systematic purposive sampling for the qualitative study for the following reasons. By employing systematic purposive sampling, the researcher could choose specific cases that illustrated some related features or process of interest. Hence, could ‘identify common behaviour patterns among units of analysis that face diverse resource conditions and constraints, thus allowing for greater claims to theoretical extraction than with a more homogenous sample’ (Di Domenico, Haugh, & Tracey, pp. 687-688). Moreover, purposeful
sampling is strongly recommended for field research as it allows researchers to locate all potential cases of a highly specific population. Thus, the method helps to minimise sampling mistakes resulting from sampling in a random manner and selecting inappropriate samples (Neuman, 2013). These guidelines are of critical importance to the researcher to decide on the sampling framework because it requires a critical evaluation concerning the parameters of the population studied and careful sample selection on this basis (Silverman, 2013).

Three inclusion criteria used to select cases were CSR visibility, the industry of focus and size. First, this researcher selected CSR-embracing companies as this allowed the development of an insight into why and how local companies adopted certain CSR practices and strategies. Furthermore, the sample could provide some practical implications for relevant stakeholders to further their work in CSR promotion. Cases were selected from the registration list of companies participating in the 2012 CSR Award organised by the VCCI with an objective to maximise the depth and richness of the data relevant to the investigation (DiCicco-Bloom & Crabtree, 2006). Second, this study focused on medium or large companies. This decision was based on observations in the literature that larger companies tended to be more responsive to CSR issues (Brammer & Millington, 2006).

The third criterion for selecting cases for this thesis was industry type: garment and food. These industries were selected due to their context, relevance and importance as discussed in Chapter 3, and in particular for the following reasons. On the one hand, they play a significant role in the economy of Vietnam. Particularly, the garment industry accounts for approximately 13.18% of total exports with US$10 billion in value (the 2nd largest exporter after crude oil), comprises 10% of the country’s GDP and creates 2.5 million jobs. The food industry comprises 15% of GDP and generates employment for 4.5 million people (General Office of Statistics, 2012). Thus, the industries have significant social impacts regarding job generation and value creation for the economy of Vietnam. On the other hand, current production and management practices of industry players also reveal worrying social implications. Concerns related to human rights, labour issues (minimum wages, insurance, occupational safety) and environmental problems have been raised by international governance agencies (Vietnam, 2010). Moreover, the selection of these two industries due to their unique contexts allows the opportunity to challenge or support current studies on CSR (Al Masud, Hoque, Hossain, & Hoque, 2013; Maloni & Brown, 2006; Palazzo & Richter, 2005). As discussed in the literature review, there are different approaches to CSR in developing and developed countries (Blowfield & Frynas, 2005a). Hence, this approach facilitates the researcher’s learning about the issues in a different context from the ones that previous studies entailed.
Hence systematic purposive sampling allowed the researcher to select appropriate individuals and sites which may best facilitate an understanding of the research questions and related phenomena of the study, thereby offering in-depth and rich data (Creswell, 2012; Patton, 2002).

Moreover, ownership types and geographic location were also used to select cases. This technique is referred as stratified sampling (Trost, 1986). The cases selected had different ownership types including SOEs, foreign-owned enterprises (FOEs) and privately-owned enterprises (POEs). The companies were in different economic hubs: Hanoi (North Vietnam), Da Nang (Central Vietnam) and Ho Chi Minh city (South Vietnam). This is because different regions have different competitiveness indices (Malesky, 2008), which could, as suggested by Yin and Zhang (2012), influence CSR uptake by businesses regarding the role of government incentives in driving CSR engagement. Overall, diversified sampling regarding size, ownership, economic regions and industries contributed to a more comprehensive understanding of CSR practices in the local context, thereby improving the quality of the sample data on which conclusions were made (Daly & Lumley, 2002).

The total sample size was six, comprised of three garment industry cases and three from the food industry. This number is within the ideal range, as stated by Eisenhardt (1989) because it makes the studies manageable as well as providing adequate information input for theory development. Table 4.2 outlines the industry and regional location of the six case companies selected.

**Table 4.2 : Business Industry of Selected Case-Studies in Three Targeted Locations**

<table>
<thead>
<tr>
<th>Industry of selected companies</th>
<th>Hanoi (North Vietnam)</th>
<th>Danang (Central Vietnam)</th>
<th>Ho Chi Minh (South Vietnam)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garment</td>
<td>1 (POE)</td>
<td>1 (SOE)</td>
<td>1 (FOE)</td>
</tr>
<tr>
<td>Food</td>
<td>1 (POE – individual owner)</td>
<td>1 (POE – institutional owner)</td>
<td>1 (FOE)</td>
</tr>
<tr>
<td>Total number of cases</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

To identify potential interviewees, researchers are advised to seek respondents who are experienced and knowledgeable in their area (Rubin & Rubin, 2011). For this thesis, the researcher decided to conduct in-depth interviews with the senior managers from CSR-embracing companies. They are referred to as elite interviewees (Odendahl & Shaw, 2002) where respondents have more power, knowledge, money, status than others in the population. Moreover, they were deemed to have an understanding of the relations of their company’s internal and external environments, thereby providing substantial input to address the research.
questions of why and how company undertake CSR. The number of interviewees at each company varied from three to eight comprising a total of 39 interviews. Also, four additional interviews were conducted with CSR experts from UNIDO Vietnam, Better Work Vietnam, VITAS and the VBCSD.

4.4 Data Collection Techniques and Data Triangulation

This section explains how the three data-collection techniques of interviews, document analysis and field notes were employed for data triangulation in the qualitative study. Yin (2009) and Creswell (2007) maintain that the employment of multiple sources of evidence in case studies enable researchers to develop converging lines of inquiry, thereby generating more convincing and accurate findings and conclusions. As noted, for this study, data were collected from interviews, field notes and document analysis. The use of these sources was consistent with the compendium of data-collection approaches in qualitative research as suggested by Creswell, Hanson, Plano, and Morales (2007), and Yin (2010). The following sections explicate each of the three data-collection techniques and how they were triangulated.

4.4.1 Interviews

The qualitative interview is one of the most widely-used data gathering instrument in qualitative research (King & Horrocks, 2010; Myers & Newman, 2007) since it allows researchers to gain an understanding of their fellow human (Fontana & Frey, 2005) and the real world of a specific social phenomenon under study (Denzin & Lincoln, 2011). In particular, the qualitative interview enables researchers to obtain rich and complex information from individual interviewees (Cavana, 2001) and assists in interpreting the interviewee’s thoughts on the issues investigated (Ticehurst & Veal, 2000); the interview thereby contributes to the conceptual and theoretical body of knowledge based on the respondent’s life experiences (DiCicco-Bloom & Crabtree, 2006).

The role of the researcher in this study was to explore, describe and make sense of the multiple views of the research participants as managers from the garment and food industries, industry experts and government officers. This requires the researcher to act as a meaning maker as they interpret interviews from respondent’s dialogue, emotions and feelings (Ticehurst & Veal, 2000; Warren, 2001). This thesis, therefore, employed in-depth, semi-structured interviews as the primary technique to explore the diverse realities experienced by research participants (Stake, 1995).

Semi-structured interviews are developed around a set of pre-determined open-ended questions and other questions emerging from the conversations between the interviewer and interviewee.
(DiCicco-Bloom & Crabtree, 2006). In other words, they have an overall structure but still provide the flexibility to include unstructured questioning (Hair, Money, Samouel, & Page, 2007). The researcher prepares several questions beforehand but needs to improvise during the interview to gather additional information (Green, 2005; Myers, 2013).

For this study, the semi-structured interviews were employed for the following reasons. First, as compared with structured interviews which are highly standardised, semi-structured interviews provide flexibility and autonomy to the researcher to cover many aspects of interest to the research by posing new questions during the interview to seek additional information (Green & Browne, 2005). In other words, a researcher employing semi-structured interviews uses pre-defined aspects only and probes other emerging factors (Sekaran, 2003). Furthermore, semi-structured interviews also offer more flexibility to participants in expressing their views and responses to the researchers’ questions. For example, when the researcher conducted interviews with senior managers, questions began by addressing their work experience and background. While listening to their responses, the researcher determined what questions to ask next to explore how an individuals’ specific characteristics influenced their perceptions of CSR. This interview technique allowed the researcher to decide, during the interview, whether it was important to probe for additional information until all questions in the interview guide were covered (Maykut & Morehouse, 1994). To ensure the accuracy of the information collected, the researcher asked participants to summarise the key factors they perceived as important in driving their CSR practices.

Second, the semi-structured interview is well suited to an exploratory study in which the perspectives are highly personal or ill-defined for the specific individual (Thomas, 2004). This is because the interview enabled the researcher to ask subsequent questions to discover new and relevant aspects of the themes in the research framework. In particular, the use of in-depth semi-structured interviews allowed the researcher to uncover the insights of social and personal issues as one-to-one interviews made the participants more comfortable in expressing their views and perceptions without any influence from others (DiCicco-Bloom & Crabtree, 2006). For instance, participants may have different perceptions regarding how institutional factors could drive CSR practices. Individual interviews, therefore, could make participants more comfortable to share their critical views. Some respondents asked the researcher to consider not recording their personal experiences on sensitive or contentious aspects. (Creswell et al., 2007; Thomas, 2004). This enabled the researcher to gain a deeper understanding of the intriguing nature of issues under study.
Finally, the employment of semi-structured interviews allowed the researcher to use the most appropriate language with participants without changing the meanings of the questions posed to them (Louise Barriball & While, 1994). In other words, the pre-drafted questions may need to be worded differently in accordance with the different context of each researcher-participant interaction. This is because different participants may have unique experiences or stories to tell. Thus, customisation of question styles and content can be made based on interviewee feedback. For this study, the researcher used different words or phrases for different participant groups. For instance, when exploring the organisational factors that influenced CSR uptake, the researcher used the words ‘financial resources’, ‘organisational capabilities’, ‘brand name’ rather than ‘tangible’ and ‘intangible resources’. Hence, the researcher avoided jargon or technical terms that could have caused difficulties for participant comprehension.

4.4.2 Field Notes

Field notes are referred to as descriptive records of conversations and events experienced by researchers during the research process (Thomas, 2004), particularly records of researchers’ impressions and initial impression during the in-depth interview process (Bryman & Bell., 2007). The employment of field notes in qualitative research is endorsed by Myers (2009) who maintained that field notes should be taken by the researcher together with different kinds of recording devices to collect interview data. This is because they can serve as a source of what a researcher was thinking and feeling during the interview. Furthermore, the additional commentary assists the researcher in the latter stage of data analysis (Myers, 2009), especially to specify key aspects or themes that emerged during the data-collection processes (Bryman, 2008a).

During the data-collection phase of this study, the researcher kept written field notes while conducting interviews and listening to recorded interviews. The notes included the name of the interviewee, the time of the interview and main content of responses (Flick, 2009). Furthermore, the researcher also kept memos of any data that they thought relevant to the issues under study (Thomas, 2004). These notes enabled the researcher to identify any important emerging themes discussed by the interviewees, and hence, a rich source of complementary data. The process of taking field notes set the starting point for the production of the findings in texts (Flick, 2009). In light of its significance, the researcher kept systematic indexing and organisation of the field notes to ensure that important details would not be ignored when raw collected data was analysed (Payne & Payne, 2004). For instance, the field notes were indexed by industry, company, manager, and important aspects to be noted for later analysis.
4.4.3 Document Analysis

Analysis of textual materials or documents serves as a source of relevant research data for qualitative research (Eriksson & Kovalainen, 2008). This technique may involve the use and examination of secondary data (Cavana, 2001) or published or unpublished printed materials such as company reports, faxes and newspaper articles (Silverman, 2013). Relevant documents are viewed as important investigatory tools which enable researchers to make further inferences about events and gain more understanding of the participants, subjects or phenomena studied.

This thesis employed the document analysis technique as a supplementary way to understand CSR motivations, strategies and performance based on several justifications. First, the analysis of relevant documents (government policies, regulations, industry reports) allowed the researcher to have a better background understanding for the research process (Myers, 2009) since they provided significant and important insights into an issue being investigated (Merriam, 2002). For example, an analysis of a government policy like the NA21 on sustainable development facilitated the researcher’s understanding of the Vietnamese Government orientation and priority toward environmental and social issues. Also, the researcher analysed CSR reports and documentation from the VCCI, particularly documents submitted from companies registering for the CSR awards.

Second, the analysis of relevant documents provided a company’s history and development as well as a record of decisions made by the company (Rowllnson, 2004). In particular, the analysis of company documents also provided relevant information such as business profile, main operations and product offerings (Thomas, 2004). These documents were collected by the researcher in the form of brochures, reports, official websites, newsletters or periodicals, press releases or entries on companies’ official websites. They were regarded as good quality data because they represented a company’s official communication channels to document their business profile and activities (Thomas, 2004).

Third, documents and records are viewed as non-reactive and unobtrusive sources of data (Thomas, 2004). This can be explained by the fact that documents used in this thesis have been produced before or during the research and hence their contents cannot be affected by the researcher’s presence in the research investigation. They also contained information concerning years before the research that featured revisions to laws on labour and environmental protection, and thus offered an opportunity for the researcher to broaden the investigation into socioeconomic issues associated with business uptake of CSR.

However, the availability of various information sources for this method led the researcher to evaluate the criteria for determining the validity of the data. These criteria could assist
researchers to avoid the drawbacks of this technique which include obsolescence or irrelevance and failing to meet the needs of the study (Cavana, Delahaye, & Sekeran, 2001). To safeguard the quality of this method, this thesis adopted Forster (2006) five practical stages for accessing and analysing documents (company documents in particular). These are (a) accessing relevant documents, (b) checking for authenticity, (c) understanding the documents, (d) analysing the data, and (e) utilising the data. For example, to develop an understanding of CSR practices, the researcher explored various sources of CSR-related documents available including company archives, online and printed articles, company websites, industry association websites and publications, and CSR documentations from government agencies. Particularly, regarding online articles, the researcher evaluated the authenticity of each online source and selected articles published on official websites of the local government, regulatory bodies or media channels. The researcher then studied the documents to identify the aspects of CSR activities undertaken by the companies. Further analysis of the information collected was conducted about themes identified in the analysis of primary data from the in-depth interviews.

4.4.4 Data Triangulation

Triangulation is considered a process of ‘using multiple perceptions to clarify meaning, verifying the repeatability of an observation or interpretation’ (Stake 2005, p. 454). As discussed above, the study employed the several techniques to increase the validity of the research data. For instance, the researcher conducted (1) secondary data analysis before and after the interviews; (2) observations during the interview and company visits; and (3) unstructured follow-up questions during the interviews. Specifically, secondary data collected (from official websites of the government, industries and companies involved) was reviewed, where available, before the interview. Also, data collected from the interviews with the senior managers from six case studies were triangulated against data obtained from the document analysis of the company documents and relevant reports from government bodies like the VCCI. Furthermore, in all cases, follow-up interviews were conducted using emails, telephone or Skype.

Also, the researcher collected a diverse range of journal articles, press releases and legal documents on labour and environment laws and regulations from the Ministry of Labour, Invalid and Social Affairs, the Ministry of Health and government agencies on sustainable development to gain an insight into the regulatory environment affecting CSR uptake. Moreover, the researcher also consulted the official websites and reports of industry associations like VITAS, VDA and VCCI to collect data on trends, industry norms, CSR promotion activities as well as company performance on legal compliance for labour, environmental and social aspects.
Overall, the use of three data-collection techniques allows the triangulation of data from multiple sources, such as secondary data from the literature and secondary sources and primary data from various research participants and field notes. Also, the multiple-case study approach provides cross-case and cross-industry comparisons for forming a rich account of the reality of CSR practices in the local context.

4.5 Data-Collection Processes

This section describes the data collection stages and collection activities aimed at validating data integrity. There were two stages of data collection: the pilot study and the main study these are elaborated in the following sections.

4.5.1 The Pilot Study

A pilot study (Stage One) was conducted from 22 March 2015 to 2 April 2015 before the actual data collection. It was completed with the participation of three business managers, one from the food industry and two from garment companies, and two consultants from the VBCSD under the auspices of VCCI. By using personal contacts with senior officers at the VCCI, the researcher was introduced to the business managers and VBCSD officials. The manager-participants were all familiar with CSR as they had adopted this policy in their companies. Similarly, the VBCSD officials had worked with businesses in several CSR projects funded by UNIDO. Semi-structured interviews developed based on the literature review and the researcher’s conceptual framework. Each interview lasted about an hour. This pilot study proved to be crucial for the main data collection, and the later in-depth interviews. First, it provided the researcher with relevant information for the design and structure of the interview questions as well as refining the interview, data collection and data analysis techniques utilised in the formal study (Pickard & Association, 1989). Particularly, the pilot study was conducted before the main data-collection stage based on the following justifications.

a) To allow room for improvement in developing the researcher’s research skills and confidence, thereby, enhancing self-reflection as a researcher in conducting interviews, transcribing and analysing (Marshall & Rossman, 2014)

b) To test the researcher’s assumptions relating to the conceptual framework

c) To obtain feedback on how well the interview questions were developed regarding clarity of wording, sequence and layout; and

d) To develop, refine and test measurement tools and procedures.
4.5.2 The Main Study

The purpose of the in-depth semi-structured interview was to uncover factors influencing CSR engagement by three Vietnamese garment and food companies from three main perspectives: institutional pressures, organisational forces and individual impacts. The interviews were conducted in Stage Two of the qualitative data collection process. The main study was conducted in two phases. Phase 1 was implemented from 3 April 2015 to 10 July 2015. Phase 2 was the follow up of the interviews in the previous stages and undertaken in October and December 2015. The follow-up interviews were conducted during the process of preliminary data analysis using electronic communication (email, Skype and telephone) to gather additional information or clarify data collected from the interviews.

4.5.3 Planning and Conducting Interviews

There are several considerations regarding the conduct of an interview including the type of interview, interview circumstances and types of data to be collected. However, in general, qualitative interviews can be conducted by specific steps. This thesis employed six key steps in planning and conducting the interviews as proposed by Crowther and Lancaster (2009, pp. 149-50). This section offers a discussion of the five steps [(a) to (e)].

(a) Determine data objective and topics for discussion

It is suggested that the formulation of a set of good questions to ask interviewees is the key element of a good interview (Green 2005). On the same note, choosing a topic or topics for discussion is crucial in determining the adequacy of research credibility and importance (Rubin & Rubin 2005). The objective of conducting the semi-structured interview in this study was to uncover the main factors which may influence the engagement of CSR by garment and food companies in Vietnam. This process of selecting a good topic and formulating a viable research question can take weeks or months as both the topic and questions emerge iteratively (Rubin & Rubin 2005).

For this study, an interview guide with 30 open-ended questions was developed from the literature review (Bowen, 2008), thereby enabling the researcher to conduct meaning-making of the interviews within the purview of the designated research topic (Warren, 2001). As discussed above, the interview guide was designed based on existing and relevant literature and the pilot study. Moreover, the interview guide offered the researcher more freedom and flexibility to query the participants strategically by probing relevant questions which would facilitate an explanation of the phenomenon understudied (Hair et al., 2007). Importantly, the employment of the interview guide allowed the researcher to safeguard the standardisation and comparability of
the data and to increase its reliability (Yin 2009). Furthermore, it served as a guide for the researcher to write analysis the chapters in this thesis.

(b) Identify and approach interviewees

The interview process for this research aimed to obtain compelling and valid information from the right person (Ghauri & Grønhaug, 2005). As discussed in Section 4.3.4, the researcher selected six companies from VCCI’s list of companies registered for the CSR Awards 2012. The researcher also obtained company contact details from this list and then emailed or called the potential participants to invite them to participate in the research interviews. Follow-up emails were sent later with a formal invitation letter providing background information for the research, the participant information sheet, and researchers’ contact details.

Upon their agreement to participate in the interview, the RMIT University consent letter and the Interview Guide were sent to prospective interviewees before their interview sessions to ensure they understood the subject matter of the study and prepared all necessary information related to the interview questions posed in the interview guide.

Neuman (2013) suggests that it is important to deal with the ‘gatekeepers,’ that is, people with formal or informal authority to control access. Yin (2010) also advises that a fieldworker’s main access must come from an official of an institution or the leader of a social network. In some instances, when it was difficult to approach senior managers, the researcher relied on personal contacts who were the executives from the VCCI and Ministry of Planning and Investment to gain access to participants.

(c) Arranging interviews

Several issues regarding such resources as time, location and cost of the interviews were discussed before the interview sessions. Firstly, the researcher expected each interview to last 45 to 60 minutes and communicated this to participants. This was important to them as time was viewed as money and, therefore, they might decline participation if the interview duration affected business commitments (Ghauri & Grønhaug, 2005).

Second, the interview venues were also discussed. Thirty-three interviews (twenty-eight with senior managers and four with CSR experts) were conducted in the three major cities of Hanoi, Da Nang and Ho Chi Minh. The interviews were arranged either at each participant’s office or local coffee shops. The researcher let the participants decide the location that best suited their working schedules.

(d) Conducting the interviews
The quality of the semi-structured interviews depends on the skills of the interviewer, particularly in maintaining the integrity of the research data collected. Hence, the researcher needed appropriate training before conducting interviews. In particular, the researcher adopted two strategies to prepare for the interview as suggested by Louise Barriball and While (1994). First, the researcher conducted an extensive literature review on the antecedents and practices of CSR to have a complete understanding of the interview schedule. Second, the researcher tried to identify potential errors and biases associated with personal interview techniques. Moreover, the pilot interviews with three business managers and two CSR experts conducted before the main qualitative study assisted the researcher to contextualise preliminary ideas on each topic included in the interview guide.

Neuman (2013) advises interviewers to build rapport with participants by being non-directive at the start and keeping conversations away from being evaluative or related to highly-sensitive issues. In the light of these guidelines, the researcher started each interview with an introduction of the researcher’s profile and the research work and initiated informal discussions about the participants’ background and work experience. This approach was useful in building rapport with the participants for later follow-up data collection and analysis. The consent form for the research was presented to the interviewees at the beginning of the interview. The purpose, information sought, as well as potential benefits and risks of the research and the rights of the interviewees, were explained to the interviewees. On the agreement of the interviewees, they were asked questions concerning their understanding of CSR, their company’s CSR orientation and performance and influencing factors on their pursuit of CSR. The researcher highlighted that the study was not aimed to evaluate a company’s CSR performance as good or bad performers. Strong emphasis on the confidentiality and anonymity of the information was provided, critical to building trust and willingness to share information about their company’s social, labour and environmental performance. Finally, they were asked to allow the researchers to follow up on the interviews in the future for information verification and additional information provision for case development. They were also requested to nominate other managerial members of the organisation to contact for interviews.

In-depth semi-structured interviews were conducted with 28 senior managers of three garment and three food companies in the office or company meeting rooms as agreed by the interviewees. Most of the interviews lasted one to one-and-a-half hours and were digitally recorded with the agreement of the interviewees. The total number of interviews was 39, including eleven follow-ups with senior managers. As noted, four additional interviews were conducted with CSR experts from UNIDO Vietnam, Better Work Vietnam (an initiative between ILO and IFC), Vietnam Apparel and Textile Association and the VCCI. The list of interviews is provided in Table 4.3.
Table 4.38 : List of Interview Participants

<table>
<thead>
<tr>
<th>No.</th>
<th>Company/Organisation</th>
<th>Industry</th>
<th>Ownership</th>
<th>Size</th>
<th>Position</th>
<th>No.of interviews</th>
<th>Code</th>
</tr>
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<tbody>
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<td>GC1</td>
<td>Garment</td>
<td>SOE</td>
<td>Large</td>
<td>Deputy General Director</td>
<td>2</td>
<td>GC1 M1</td>
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<td></td>
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<td></td>
<td></td>
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<td>GC1 M3</td>
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<td></td>
<td></td>
<td>HRM Manager</td>
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<td>GC1 M4</td>
</tr>
<tr>
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<td></td>
<td></td>
<td>Trade Union Chairman</td>
<td>1</td>
<td>GC1 M5</td>
</tr>
<tr>
<td>2</td>
<td>GC2</td>
<td>Garment</td>
<td>FOE</td>
<td>Large</td>
<td>General Manager</td>
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<td>GC2 M1</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Social Compliance</td>
<td>1</td>
<td>GC2 M2</td>
</tr>
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<td></td>
<td>HR Manager</td>
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<td>GC2 M3</td>
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<td>Trade Union chairman</td>
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</tr>
<tr>
<td>3</td>
<td>GC3</td>
<td>Garment</td>
<td>POE</td>
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<td>General Director</td>
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<td>GC3 M1</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td>Social Compliance Head</td>
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<td>GC3 M2</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td>HR Head</td>
<td>1</td>
<td>GC3 M3</td>
</tr>
<tr>
<td>4</td>
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<td>Food</td>
<td>FOE</td>
<td>Large</td>
<td>Deputy General Manager</td>
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<td>FC1 M1</td>
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<td></td>
<td></td>
<td>Corporate Affair Manager</td>
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<td>Legal Department Manager</td>
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<td>Dairy Farming Development</td>
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<td>Education Promotion Program Coordinator</td>
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<td>Marketing Manager</td>
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<tr>
<td>5</td>
<td>FC2</td>
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<td>POE</td>
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<td>General Manager</td>
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<td>FC2 M1</td>
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<td>Marketing Manager</td>
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<tr>
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<td>HR Manager</td>
<td>1</td>
<td>FC2 M4</td>
</tr>
<tr>
<td>6</td>
<td>FC3</td>
<td>Food</td>
<td>POE</td>
<td>Medium</td>
<td>Deputy General Director</td>
<td>2</td>
<td>FC3 M1</td>
</tr>
<tr>
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<td></td>
<td>HR Manager</td>
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<td>FC3 M2</td>
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<td></td>
<td>Marketing Manager</td>
<td>1</td>
<td>FC3 M3</td>
</tr>
<tr>
<td>7</td>
<td>UNIDO Vietnam</td>
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<td>Ex-chairman</td>
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<td>Senior Auditing Manager</td>
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<td>EXP3</td>
</tr>
<tr>
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<td>VCCI</td>
<td></td>
<td></td>
<td></td>
<td>VBCSD Chairman</td>
<td>1</td>
<td>EXP4</td>
</tr>
</tbody>
</table>

*Source: The Author*

The interviews were conducted in Vietnamese with one exception in English. To ensure the validity of data collected, all interviewees were asked the same questions based on the interview guide, but not necessarily in the same order as probing questions were used when appropriate (Richards & Morse, 2007). To guarantee the integrity of the translations, the researcher employed two qualified translators who had certification from the Australian National
Accreditation Authority for Translators and Interpreters. Moreover, the back translation technique was also used to ensure the quality of the translation (Chen & Boore, 2010). The list of interviews with details is provided in Appendix 3.

(e) Recording the interviews

All interviews were recorded using a Sony MP3 digital recorder with the participant approval. A digital recording device was selected as it facilitated digital storage, archiving and transmission of all the interviews. Furthermore, the employment of this device allowed greater flexibility in conducting interviews as the researcher could focus on participants’ responses without distraction and make probing questions to obtain in-depth insights and create a rich dialogue with interviewees. In fact, of written records of the interviews instead of note-taking would not be sufficiently accurate for most qualitative research (Bailey, 2008).

On the completion of the interviews, all recordings were stored in the researcher’s personal password-protected laptop and kept in a locked filing cabinet in the researcher’s house or office in Vietnam during the data-collection process and then transferred and stored at RMIT University in a secure (password-protected) folder for a minimum of 5 years in accordance with RMIT University’s intellectual property rights policy. The researcher also saved the recording files in an external hard drive for backup purposes.

4.5.4 Ethical Considerations

Ethics in business research is of great significance to researchers as it involves ‘acting in the right spirit, out of an abiding respect and concern for one’s fellow creatures’ (Health & Council, 2007, p. 3). In particular, it deals with questions as to ‘whether there is any harm to participants, whether there is lack of informed consent, whether there is an evasion of privacy and whether deception is involved’ (Bryman & Bell, 2011, p. 128).

Privacy and confidentiality were highly respected and was protected in all ways. The data was de-identified. Name and contact details were kept in separate, password-protected files from the interview data files. Any references to personal information which might enable someone to identify the interviewee were removed. Participation in this research was completely voluntary. As noted, before the interview, the researcher explained to participants the purpose, the information sought as well as potential benefits and risks of the research and the rights of the interviewee.

4.6 Data Analysis and Interpretation

Data analysis involves the preparation of the research data and reconstructing it into a ‘recognisable reality’, representing the data and making interpretations of the meaning from the
data (Creswell, 2009; Maykut & Morehouse, 1994). Due to the availability of different forms of analysis of interview data, researchers are recommended to select an approach which either strongly focuses on the language or the content of what interviewees have to say (King & Horrocks, 2010). Moreover, the selection of qualitative data analysis techniques depends on factors as the type of qualitative data, objectives of the analysis and availability of data and resources (time and cost) for the data analysis (Crowther & Lancaster, 2009).

For this study, the researcher adopted a qualitative analytical approach to investigate the meaning of participants’ words and behaviours (Maykut & Morehouse, 1994) or making sense out of documentary texts and field notes obtained during company visits (Creswell, 2009). The researcher was more concerned with understanding interviewees’ lived experience as they expressed it. Given the large amount of qualitative data collected, the researcher conducted a thorough analysis and interpretation by selecting the most relevant data and transforming it into meaningful information to understand the phenomenon under study (Cavana, 2001). In this regard, the researcher adopted a six-step qualitative data analysis procedure (Figure 4.2) for data analysis and interpretation as suggested by Creswell (2009). The process started with the transcription of interview records, followed by the coding of transcripts as discussed in the following sections.
Figure 4.2: Organising and Preparing Qualitative Data Analysis

Source: Creswell (2009)

4.6.1 Transcribing Data

Transcription of research data is defined as the process of listening to interview recordings and converting them into text documents (Bernard & Ryan, 2009). This preparation is deemed important to qualitative research (Maykut & Morehouse, 1994) since it facilitates the research data analysis at the later stage. Furthermore, the transcription of audio-recorded interviews into digital texts is also considered an interpretive process which entails making initial judgements of the research data. It may represent the first step in implementing a systematic analysis of the qualitative research (Bailey, 2008; Bernard & Ryan, 2009). The employment of transcription techniques enabled the researcher to identify keywords or issues mentioned by interviewees, consider the tone and expression of the interviewees and to recall important behaviours of the interviewees not captured by the voice recording (Maykut & Morehouse, 1994).

The transcription of the recorded interviews took about 20 weeks with an average of 12 hours required for the transcription of each interview and 12-18 pages of word processing. The
researcher reviewed all transcriptions. Although there are several voice-recognition software programs, such as Window Speech Recognition, available to help researchers transcribe interviews (Bernard & Ryan, 2009), the researcher decided not to use this software on the following grounds. First, most of the interviews were undertaken in Vietnamese (with one exception in English) with different accents which could make it difficult for the software to recognise the voice. Second, though transcribing can be a time-consuming and tedious job (Bryman & Bell., 2007), the approach allowed the researcher to understand the conversation data better and obtain meaningful information. This was because data transcription by researchers offers them an opportunity to relive and become substantially more familiar with it (Maykut & Morehouse, 1994). In this study, the researcher started the transcription process by listening to the audio interview files several times to have a feel for the context and nuances and then transcribed the interviews and structured them in a way that helped analyse the data systematically (Bernard & Ryan, 2009). To enhance the accuracy of the data collected, particularly to address the problem pertaining the recording quality (quiet volume and noise interference) and different accents or styles of speech (Bailey, 2008), the researcher employed several strategies to maximise transcription quality. For instance, the researcher reviewed the recordings by listening to them several times, used the field notes and recollections of the interview experience ( Poland, 1995) until the context of the conversation could be understood. Also, the researcher contacted the participants to seek clarification where necessary. This ‘member check’ technique is advocated by Guba and Lincoln (1989) as a way to enhance the research credibility.

It is evidenced that language-specific errors can occur during transcription when the interviewees use local slang or colloquial expressions (MacLean, Meyer, & Estable, 2004), thereby resulting in poor quality transcription and challenging the reliability of the data (Poland, 1995). Moreover, despite the merits of checking back with respondents, this approach may present challenges to the validation and trustworthiness of the transcription when respondents provide corrections to perceived errors in transcription and also attempt to clarify or justify aspects of what was said depending on their recollections (Poland, 1995). Having been fully aware of these challenges to the trustworthiness of the data, the researcher conducted several strategies to ensure the accuracy and trustworthiness of the data. First, since most interviews were conducted in Vietnamese, which is the first language of the researcher, there were few language problems in the interviews. Moreover, the researcher had been working on research projects in different regions of Vietnam and had strong language capabilities. This facilitated the conduct of the interviews with respondents in three locations across Vietnam. Second, several tactics were employed to reduce the noise or distortions of the interviews. For example, the researcher employed ‘before’,
‘during’ and ‘after interview’ strategies to ensure high-quality tape recording and minimise transcription failure as recommended by (Poland, 1995). Good and reliable recording equipment was used in appropriate interview locations, with active listening, clarification techniques conducted during interviews and thorough field notes and memos taken. Furthermore, the researcher also paid attention to ways that maintain recording quality.

As far as data integrity was concerned, the researcher organised transcripts of interviews using the same format developed from the conceptual model of CSR engagement. Interview data was broken into paragraphs, especially long monologues according to complete units of meanings (Maykut & Morehouse, 1994). First, recorded audio files were transcribed word for word into Microsoft Word. Then the transcribed script was translated into English using the ‘back to back’ translation technique (Marin et al., 1983). The translated data was then formatted with headings based on the same template designed in accordance with the research questions and initial conceptual framework, including company profile, participant profile, participant perceptions of CSR, antecedents of CSR engagement at institutional, organisational and individual levels, company CSR practices and performance. Also, field notes written during or after the interviews and other external information such as company brochures and newsletter provided by participants were filed using the same format as the interview transcripts. The researcher also included comments on meaning and contexts taken from the interviews.

4.6.2 Coding the Data

The coding process entails exploring and identifying relevant themes that emerged from rich qualitative data and then tagging data with appropriate codes from those themes (Bernard & Ryan, 2010). This is considered the first step for the researcher to learn and organise the data (Mayan, 2009). For this study, the coding was conducted to generate initial ideas from unstructured, raw research data (Richards & Morse, 2007) and to draw attention to the commonalities within a data set (Gibson & Brown, 2009). In particular, the researcher examined the meaning of the interview statements to identify key categories and themes (Corbin & Strauss, 2014; McMurray, Scott, & Pace, 2004), which could enable the researcher to explore core ideas and ultimately establish and refine the research framework (Flick, 2009).

This study employed a combination of a priori codes and empirical codes as proposed by Gibson and Brown (2009). While a priori codes were derived from the literature review, research questions or theoretical framework before the data examination (Flick, 2009), the latter were developed through the researcher’s examination of the data itself. Hence, the employment of a priori codes in the early stage of data analysis developed the researcher’s confidence in the data coding (Boyatzis, 1998) whereas the latter allowed the researcher to identify any unforeseen and
important codes in the a priori codes developed earlier thereby assisting the researcher to replicate, extend or refute prior findings (Boyatzis, 1998).

The researcher followed the eight-step coding process recommended by Tesch (1990) (Figure 4.3). First, the researcher prepared transcribed interviews and all printed documents and read the interview transcripts several times. This iterative process allowed the researcher to identify data that answered the research questions and start the data coding process.
The researcher employed two complementary coding techniques in this study: manual and an electronic coding technique using NVivo Version 10. While manual coding was employed in the initial stage to help the researcher become familiar with the data and develop preliminary coding ideas (Flick, 2009), NVivo-based coding was used in the later stage to manage the large amount of qualitative data, further develop and organise the codes/themes and conduct several analysis to ensure a rigorous analysis process (Boyatzis, 1998). Particularly, the applications of the NVivo analysis were twofold. First, it assisted the researcher to identify categories that may have

**Figure 4.3 : The Eight-Step Coding Process**

- **Step 1:** Read the transcription and write down though
- **Step 2:** Identify topics by examining transitions in topics
- **Step 3:** Cluster similar topics and organise them
- **Step 4:** Organise the topics into major and unique topics,
- **Step 5:** Re-analyse the transcriptions by writing the code name next to the corresponding text
- **Step 6:** Develop categories and best abbreviations for each category
- **Step 7:** Make a final decision on the abbreviation for each category these codes
- **Step 8:** Re-code existing data category if necessary, and alphabetize
been overlooked in the manual theme analysis. Second, it confirmed the theme identities through
the category theme analysis.

4.6.3 Data Analysis Methods

Two complementary data analysis techniques were employed in this study: thematic analysis and
content analysis. While the former allowed the researcher to identify important concepts/themes
from the research data, the latter helped enhance the quality of data analysis by providing the
frequencies of the themes from the data, thus minimising selective perception bias (Patton,
1999). As noted, the data analysis entailed the use of NVivo 10 software as the computer-aided
qualitative data analysis software and template approach which allows both deductive and
inductive case-study analysis (Saunders, Saunders, Lewis, & Thornhill, 2011).

This qualitative analysis involves three main activities of data reduction, data display and
conclusion drawing and verification (Miles, Huberman, & Saldaña, 2014). As written field notes
and transcribed data were thematically and textually coded (data reduction), both manifest and
latent themes were explored. The data was then presented or displayed in a systematic way that
allows conclusion drawing and verification at the later stage. The researcher adopted an iterative
approach toward the data-collection and analysis process which enabled the provision of inputs
for data collection and interactions among data reduction, data display and conclusion drawing
and verification. Both within-case analysis and cross-case analysis were then employed. First,
the within-case analysis was conducted to enable the researcher to explore, understand, and
explain events and processes in each case and its context. Then the cross-case analysis was
employed to deepen the understanding, allow cross-case comparison and contrast and increase
the possibility of generalisability to other contexts (Miles, Huberman, & Saldaña, 2014).

Thematic analysis

This study employed thematic analysis to identify fundamental concepts from the research data
(Bernard & Ryan 2010) to describe the phenomenon under study (Fereday & Muir-Cochrane
2006). The thematic analysis was conducted following the six phases recommended by Braun
and Clarke (2006): (1) data familiarisation; (2) initial code generation; (3) theme searching; (4)
theme reviewing; (5) defining and naming themes; and (6) producing the report. Also, the
researcher also adopted the three-stage coding processes proposed by Corbin and Strauss (2008):
open coding, axial coding and selective coding. The first stage involved an open coding process
in which the researcher read through the interview transcripts and field notes line-by-line to
understand any themes emerging from the data. In the second stage, the researcher generated
initial nodes which are referred to as concepts, processes, thoughts or ideas that derive from the
research data (Edhlund 2011). An example of open coding is provided in Figure 4.4 below. The number of initial thematic nodes generated during the open coding process was 253.

<table>
<thead>
<tr>
<th>Nodes</th>
<th>Sources</th>
<th>References</th>
<th>Created On</th>
<th>Created By</th>
<th>Modified On</th>
<th>Modified By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business model development</td>
<td>1</td>
<td>1</td>
<td>12/12/2015 2:33 AM</td>
<td>LD</td>
<td>3/17/2016 1:01 AM</td>
<td>LD</td>
</tr>
<tr>
<td>Controlling</td>
<td>2</td>
<td>3</td>
<td>10/21/2015 11:30 AM</td>
<td>LD</td>
<td>12/20/2015 7:34 AM</td>
<td>LD</td>
</tr>
<tr>
<td>CSR Internal Communication</td>
<td>3</td>
<td>8</td>
<td>8/28/2015 12:57 PM</td>
<td>LD</td>
<td>3/14/2016 1:16 AM</td>
<td>LD</td>
</tr>
<tr>
<td>CSR policies</td>
<td>3</td>
<td>34</td>
<td>8/28/2015 12:57 PM</td>
<td>LD</td>
<td>3/14/2016 1:16 AM</td>
<td>LD</td>
</tr>
<tr>
<td>CSR Reporting</td>
<td>3</td>
<td>7</td>
<td>8/28/2015 12:57 PM</td>
<td>LD</td>
<td>12/20/2015 7:34 AM</td>
<td>LD</td>
</tr>
<tr>
<td>CSR Strategies</td>
<td>5</td>
<td>15</td>
<td>8/28/2015 12:57 PM</td>
<td>LD</td>
<td>3/14/2016 1:17 AM</td>
<td>LD</td>
</tr>
<tr>
<td>Formalization</td>
<td>2</td>
<td>2</td>
<td>10/21/2015 11:29 AM</td>
<td>LD</td>
<td>3/14/2016 1:17 AM</td>
<td>LD</td>
</tr>
<tr>
<td>Learning organisation</td>
<td>2</td>
<td>11</td>
<td>10/4/2015 1:47 PM</td>
<td>LD</td>
<td>12/20/2015 7:34 AM</td>
<td>LD</td>
</tr>
<tr>
<td>Performance measurement</td>
<td>3</td>
<td>7</td>
<td>12/12/2015 2:47 AM</td>
<td>LD</td>
<td>3/17/2016 10:1 AM</td>
<td>LD</td>
</tr>
<tr>
<td>STAKEHOLDER DIALOGUE</td>
<td>1</td>
<td>3</td>
<td>10/15/2015 3:56 PM</td>
<td>LD</td>
<td>3/17/2016 10:1 AM</td>
<td>LD</td>
</tr>
<tr>
<td>Strategic Planning</td>
<td>1</td>
<td>1</td>
<td>10/15/2015 3:40 PM</td>
<td>LD</td>
<td>3/17/2016 10:2 AM</td>
<td>LD</td>
</tr>
<tr>
<td>Top management Commitment</td>
<td>3</td>
<td>8</td>
<td>10/15/2015 3:56 PM</td>
<td>LD</td>
<td>3/14/2016 1:15 AM</td>
<td>LD</td>
</tr>
<tr>
<td>Management Commitment</td>
<td>2</td>
<td>4</td>
<td>10/15/2015 3:41 PM</td>
<td>LD</td>
<td>12/20/2015 7:34 AM</td>
<td>LD</td>
</tr>
</tbody>
</table>

Figure 4.4: Open Coding in Thematic Analysis

The next stage was axial coding which reflected theme searching and theme reviewing. During this stage, the researcher coded the data by grouping themes that were similar and linked to each other in a patterned way (Buetow, 2010). To ensure that generated themes reflected the meaning in the data set accurately, the researcher then refined and filtered the classification of the initial themes using judgement and background knowledge to identify factors influencing CSR uptake by the local firms. Moreover, academic opinions were sought from supervisors, and other postgraduate students regarding the relevance and significance of each theme to the phenomenon investigated and its link to other themes in previous studies. The researcher also used memos and field notes to define the themes and ensure the consistency of the data analysis process.

Selective coding was the last coding process whereby the researcher identified the core themes that best explained the factors determining the adoption of CSR by the local garment and food companies. This process reflected the fifth and sixth phases of thematic analysis in this study. At this stage, the researcher defined and categorised three main themes: institutional pressures, company-specific factors and individual factors influencing CSR engagement. Furthermore, the researcher also identified the themes that were not well linked to the investigated phenomenon and classified them as emerging nodes in the latter stage. Figure 4.5 illustrates the outcome of the coding process.
To enhance data analysis, a content analysis technique was used for the manifestation of relevant themes that related to the conceptual framework and minimised any pitfalls that occur via the selection perception process (McMurray et al. 2004). The content analysis was employed to quantify qualitative data by noting frequencies of events, words, action and other variables related to the research data (Crowther & Lancaster 2009) to develop evidence for any given proposition.

The employment of an NVivo-aided content analysis allowed the researcher to refine identified themes by exploring data patterns and conceptualising the phenomenon being studied. For example, through NVivo coding queries generated from the data, the researcher could identify which factors exert most impact on CSR uptake by looking at the theme reference sources.

4.7 Research Creditability

It is crucial to ensure reliability and validity to attain the rigour and trustworthiness of research findings (Morse, Barrett, Mayan, Olson, & Spiers, 2008; Rallis & Rossman, 2012), particularly when the objectivity of qualitative research is under scrutiny. Scholars suggest the application of a set of systematic, clear and uncontested tests or standards of research quality to enhance rigour and avoid any pitfalls when conducting qualitative research (Mayan, 2009). In this respect, qualitative researchers are advised to use four key criteria: credibility, transferability, dependability and confirmability in the evaluation of research credibility and trustworthiness (Morse et al., 2008). These four criteria are reflected in the internal validity, external validity, reliability and objectivity in quantitative research (Nastasi & Schensul, 2005). Table 4.4 lists
analogous quantitative criteria and suggested qualitative criteria for evaluation of creditability adopted for this study. Strategies to address validity, reliability and objectivity will be discussed in the following section of this chapter.

**Table 4.4: Four Criteria of Trustworthiness Concept**

<table>
<thead>
<tr>
<th>Traditional Criteria</th>
<th>Alternative Criteria</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Validity</td>
<td>Credibility</td>
<td>The results of qualitative research are credible or believable from the perspective of the research participants</td>
</tr>
<tr>
<td>External Validity</td>
<td>Transferability</td>
<td>The results of qualitative research can be generalised and transferred to other contexts or social settings</td>
</tr>
<tr>
<td>Reliability</td>
<td>Dependability</td>
<td>The results of qualitative research can be replicated and modified (enhanced) in other research contexts</td>
</tr>
<tr>
<td>Objectivity</td>
<td>Confirmability</td>
<td>The degree to which the results of qualitative research could be confirmed or corroborated by others</td>
</tr>
</tbody>
</table>


The following subsections provide discussions of the various strategies employed to enhance the trustworthiness of the study.

### 4.7.1 Addressing Research Credibility and Transferability

The two criteria of creditability (internal validity) and transferability (external validity) were addressed in this thesis to enhance the reliability of the qualitative study. As shown in Table 4.4, research credibility is referred to as the ability of the researcher to ensure a good match between research data and the theoretical framework of the research (Bryman, 2008b; Hesse-Biber & Leavy, 2010). In particular, the research credibility of the study was addressed by ensuring the there was a good fit between participants’ viewpoints and the researcher’s reconstruction and findings (Wigren, 2007). Hence, the researcher adopted two strategies to enhance the credibility of the study. First, the researcher adopted a systematic coding process using a pattern matching strategy proposed by Yin (2009). This allowed the researcher make a comparative data analysis to identify themes or subthemes that supported or contradicted existing themes or constructs identified in the literature review and the initial conceptual framework (Eisenhardt, 1989). For example, the researcher analysed data on CSR activities, initiatives, policies and programmes to identify the patterns and ‘matched’ them with specific types (implicit versus explicit CSR) or forms (formal versus informal) identified in the literature. Second, the researcher used an explanation building strategy to understand the relations between CSR antecedents and CSR strategies and performance. This strategy involved an iterative process that started with a theoretical statement which was then refined and revised. For example, the researcher began with a theoretical statement about the influence of foreign ownership on CSR performance. However,
as the data analysis progressed, it was found that some foreign-owned companies had different CSR strategies and performances. Hence, the initial theoretical statement was refined and revised from extant theories. Third, cross-case comparisons were adopted, starting with the creation of word tables that displayed data from individual cases using a uniform framework. This strategy allowed the researcher to conduct cross-case and cross-industry comparisons. The fourth strategy employed in the study to establish research credibility was respondent or member validation. The transcripts were independently assessed, an accredited expert checked translations, and the coding validation was reviewed by a peer researcher to ensure there was a shared interpretation of the research data and findings.

Research transferability (external validity) emphasises the degree to which the research findings can be generalised to other social settings or other contexts in a wider population as well as the application of findings to broader theory (Winter, 2000; Yin, 2010). There has been criticism about the lack of statistical generalisation in studies with qualitative methodology using the realism paradigm (Yin, 2010). However, it is argued that the qualitative-realism research approach allows for analytical generalisation, particularly through thematic analysis and rich description of the findings that commonly deal with purposively small samples (Bryman, 2008a). On this note, the researcher adopted purposive sampling as proposed by Cavana et al. (2001) with a focus on CSR-embracing companies in the garment and food industries. Moreover, the researcher ensured that the evidence of findings presented in the study was rich enough for others to apply and based on previous theories and studies so that the researcher could compare the findings with previous theoretical ideas using a replication logic strategy (Bryman, 2008a; Miles, Saldana & Huberman, 2014). Finally, the thesis employed a multiple industry multiple-sample design (Yin 2010) with participants being managers or experts from both the garment and food industries.

4.7.2 Addressing Dependability

In qualitative research, research dependability is referred to as the degree to which demonstration of the research process or operations can be replicated with the same results (Yin 2009). To deal with this criteria, the researcher maintained a meticulous and elaborate record of the qualitative procedures used, specifically the research design and the selected research paradigm (Cavana et al., 2001). A case study database containing all original data from interviews and other sources as proposed by Yin (2009) was developed. Furthermore, the researcher adopted the following strategies to enhance research dependability:
a) An interview protocol designed and employed for the data-collection process as recommended by Flick (2009) to ensure all participants underwent the same procedures during the interview sessions;

b) The data-collection techniques, as described precisely in section 4.4 above; and

c) The data analysis was organised and conducted in line with steps and techniques recommended in the literature.

4.8 Summary

A rigorous methodology is of crucial importance for conducting research. The research methodology employed in this study enabled the researcher to investigate the questions of why and how Vietnamese garment and food companies engage in CSR. An inductive qualitative study was employed in this thesis. The realism paradigm was used as a way of understanding perceptions and interpretations of antecedents of CSR uptake and engagement, but more importantly, to identify the mechanism of CSR practices in the local context.

A purposive sampling method was employed that allowed the researcher to select appropriate individuals and sites which may best facilitate the understanding of the research questions or phenomenon of the study. The inclusion criteria were used to select participant companies: CSR visibility (CSR-embracing companies), industry (garment or food) and size (medium or large). Moreover, the researcher also selected companies with different ownership types located in different economic regions to enhance the richness and quality of the sample data. The total number of samples was six comprised of three cases of the garment industry and three from the food industry respectively.

Three main data-collection techniques of interviews, document analysis and field notes were employed for data triangulation in the qualitative study. The use of three data-collection techniques allows triangulation of data from multiple sources, such as secondary data from the literature and secondary sources and primary data from various research participants and field notes. Also, the multiple-case study approach provides cross-case and cross-industry comparisons for forming a rich account of the reality of CSR practices in the local context.

The data collection consisted of two stages: the pilot study and the main study. The pilot study involved a preliminary qualitative study in a face-to-face interview with two local CSR experts and three business leaders. This pilot study provided inputs for the revision of the interview guide regarding content items and interview timeframe. More importantly, it was aimed to ensure the questions asked were valid, thereby enhancing the validity of the data.
The main study entailed preparing interview protocols, selecting and contacting targeted companies and key informants scheduling the interviews and follow-up contacts with interviewees. It involved 39 in-depth interviews with the senior managers from CSR-embracing companies and four interviews with CSR experts. All interviews were audio recorded with the permission of the participants and then transcribed and translated. Various strategies were employed to safeguard the integrity of the data and translations.

Regarding data analysis, this thesis employed a combination of a priori codes and empirical codes derived from literature review; research questions the theoretical framework or emerged from the data examination. Also, two complementary coding techniques (manual and electronic using NVivo Version 10) were used to help the researcher be familiar with the data, develop preliminary coding ideas, further develop the codes and manage a large amount of qualitative data. Moreover, two data analysis techniques (thematic analysis and content analysis) were employed to identify important concepts/themes and minimise selective perception bias.

Several strategies were adopted to enhance the credibility of this thesis. First, the researcher adopted a systematic coding process using a pattern matching strategy to identify themes or subthemes that supported or contradicted the existing themes or constructs identified in the literature review and initial conceptual framework. Second, a respondent validation technique was used to establish research credibility. Third, the researcher adopted an independent assessment of the transcripts, translations by an accredited expert and coding validation by peer researcher to ensure there was a shared interpretation of the research data and findings.
CHAPTER FIVE

FOOD INDUSTRY CASE-STUDY ANALYSIS AND FINDINGS

5.0 Introduction

This chapter presents the findings and discussion of the three empirical case studies in the Vietnamese food industry and a cross-case analysis of CSR practices with the aim of providing sufficient information to enhance the understanding of the antecedents and mechanisms that impact CSR performance, and thereby, provide additional insights to CSR in Vietnam.

Both the single- and cross-case analysis on the three cases are reported in this chapter, using the analytical methods advocated by Yin (2009, 2014). These are pattern matching, explanation building, and cross-case synthesis as discussed in Chapter Four. Specifically, the first case study investigates FC1 a foreign-owned dairy company with a 20-year history and one of Vietnam’s largest dairy companies. The second case study examines FC2, a recent locally-owned entrant with strategic initiatives that challenged the competitive landscape of the local dairy industry. The third case study evaluates FC3, a privately-owned local food processing company.

First, each of the three case studies is presented to provide explicit explanations and evidence concerning the antecedents, strategic postures to CSR practices and key mechanisms influencing CSR performance. Then a cross-case analysis explains the similarities and differences of patterns across the three cases.

5.1 FOODCO1 (FC1) – The Foreign-owned Company

This section provides an in-depth analysis and discussion of FC1’s CSR developments over 20 years. The findings were based on fifteen interviews with eight senior managers (eight interviews and seven follow-ups) including the Deputy General Director, who has been involved in the company its inception, the Corporate Affairs Manager, the Marketing Manager, the Human Resource Manager and the Legal Department Manager.

5.1.1 Case Background

FC1 was established in 1994 as a joint-venture between a Vietnamese state-owned enterprise and a Dutch dairy corporation with chartered capital of US$25 million of which the foreign partner contributed 70% and the Vietnamese State Party 30%.

The parent company of the Dutch partner is a multinational company (MNC) owned by a dairy cooperative with 13,542 member-dairy farms in the Netherlands, Germany and Belgium, and a 140-year heritage of responsible dairy farming practices (Parent company website). Regarding
corporate governance structure, 210 representatives of 21,062 member-dairy farmers form 21 District Boards, which then jointly make up the Member Council. Nine members of the Member Council are elected to form part of the company’s Supervisory Board. The cooperative’s milk-based products and ingredients are sold in more than 100 countries in Europe, Asia and Africa. In 2015, its sales revenue reached €11.3 billion and produced a profit of €343 million. The company employs 22,049 people in 24 countries. In 2009, it established a CSR Board which issues a CSR report which states that the company ‘sees socially responsible, sustainable business as a permanent part of its commercial operations. Corporate social responsibility is pursued in a practical and relevant manner without losing sight of the need for a sound economic return’ (Parent Company’s CSR report 2009, p.19)

The local partner was a state-owned trading enterprise established in 1982 and directly managed by the local government of the Binh Duong province (Vietnam). After 32 years, it has grown into a large corporation with six state-owned subsidiaries, entered into joint ventures with four foreign companies and holds shares in seven companies in diverse areas covering high technology, garment and paper making, rubber, entertainment, construction and food. All strategic business units are performing well financially. The company documents state that in addition to making financial contributions to the budgets of the State and the Central Party, its top priority is to provide a stable income for employees to cover their living expenses, thereby maintaining a stable and productive workforce and contributing to the socio-political development of the local province. It has been ranked as one of the leading firms in the province and awarded a First-order Medal for its achievement in labour practices (Company Report).

FC1 launched its products on the market in 1995 one year after its establishment with a range of dairy products for the entire family from powdered to whole milk, and from yoghurt and yoghurt drinks to sweetened condensed milk. As explained by the Deputy General Manager, who has worked with the company since its inception, the company’s twenty-year history could be broken into three main periods. The years between 1994 and 2002 were the foundation years when factories were built, production processes were established and products introduced to the local market. The period from 2002 to 2008 witnessed significant market growth and brand recognition and development. The third period from 2008 until the present involved corporate restructuring to meet critical changes in the market landscape.

Regarding employment, the total number is 1468 of which 1,229 are trade-union members. FC1’s two major production operations are in the Northern and southern parts of Vietnam. The joint venture is managed by the CEO appointed by the Dutch parent company and a Deputy CEO who is a local and appointed by the local partner. The company achieved a turnover of US$600
million in 2015 and owned the second largest market share (26%) after the market leader Vinamilk.

FC1 is a vertically integrated company and controls the entire production chain from raw milk to distribution and various steps of quality testing in the company and Quartest, a testing centre authorised by the Ministry of Health.

By 2011, FC1 became the first and only company in Vietnam to receive all four international certifications for management systems from Bureau Veritas, the world leading group in the field of Quality, Health and Safety, Environmental and social responsibility assessment. These were ISO 9000:2008 (Quality), ISO 14000:2004 (Environment), ISO 22000:2005 (Food Safety) and OHSAS 18001:2007 (Occupational safety and health)

5.1.2. Case Analysis and Findings

This section provides an analysis and discussion of FC1’s key CSR practices (labour, environment and social practices) in each of the development stages regarding the nature (type and form) of CSR practices, the motivations and driving factors as well as influencing factors on the CSR performance. Figure 5.1 provides a thematic analysis of FC1 interviews and document analysis.

![FC1’s CSR Practices: Thematic Analysis Model](image-url)
5.1.2.1 Stage One (1994-1999): Defensive - compliance

The early stage of development at FC1 featured CSR compliance in the areas of environment, and labour by conforming to the relevant laws and regulations and gain a licence to operate. The interviewees from FC1 all identified that the company’s approach to CSR was in accordance with the institutional pressures and key stakeholders (the government, employees). This occurred in a period of local economic transition when the government promoted foreign investment to boost the local economy through job creation and technology transfer (Myers, 2005).

*Our first ‘foundation’ phase entailed building production facilities, developing business relations and launching products to the local market. CSR was synonymous with the overarching guiding compliance principle. Despite the incomplete legal enforcement systems, we made it clear to the local government that we would not take advantage of the legal loopholes, thereby gaining legitimacy and public acceptance (M4).*

**Environment practices**

The company developed internal policies, procedures and activities focusing on labour practices and environmental protection. However, these practices were mainly limited to regulatory requirements with a legal disclosure approach and minimal funding and stakeholder interaction. For example, as mentioned by the participants, environment protection principally dealt with pollution control measures against local environmental standards without interaction with internal or external stakeholders: ‘FC1 conducted an environment impact assessment, developed environment procedures and prepared reports on measures to ensure environmental standards during operations’ (M1).

**Labour practices**

Similarly, FC1’s labour practices were the reflections of formal institutional pressures: the labour code and local stakeholder priorities on labour issues (stipulated compensations and social insurance for its employees), which reflected the influence of the socialist political ideology. The participants mentioned the company’s implicit CSR in developing policies for employees’ rights (right to association, no child labour, and no forced labour), job security, stipulated wages, social insurance schemes and health and safety rules. All these are explicitly specified in relevant labour laws and regulations. Thus, these initiatives can be regarded as formal implicit CSR practices based on the typology developed in this thesis.
Social practices

Social practices at this stage were major explicit CSR practices because Vietnamese laws and regulations did not require them. They principally included philanthropic acts at management discretion. As mentioned by the Corporate Affairs Manager (M2), these social practices included in-kind donations (cash and milk products) to disabled, disadvantaged and orphan children, and war and disaster victims. They were discretionary, ad-hoc or one-off, rather than planned philanthropic activities with a strategic focus. These social practices can be considered informal and explicit CSR as they were neither formalised in the management structure nor tied to corporate strategy.

*CSR (social responsibilities) at this stage was merely charitable activities, one-off actions on an ad-hoc basis. Whenever we had an event, we thought about the disadvantaged people. For example, in 1996 when the factory was put into operation, we invited our guests to visit and present gifts to deaf children in the local deaf school. All our philanthropic activities at that time rooted from the leader’s kindness (M2).*

In conclusion, the first developmental stage of FC1’s CSR was characterised by compliance with environmental and employment regulations and philanthropic activities. Therefore, it can be referred to as the compliance phase with implicit CSR efforts mostly based on the regulatory framework for environment and labour practices and discretionary in social practices. The formal national institutions (laws and regulations) heavily influenced FC1’s CSR practices at this stage for achieving legitimacy. The transfer of the parent company’s expertise to the joint venture played a significant role. While the company’s environmental protection practice was transferred from the Dutch partner, the social and labour practices were copied from the local partner.

5.1.2.2 Stage Two (2000-2007): Accommodative - efficiency

This stage witnessed several developments in the macro-environment with significant economic growth (at 7-8%) (Anwar & Nguyen, 2011) and increased government attention to environmental law revisions and social issues (education and nutrition, rural economic development and social welfare) as specified by the national development resolution for the period 1995-2020 (Do, 2016). Favourable economic conditions with significant market growth for nutrition products, increasing disposable income and improved GDP during 2000-2007 (Nguyen, 2010) created opportunities for businesses including FC1 to boost sales and expand its customer base. FC1 established a nationwide distribution network, developed new products (milk powder and fresh milk) and built a new production facility in North Vietnam (Company website). FC1 adopted a corporate growth strategy by increasing business efficiency and integrating CSR into its operations to address key stakeholder expectations. As indicated by M1
and included in the company report, FC1 ‘built CSR initiatives in business operations to help build brand awareness and market positions... particularly in areas of (1) quality assurance (customers), occupational health and safety and employee welfare (employees); (2) environmental protection (environment); (3) national nutrition development and (4) educational promotion for children (local community)’ (p.12). In other words, the company exhibited an instrumental approach to CSR by identifying labour, environmental and social practices that contributed to sales growth and productivity improvement. The average annual revenue in this period was US$300 million, with the growth rate of 20-30%; moreover, its market share peaked at 40% (Company archive).

Environment Practices

Environmental practices in this period advanced from compliance with local environmental regulations to voluntary adoption of international benchmarking and an upgrade from national to international standards. FC1 developed management systems in accordance with ISO 9001 in 2005 and ISO 14001 for its environmental management systems in 2006 (Company document). As commented by FC1 M3:

This stage [stage 2] saw our environmental breakthrough in that we were one step ahead of what is provided by laws, and we benchmark our environment practices against international standards. While the local regulation provided the CO2 emission level at 10mg per one cubic meter of air, the international standard is 1mg. Our company did not remain in compliance with the Vietnamese laws; we adopted best practices in the world (M3).

Particularly, the management exhibited strong support for internal operational efficiency and environmental initiatives through their performance objectives, measurement and structures. They developed programmes and team structures to promote total quality management and best practice as well as various measures such as waste treatment programmes, CO2 emission levels and other pollution control activities. The following quote by the Production Manager (M3) illustrates these initiatives:

We did not only aim at doing well but doing better. We developed what we call world class operation management with a focus on training and team structure to stimulate new ideas to improve operational efficiency and reduce environmental impact. We developed key performance indicators to manage the environmental impact of our production like CO2 emissions, water usage, and electricity usage, usage of renewable and bio-based energy. We do more than what is required by the government (M3)
The environmental practices during this period did not represent FC1’s response to legal pressures but exhibit its voluntary strategic intent explicitly communicated to the public. Thus, these practices can be interpreted as strategic and explicit CSR. It can also be inferred that regulatory pressures no longer had a deterministic effect on CSR practices in this stage. Instead, the interviewees indicated that the company’s primary stakeholders were CSR driving forces beyond minimum compliance. Particularly, the company was pressured to conform to the home-country corporate parent guidelines regarding international environmental benchmarking and standard and quality certifications:

> The reasons for our adoption of international standards for environmental management and quality assurance were firstly to stay in alignment with the headquarters’ requirement for commitment to CSR values and corporate standards (M1).

While internal stakeholder groups had a push effect on CSR changes, external stakeholders (customer and public) posed a pull effect as FC1 was motivated by more business opportunities initiated by the government and the public recognition of its engagement in more substantial CSR activities. For example, FC1 also attached much importance to the improvement of capabilities to deal with CSR issues through its adoption of international certifications (ISO systems). On the one hand, the interviewee executives maintained that these standards provided guidelines for enhancing their operational efficiency. On the other hand, the international accreditations helped promote their brand recognition and market competitiveness. The following quote illustrates this:

> Adopting environmental management system and certification could be, on the one hand, a way to compete more successfully and on the other hand, to gain social acceptance by the local government and the public. Being a good performer and getting accreditation by an independent organisation is more effective than self-presentations. (M3)

Overall, increasing operational efficiency, promoting corporate reputation, and risk management were three major motivations for the joint venture to adopt an adaptive strategy.

**Labour practices**

Regarding labour practices, Stage Two featured an expansion from implicit and formal to more informal arrangements to accommodate deeply embedded social norms, cultural values and expectations from the stakeholders (Tran and Jespersen, 2016). For example, as explained by the HR Manager (M5), employees were provided with much higher wages than stipulated levels, insurance schemes for all close family members, full salary for sick leave, extra leave for culturally-important events (funerals, weddings, family-member sickness), non-performance
related bonuses for religious festival or holidays, financial support, retirement funds and promotion. Most of the managers interviewed highlighted that the company’s ‘extras’ for employees were aimed to cater for family support. The HR Manager (M5) commented on their labour practices as follows ‘our labour arrangements in terms of living wages, insurance, benefits and allowances and employee development beyond the regulatory requirements reflected the way we responded to the strong social and cultural norms and expectations’. On the same note, the Deputy General Manager (M1) also discussed strongly embedded social norms and their impact on labour practices:

*The major concern of the employees, especially when the majority of them are low-skilled workers, was how to support their family. Moreover, family and cultural events have always been held as a very important part of the Vietnamese social life. Therefore, businesses cannot but upheld those principles in our labour practices.* (M1)

Furthermore, the Vietnamese corporate parent (the State Party) was cited as an important source of influence for FC1’s adoption of more substantial CSR labour practices. Its strong commitment to labour practices as the result of the socialist legacy regarding compensation and benefits, social wellbeing, financial and nonfinancial support was also reported as shaping FC1’s labour practices.

*Our Vietnamese corporate parent, a state-owned company, was recognized as an exemplary [of a] Socialist upholding enterprise with significant achievements and commitment to the best labour practices in terms of good wages, great working facilities and support to employees. This brought about influence on our labour practices and policies.* (M5)

The above quotes indicate combined pressure from social norms and stakeholders (corporate parent) on FC1 to gain internal legitimacy. This is evidenced by the informal CSR practices undertaken in response to deeply-embedded social norms and expectations without being formally publicised. These practices suggest the effects of well-entrenched social norms and cultural values on local CSR expressions.

Apart from the legitimacy seeking motive, FC1 also displayed the practical motivation for its labour practices. M1 reported that ‘human-resource development is one of our priorities as it will enable us to execute our growth strategy for this stage’. It is clear that business efficiency was a driving factor that pushed FC1 beyond legal requirements.
Social Practices

Social programmes in this stage grew out of the nature of ad-hoc initiatives in the previous period to include more strategic considerations. In the 2000s, there was increasing public interest and government agenda priority in Vietnam for child development regarding nutrition and education. In this new context, FC1 launched two major social initiatives: a corporate gift initiative of US$500,000 to support clinical nutrition research and an education scholarship programme with an allocated budget US$10,000 per year. In fact, the two initiatives could be considered as part of a cause-related marketing and communication strategy with the main purpose to build social identity into its brand. As commented by the Marketing Manager (M8) ‘our cause-related marketing initiatives were aimed at associating [a] social identity with the product brand and thereby increasing brand awareness, customer recognition and preference’. These social programmes display strategic (formal) and explicit CSR because they were deliberately chosen by top management to align with the business strategy. Specifically, these initiatives were closely integrated into the company’s marketing strategies and measured by the number of child recipients as a proxy of public awareness and recognition of the programme message, and other marketing indicators:

Our marketing campaign was successful; the number of people who were aware and could recognize the programme message was very high, higher than our initial targets, generating a huge buzz in the society. Our TV commercial with the message of the programme was voted as the most humanitarian and the best ad by the media at that time (M8).

These social initiatives featured a shift from informal/discretional philanthropic initiatives derived from leaders’ values in the previous stage to explicitly formulating a CSR policy and agenda in a new way, as a means of self-driven and strategic initiatives (Matten & Moon 2008). The development of these social initiatives illustrates the influence of corporate strategy. The Public Relations (PR) manager (M2) stated that ‘pure philanthropic activities were our starting point and we have departed from that to embrace [a] more strategic social strategy to support our growth strategy’. On the same narrative, the deputy manager (M1) explicated the shift during one of the interviews:

Since 2002 the top management realized that we needed to configure long-term social initiatives to support our sustainable development. Development of young people’s health and education emerged as an issue of social interest at that time. Hence, we saw that we would like to grow the business through developing our brand identity in association with those social values. (M1)
This finding is in line with extant literature, that focusing on social action in the local community can generate benefits of a socially responsible corporate image among both employees and the local community, and thus, contribute to long-term business growth (Husted, 2003). It is also in line with the observation that companies tend to promote those CSR initiatives that can allow them to deal with social issues in the local context and, thereby, strengthen corporate reputation, especially among consumers, shareholders and employees (Van Marrewijk, 2003).

The second CSR developmental stage of the company witnessed a substantial change of focus in CSR form and type. Specifically, labour practices shifted from formal implicit to informal, implicit CSR, environmental protection practices from formal implicit to formal (strategic) explicit CSR, and social practices from informal (discretionary) explicit to formal (strategic) explicit.

The expansions from formal and implicit, compliance-based CSR to more informal implicit and formal (strategic) explicit at this stage reflected the combined effects of corporate strategy and both internal stakeholders (corporate parents, employees, managers) and external stakeholders (customers, public) to gain further social recognition and improve business efficiency. This suggests instrumental motives for CSR engagement were significant drivers of CSR developments (Matten & Moon, 2008a).

Regarding the level of CSR development in this period, FC1 can be considered as being at the efficiency stage, which is indicated by the investigation of attitudinal, strategic and tactical dimensions (Maon et al., 2010). First, there was management support for CSR uptake as indicated in the discussion above on the employment of CSR in labour, environment and social aspects with performance objectives focused on meeting key and instrumental stakeholders, enhancing operational efficiency and business effectiveness. Second, a selective public disclosure approach was adopted for explicit CSR practices in environmental and social categories. Third, there were stakeholder interactions with employees and local provinces in the execution of CSR practices as described by the HR Manager (M5) that ‘the management encouraged [the] Trade Union’s role as employee representatives to help improve employee welfare...as well as employees’ roles in social programmes’. Regarding the operational dimension, CSR initiatives in this stage were well integrated into the business strategy and FC1 functional activities (production, environment protection and marketing) on a project-based funding basis. However, apart from its education scholarships with cause-related marketing approach, most of the initiatives were peripheral CSR as they were not fully embedded and integrated into the company’s core competence or its daily practices and routines (Aguinis & Glavas, 2013).
5.1.2.3 Stage Three (2008-2016): Proactive - Strategic

Radical changes in the macro and industry environment presented a new level of institutional pressure on FC1 to regain social legitimacy and public recognition and acceptance. There was a rapid shift of customer preference from foreign to local products, from imported milk powder to milk from locally-grazed cows due to the 2008 Chinese milk scandal (Zuo, Schwartz, & Wu, 2015). The scandal resulted in the redefining of the Vietnamese dairy market which previously relied on imported milk powder, mainly from China. This helped push Vietnamese dairy companies, including FC1, to reconfigure their value chain activities and engage in local-dairy farming operations (Nguyen, Tran & Bui, 2013). Second, the Vietnamese Government increasingly endorsed CSR engagement and, in 2007, together with NGO and transnational agencies, issued the National Sustainable Development Goals with a set of priorities in the environment, education, human development and social welfare (Vietnam Economic & Development Strategy Handbook, 2007). Both factors resulted in ever-increasing expectations by key stakeholders (government and consumers) on the organisation’s CSR practices and performance. Third, in 2008, the Central Communist Party launched the campaign ‘Vietnamese buy Vietnamese products’ to promote local businesses. These government initiatives put FC1 at a disadvantage as it was recognised as a foreign entity in the local market. This required FC1 management to deal with the issue of both legitimacy and the liability of being foreigners (Bhanji & Oxley, 2013). Fourth, the development of financial markets with the opening of stock exchanges in both North and South Vietnam from 2006 provided opportunities for local and state-owned companies like Vinamilk, the largest Vietnamese dairy company with a 20-year monopoly and a major competitor of FC1, to access international finance, management expertise and enhance their competitive capability by an initial public listing (IPO) on the Vietnamese Stock Exchange. At the organisational level, the pressure to regain social acceptance and public trust for FC1 climaxed following media coverage for a product allergy incident in 2008 and subsequent product recall (Center, 2008). This resulted in adverse public reaction and a sharp decrease in FC1 sales. All the environmental and organisational factors heightened an acute need for FC1, a company with a foreign identity and heavy reliance on imported milk powder, to improve its legitimacy and identity and regain social acceptance.

This stage marked FC1’s increasing commitment to CSR and sustainability, and strategically integrate its CSR activities into its business strategy. This shift was articulated in FC1’s 2009 company report by the top management who ‘sees socially responsible, sustainable business as a permanent part of its commercial operations and upholds the principle of creating shared values for both the business and society’ (p.4). This value proposition was manifested in the company’s decision to shift its business model and source milk locally to create both economic and social
value more sustainably by supporting local-dairy farmers and boosting the local rural economy, and this despite higher input and operation costs. The following quote illustrates the move to embrace social issues in FC1’s business operations.

_We strongly endorse the principle of creating a shared value model and no trade-off between business and society. To be honest, we have sacrificed some economic interests for more sustainable social value. Given that our parent company owns more than 20,000 dairy farms, we would not worry about milk supplies (from overseas). Yet, we decided to take on costs and make investment to support local-dairy farmers and purchase their milk production, not just with a hope to create more jobs but to change their farming behaviours in a more responsible and sustainable way, which will then improve our suppliers’ milk production quality (M1)._ 

**Social Practices**

Social initiatives in this stage, apart from philanthropic contributions exhibit an increasing focus on linking social practices with core-business activities. The most prominent social initiative was the Dairy Development Programme (DDP) initiated in 2008 to provide a comprehensive support package (technical, financial and market-access) for local-dairy farmers to improve quality milk production and promote sustainable practices (Company website). Because it was the second biggest dairy producer in the local market since 1995, FC1 recognised the importance of promoting sustainable supply-chain management and integrated this CSR initiative with its business operations. Particularly, programme activities were integrated into the company’s daily production operations and managed by a specialised division, as reported by the DDP Manager (M6), ‘we have a specialized division with 70 full-time employees and report to the Production Manager and coordinate with the Human Resource Department and PR departments to promote the programme to the public and enlist engagement and support from external stakeholders’.

Later, in 2014 the programme grew into a large-scale development platform that involved a multi-partnership with the engagement of the provincial people committees, governments and ministries from both home and host countries, technical assistance agencies and banking services. The objective of the programme was to help the local provinces to develop a sustainable dairy farming zone, which then contributed to rural development in Vietnam. The following quote illustrates this:

_We have initiated and successfully entered into a public-private partnership with the local province of Ha Nam in order to develop a sustainable dairy farming zone on 66 square hectares, in which the local province provides land and prepares the infrastructure. The Department of Foreign Affairs of the Netherland provides supports_
for farm equipment, and Dutch technical agencies provide training courses for farmers valued at 4 million euros, and FC1 will be the major programme administrator as well as providing experts. (M1)

From the discussion above, it is clear the DDP was no longer an internal function but developed into a collaborative platform with high-levels of formalisation. First, dairy development initiative was well articulated in the corporate strategy (Company report, 2009). Second, regarding resource commitment, FC1 has invested a total of US$15 million in the programme with a 15% year-on-year increase since 2008 (Company Report, 2014). Third, the programme activities were built into organisational systems and reported in the Annual Corporate Report. Fourth, there was evidence of a legally binding relationship with stakeholders. As discussed by the Legal Manager, this programme involved local-dairy farmers through legally binding procurement contracts with FC1 under which the company is committed to buy milk supplies at the best prices from local farmers, provide them with good dairy farming practices and pay incentives for commitment to product quality and hygiene assurance practices. Furthermore, the programme partners (business partners, government and non-government partners) entered into agreements for the long-term development of the project. This was reflected in a statement by the Legal Manager (M4),

*The Dairy Development Project has been built into the business model and institutionalized with the agreements signed by the governments of the two countries [Vietnam and the Netherlands] and between the company and the local province [with] financial assistance from Rabo bank and technical support from Netherland consultancy agencies. We also maintain procurement contracts and incentive systems with our dairy suppliers/farmers. (M4)*

Particularly, the dairy development initiative presents evidence of the strategic alignment of social interventions with FC1’s business goals and strategy and in response to the competitive environment. On the one hand, its promotion of best dairy farming practices among local farmers is consistent with the corporate-parent’s quality assurance from ‘grass to glass’ (Corporate parent 2009 Annual Report) and FC1’s local sourcing and supply-chain management strategy for stable and high-quality production input. The latter allowed it to respond to customer preferences for locally-produced products, pressures from local competitors following the melanin milk scandal and government propaganda to purchase products from Vietnamese businesses. On the other hand, this initiative enabled FC1 to capitalise on its core competencies in dairy farming, which transferred from its 140-years of corporate-parent learning experience. It also enabled it to improve relations with both home and host-country governments and provincial authorities to leverage resources and skills of partners, thereby generating the overall effectiveness of its community programmes (Muthuri, 2008). At the same time, the initiative helped local provinces
to make use of company and other stakeholder resources and capabilities for rural economic
development and improve local people’s livelihoods. In this way, the initiative demonstrates how
FC1 combined social and business values to address issues of societal interests (rural
development) with stakeholder communication and integration as mentioned by the DDP
Manager (M6), ‘The DDP is an initiative and a commitment of FC1 to the government of
Vietnam. It forms an indispensable part of the operation in accordance with the business
strategy for the shared value creation for both society and business’.

Another significant social practice in Stage Three was the Education Promotion Programme with
its strategic alignment and collaborative mode of governance. This programme was previously
an education scholarship tied to cause-related marketing activities but as reported by the
programme manager (M7) it changed its objectives and focused on ‘promoting education in
remote, mountainous and disadvantaged areas by providing finances to renovate, build or
rebuild schools in difficult regions and thereby increasing impact on children’s learning
opportunity’. This remains a continued effort by FC1 over ten years to address local social issues
(access to education for poor children) with a yearly internal budget of US$100,000 (Company
Report 2014) and at the same time, to consistently reinforce its product brand identity and
association with children and their development. Furthermore, it provides evidence of how the
company integrated social and business values. Also, due to limited resource-allocation from its
corporate parent, FC1 switched from an internal philanthropic model to a collaborative structure
and a formal approach to managing the programme. Specifically, it set up a programme website
and a specialised division within the Corporate Affairs Department to supervise the programme
and work with external partners. Various partners include individuals and organisations
(businesses and NGOs) and media partners (a national TV channel and Vietnamese youth
newspaper) whose main input were films concerning disadvantaged and needy schools broadcast
nationwide to attract donations. The following quotes from the programme manager (M7) and
the Deputy General Manager (M1) illustrate the formal structure of the social programme.

*Since the recently-imposed tight resource-allocation policy from the corporate parent
management, we have had to seek the support from the community. CSR is not about one-way
of giving but joint efforts from various parties including individuals, businesses,
local and international NGOs, local, provincial authorities and our own budget.* (M7)

*With one dollar donated by society, we contribute another dollar and can build two
schools a year. We take the coordinating role and maintain transparent reporting. We
believe this could be a more sustainable platform as it entails the engagement from
various parties involved.* (M1)
Based on the discussion above, social practices in this period exhibited a transition from in-house activities to partnership and stakeholder engagement, from informal (discretional) to formal (strategic) and explicit CSR as they were formally structured and embedded in core competencies and day-to-day operations and well-aligned with strategic directions (Aguinis & Glavas, 2013b). This shift was also illustrated by a statement from the Corporate Affairs Manager (M2):

Social initiatives not only help build local community, support child development but also reinforce the social identity, corporate image and provide a stable, high-quality inputs for production. We believe in creating shared value for Vietnam, and these programmes reflect our belief and commitment and strong connection with our business strategy. (M2)

Environment Practices

Environmental initiatives at this stage are well-embedded in the strategic principle of creating shared value and aimed at promoting green and sustainable business practices through strong stakeholder communication and engagement. In 2009, the company launched its Green Culture initiative which involved integrating CSR values into daily routines and processes, shaping positive employee behaviours and developing a corporate culture with incentive mechanisms to promote environmental protection. The following quote by the Production Manager (M3) illustrates this.

We developed a strong culture that embraces innovation and environmental values, in which every single employee is motivated, empowered and rewarded for new ideas, which may have impact not only on company operational efficiency but on the environment and local community as well. A typical example is one of our workers, not technical staff, came up with an idea about the reduced amount of time used for sterilization, which was recognized, rewarded and put into practice by our key packaging partner. (M3)

Moreover, environment-friendly behaviours and green practices were promoted ‘beyond the factory fence’ to local suppliers (dairy farmers) and businesses. For example, the company initiated a Responsible Farming Programme in 2008 to promote sustainable farming practices by providing technical support, consultation and training for dairy farmers who could access state-of-the-art technologies and sustainable practices. A highlight of this was the successful lobbying of the local authorities to put into practice a new method of waste treatment as reported by M3:

We aim at shaping responsible and sustainable farming practices among local farmers and we have been proactive in pushing the more sustainable practices, especially managed to
negotiate with the local, provincial authorities to apply a new environmental-friendly system for dairy waste treatment in local provinces. (M3)

In addition to its engagement with local farmers and authorities, since 2010, as a founding member of VCCI, FC1 initiated a collaborative relationship with local and international non-government agencies (VCCI, WWF, World Bank) to implement Green Development projects. This entailed raising awareness concerning sustainability among local businesses, sharing experience and assisting them to adopt sustainable business practices. These initiatives were cited as to demonstrate the company’s goodwill in dealing with social issues as indicated in M1’s statement that ‘environmental practices at this stage have gone beyond our factory fence to reach local business community and clearly indicate that we are hand-in-hand with the local community in tackling environmental problems’.

Environmental initiatives at this stage can be considered explicit and formal (strategic) practices in consideration of their objectives, stakeholder engagement and organisational alignment. As aforementioned, the Green Culture, Responsible Farming and Green Development projects exhibited a significant shift of focus to sustainability-oriented and collaborative activities departing from compliance-based and internal functions in the previous stages. They all involved shaping environmentally-friendly and responsible behaviours through extensive communication and participation of internal and external stakeholders (employees, local farmers, provincial authorities, local and international NGO agencies).

**Labour Practices**

Labour practices at the third stage reflect a shift of focus from employee entitlements to employee engagement and development. For example, FC1 introduced the Internal Promotion Programme in 2009 to developing employees through delegation, empowerment and internal promotion and gender representation in management positions. Moreover, employees were recognised as key partners in various CSR initiatives within and outside the organisation like the Green Culture, Dairy Development, and Education Promotion programmes and other philanthropic activities. This was illustrated by the following quote from the HR Manager (M5).

*We see employees as our key business partners. Hence, we put much priority on training, developing their skills and capabilities and engage them in decision making and strategic planning processes, all organisational culture-building and all our CSR projects. Typically, we started the Internal Promotion Programmes and conducted regular employee satisfaction surveys to make sure all their voices are heard and improvements made to increase organisational commitment. (M5)*
Labour initiatives in this stage demonstrated a strategic approach to human-resource management and alignment with the corporate strategy of sustainable growth; thus, they also exhibit an expansion of an informal, implicit type of CS to include formal (strategic) and explicit CSR. The strategic orientation of the labour practices was well reflected by the significant attention given to extensive employee development and employee participation in decision-making, particularly in social and environmental initiatives (Kramar, 2014). Moreover, the labour initiatives also show their focus on building organisational capabilities, systems thinking, individual knowledge and awareness of social and environmental values crucial for enhancing organisational performance in economic, social and environmental outcomes (Boxall & Macky, 2009; Jackson, Renwick, Jabbour, & Muller-Camen, 2011). For example, as shown in the discussion on employee roles in the Green Culture programme, FC1 explained the various processes to raise employee awareness, change their behaviours and empower them to challenge current practices with new ideas to address environmental issues. Similarly, in building a safety culture, employees are also empowered to make positive changes as evidenced by a quote from the Production Manager (M3):

*We promoted a strong safety culture in which any employee at any level, if observing any unsafe behaviour can give a warning or take action to prevent it. They are motivated to come up with new ideas on safety, which are collected, acknowledged and rewarded on a monthly and yearly basis.* (M3)

Overall, in the third stage, there was a shift of focus from implicit to explicit CSR, and from informal to formal forms of CSR. The case findings indicate that FC1 has sought opportunities through various CSR practices to achieve economic, environmental and social benefits, especially its social and environmental initiatives, which suggest a value-driven approach to CSR and FC1’s commitment to exceed social expectations. This can be considered as a strategic and proactive stage of CSR development (Maon et al., 2010). Moreover, CSR initiatives and practices also show a high degree of CSR formalisation and integration in the business strategy, core-business operations, corporate culture and organisational processes. As acknowledged by the Production Manager (M3):

*We promote energy-saving practices and initiatives companywide with FORCE guidelines – Focus on Reducing Costs Everywhere. Similarly, in terms of occupational health and safety, first, awareness was raised across the company through extensive communication. Then, we shaped the behaviours of each individual by strengthening our safety culture and then formalized all the procedures and processes well in line with the corporate sustainability strategy.* (M3)
The following sections look at the motivations for the developments in CSR practices in the third stage, which features the imperative for FC1 to realign its CSR initiatives with critical/instrumental stakeholders, both primary (corporate parent, the government, and local community) and secondary groups (the media).

Gaining social approval and government support was critical for FC1 in this period. Specifically, following the dominant political party’s campaign to support local Vietnamese businesses and the company’s reputation crisis resulting from its product recall put FC1 at a disadvantage resulting from its foreign identity. There was a heightened need for external legitimacy as cited by FC1’s M1 as ‘the need for restructuring to regain legitimacy and public approval’. FC1’s substantial CSR engagement during this stage demonstrates its responses to embrace social issues and contribute to local community development. In other words, FC1’s CSR programmes were aimed at overcoming the company’s foreign proprietary liability by re-positioning the way it differentiated itself from the competition by responding to social expectations (Delmas, Russo, & Montes-Sancho, 2007). The following quote illustrates the need for this re-legitimisation:

*Our CSR programmes, with environment and community initiatives, in particular, are aimed at creating more value to the society, thereby conveying a message that although we, a foreign identity, are an indispensable part of Vietnamese society and Vietnamese daily life. Vietnamese people do appreciate the goodwill, good intention and genuine care for the environment and community thus such endeavours will be rewarded.* (M1)

At the same time, meeting the increasing expectations of critical external salient stakeholders (state and provincial governments) through CSR were perceived by the interviewees as a means to generate positive responses for business development and mitigation of economic vulnerability. In other words, significant CSR practices were used strategically to gain external support for business operations or protect the business from potential unfavourable government action (Mellahi, Frynas, Sun, & Siegel, 2016). This is evidenced by the following statement concerning both national and local governments as important antecedents of CSR initiatives:

*We can discern the impact on the local government authorities. For example, after years of supporting the local fund for child development, we have built a good rapport with the local authorities, especially the Vice Chairman of the People’s Committees. As a result, we have certain influence on the local government’s business and investment policies. Some provinces even have acknowledgment schemes for our contributions.... Similarly, at the State level, it is reasonable to expect that your significant contribution to the society can bring about the State’s loosening of price control policies.* (M1)
In addition to external legitimacy, the pursuit of internal legitimacy was also evidenced by FC1. In fact, internal pressure from the corporate parent and the corporate growth strategy were significant factors triggering more proactive and sustainable approaches to CSR. The corporate strategy and corporate-parent’s directive were cited as the most significant driving force determining the proactive approach to CSR at FC1 to deal with external pressures, regain legitimacy and gain competitive advantage.

The deterministic factor, in my view, is the corporate strategies under the corporate-parent’s directives, followed by the pressure of the public, the government and the media. There is strong alignment with the parent company, particularly the dairy farming development programmes are directed by the parent company in order to have a stable source of inputs and at the same time support local communities. (M2)

5.1.2.4 Other Influencing Factors

The interviews with FC1 managers also revealed several other internal and external factors that may influence or moderate CSR implementation and performance. All participants cited resource availability as the most common factor that affects the structure of social initiatives. Given that FC1 was a joint-venture company, it was subject to significant structural changes imposed by the parent company. While the first period of its development featured high-levels of decentralisation, which allowed the local management to make decisions on which CSR course of action to follow and the amount of resource allocation, the recent centralised structure imposed by the corporate parent led to a change in the structure of social programmes as evidenced by the following:

In fact, the national-level management can partly decide on the CSR strategies and decisions; much is dependent on the upper management. For example, our more-than-ten-year philanthropic programme is now no longer included in any category or budget. Although there is no more budget for it, we could not forgo such a humanitarian idea. We then have to seek the support from the community and the partnership structure for our education promotion programme. (M2)

In addition to the resource issue, external stakeholder characteristics may pose challenges to the efficacy of the social initiative. As reported by FC1 M1 and M2, the effectiveness of CSR engagement programmes was subject to the influence of the external stakeholder, especially local government leaders. The awareness, understanding and capability of external stakeholders could challenge CSR activities. For example, CSR initiatives would not be materialised without appropriate leadership in both the business and public domains. The following quote re-
emphasised FC1’s viewpoint that there need to be leaders with heads and hearts to deal with CSR social issues.

All in all, it largely depends on the leader. Not all the time our contribution is evaluated. For instance, even in our ‘home’ province, we could not approach the Chairman of People’s Committee. I could meet him for a drink but not for a serious talk, that is not to say that he would listen to our ideas as in the other provinces. At the national level, we have even signed an agreement on the development of a sustainable dairy farming zone with the Ministry of Agriculture. Sadly, such agreement was signed maybe to make us happy and only for us to keep and nothing was turned into a minister-level policy or guidelines for implementation. I present that agreement to various provinces, but none except one did listen to us. How sad it is! (M1)

Another example was provided by FC1 M3 on how the lack of knowledge and capability about CSR activities can pose obstacles to their execution:

CSR is not about one-way giving but joint efforts from various parties. The limited understanding and inconsistent ways the local government agencies deal with CSR issues cause difficulty in executing the programmes on a national scale. We approached a number of leaders from local provinces but not all of them share the same goals regarding CSR issues (M3).

Furthermore, the increasing power of traditional and social media in influencing public opinion influences CSR adoption and implementation by creating positive publicity. Interviews with FC1 managers show that the media could pose a challenge to CSR activities, especially philanthropic activities, which were associated with pure economic motives as indicated in the FC1 M1’s report that, ‘we have had to face with hard times from the media and felt demotivated, particularly the mismanagement of media posts, which challenged our charitable contributions and communication as pure self-interest. In the times of social media spread, lack of work ethics in the media industry could create a big hurdle for companies to build creditability and favourability’. (M1)

This finding lends support to Jamali and Keshishian (2009) argument on the importance of shared goals among partners in the successful implementation of CSR and confirms the argument by Lund-Thomsen and Nadvi (2010) that the interplay between businesses and stakeholders influence CSR engagement.
5.1.3.5 CSR Performance

Regarding CSR practices and strategies, the case analysis above shows that labour, environment and social practices represent a leap forward from what is required to what is expected and desired. These shifts are depicted in Figure 5.2. There was a shift of focus from implicit to explicit, from informal to more formal and strategic CSR, from a defensive to proactive approach with some initiatives to meet expectations of the key stakeholders (customer, employees, corporate parent, local government and community).

![Figure 5.2: CSR Practices at FC1: Development Trajectories](image)

The three categories of labour, environment and community were evaluated against the scale of 7, using three main CSR dimensions of knowledge and attitude (CSR awareness and management support), strategic dimensions (CSR strategy, performance objectives and reporting) and operational dimensions (stakeholder relations, CSR structure) adapted from the seven-stage CSR development model by Maon et al. (2010). The following radar chart (Figure 5.3) indicated FC1’s balanced CSR profile in all three categories.
First, there was a balanced CSR conceptualisation and evidence of top management support as shown by the company’s strategy statement and interviewed managers. Specifically, CSR was most often cited as corporate responsibility to different stakeholders (customers, business partners, employees, the natural environment and the community) (FC1 M1, M2, M3, M4 and M5 and 7). Interestingly, several of the participants (M2, M7, M8) also highlighted that CSR should not be viewed as charitable activities but as community engagement and development initiatives. Also, top management support was demonstrated in how environment, social and labour formed part of the corporate strategy and allocated resources. For example, as commented by M1, ‘CSR is also part of our business strategy, particularly dairy development, community support, health and environment are pillars of the corporate strategies’.

While FC1 adopted proactive strategies in all three categories, there is some nuanced difference regarding performance objectives. As shown in the previous analysis, labour and environmental management practices focused on business-wide opportunities and efficiency whereas social initiatives revolved around the development of sustainable business leverages and creation of shared values for business and society.

Communication including both internal and external reporting was another important function at FC1. As shown above, there was strong internal communication about CSR projects relating to the environment, labour and community programmes. Additionally, its annual CSR report was prepared and sent to the head corporation to be included in the group’s sustainability report.

It is also evidenced that there was more external communication of social and environmental activities. FC1’s M2 mentioned that it had a plan to issue its stand-alone sustainability report.
from 2016. Moreover, external reports to local authorities, VCCI and local governments and the use of social network and mass media coverage were used to share its initiatives relating to environmental management and social activities, and thereby, enlist the support of the community.

Regarding structuring of CSR activities, the case findings show that FC1 developed strong stakeholder engagement, internal systems and corporate cultures around labour and environmental management issues and partnership structures for social projects. For example, top management was engaged actively in building a strong environment-friendly and green culture within the organisation through their reward and acknowledgement programmes for employee ideas on a regular basis. Furthermore, external stakeholder engagement and performance reporting among employees including employee ideas, suggestions and opinions were reported upward to management for evaluation and application. Particularly, social programmes like Education Promotion and the Dairy Development Program (DDP) experienced structural changes over the company’s twenty-year history with more stakeholder engagement. While they originally were organised as internal functions to support local farmers to develop responsible and sustainable farming practices, they were recently implemented at a larger scale with a multi-party platform featuring programmes, structures, processes and capabilities for the grantee farmers in various countryside regions to enhance better life prospects. Notably, this platform would fuel the development of sustainable dairy farming zones, thus creating significant value for the community with public-private partnerships and close cooperation between international national and local province levels of government.

Perceived outcomes

All the interviewed managers agreed that FC1 gained positive outcomes regarding corporate brand image, operational efficiency and employee satisfaction resulting from the CSR practices conducted over the past 20 years. Particularly, the social initiatives (Education Promotion and DDPs) helped FC1 to be perceived as a socially and environmentally responsible dairy producer in the local market as indicated in the Deputy General Director’s statement:

> Our brand personality has been developed, partly by our Education Promotion Programme and partly by the DDPs and measured in terms of favourability and association with sustainability through customer surveys. The significant strength of our product brand has been an intangible contribution to our financial performance. (M1)

The programme did not only have positive impacts on 4000 dairy farmer households (as indicated in Table 5.1) regarding their livelihood and responsible-farming practices but also
helped FC1 to raise achieve the best milk quality position in Southeast Asia and win the Asia Responsible Entrepreneurship Award (Company report).
In addition to positive brand identity perceived by external stakeholders, FC1 was also successful in building its organisational identity among employees as indicated by the HR Manager (M5) that ‘we have low turnover rate and high employee satisfaction rate. The employee online survey conducted by the headquarter shows that 98% of the employees see the company as a very safe, highly responsible and very caring to the employees’. Interviewee managers recognised these initiatives as a contributing factor to the company’s position as second market leader over the last decades.

Table 5.2 summarises key CSR initiatives in the three stages and its development path.

<table>
<thead>
<tr>
<th>Stage 1 (1994-1999) Compliance</th>
<th>CSR initiatives</th>
<th>Perceived Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Environmental compliance activities</td>
<td>Legal compliance</td>
</tr>
<tr>
<td>Labour</td>
<td>Employees’ basic rights and entitlements</td>
<td>Legal compliance</td>
</tr>
<tr>
<td>Social</td>
<td>Philanthropic activities</td>
<td>Not identifiable</td>
</tr>
</tbody>
</table>

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<th></th>
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<tbody>
<tr>
<td>Environment</td>
<td>International certifications</td>
<td>International standard performance</td>
</tr>
<tr>
<td>Labour</td>
<td>Employee Financial Support</td>
<td>Employee attraction and retention</td>
</tr>
<tr>
<td>Social</td>
<td>Education scholarship</td>
<td>2000 scholarships/year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stage 3 (2008-2016) Proactive</th>
<th>CSR initiatives</th>
<th>Perceived Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Green Culture Program</td>
<td>10 Million Euro savings</td>
</tr>
<tr>
<td>Labour</td>
<td>Internal Promotion</td>
<td>Employee satisfaction 98%</td>
</tr>
<tr>
<td>Social</td>
<td>Education Promotion Program (ongoing)</td>
<td>20,000 scholarships, 12 schools built</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CSR initiatives</th>
<th>Perceived Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour</td>
<td>Organisational identity</td>
</tr>
<tr>
<td>Social</td>
<td>1000 days no accident</td>
</tr>
</tbody>
</table>

| | Dairy Development Program (ongoing) | 4000 dairy farming households: technical improvement and improved livelihood |
| Social          | Cow Bank (project-based with Red Cross) | 180 cows |
| Philanthropic activities (ad-hoc) | Corporate social identity |  |

In addition to positive brand identity perceived by external stakeholders, FC1 was also successful in building its organisational identity among employees as indicated by the HR Manager (M5) that ‘we have low turnover rate and high employee satisfaction rate. The employee online survey conducted by the headquarter shows that 98% of the employees see the company as a very safe, highly responsible and very caring to the employees’. Interviewee managers recognised these initiatives as a contributing factor to the company’s position as second market leader over the last decades.

Table 5.2 summarises key CSR initiatives in the three stages and its development path.
### Table 5.2: Summary of Key Findings: CSR at FC1

<table>
<thead>
<tr>
<th>Stage 1 (1994-1999) Compliance</th>
<th>Major CSR initiatives</th>
<th>Type</th>
<th>Form</th>
<th>Strategy</th>
<th>Driving Factors</th>
<th>Motivations</th>
<th>Influencing factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Environmental compliance activities</td>
<td>Implicit</td>
<td>Formal</td>
<td>Defensive</td>
<td>Institutions Government</td>
<td>Gaining legitimacy</td>
<td>Resource slack</td>
</tr>
<tr>
<td>Labour</td>
<td>Employees’ basic entitlements</td>
<td>Implicit</td>
<td>Formal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>Philanthropic activities</td>
<td>Explicit</td>
<td>Informal</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Stage 2 (2000-2007) Efficiency</th>
<th>Major CSR initiatives</th>
<th>Type</th>
<th>Form</th>
<th>Strategy</th>
<th>Driving Factors</th>
<th>Motivations</th>
<th>Influencing factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>International certifications</td>
<td>Explicit</td>
<td>Formal/Strategic</td>
<td>Accommodative</td>
<td>Corporate parents Corporate Strategy Customers</td>
<td>Gaining competitiveness</td>
<td>Ownership type</td>
</tr>
<tr>
<td>Labour</td>
<td>Employee Financial Support</td>
<td>Implicit</td>
<td>Informal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>Education scholarship</td>
<td>Explicit</td>
<td>Formal/Strategic</td>
<td></td>
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<tr>
<td></td>
<td>Nutrition research sponsorship</td>
<td></td>
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<tr>
<td></td>
<td>Philanthropic activities</td>
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<table>
<thead>
<tr>
<th>Stage 3 (2008-2016) Proactive</th>
<th>Major CSR initiatives</th>
<th>Type</th>
<th>Form</th>
<th>Strategy</th>
<th>Driving Factors</th>
<th>Motivations</th>
<th>Influencing factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Green Culture Program</td>
<td>Explicit</td>
<td>Formal/Strategic</td>
<td>Proactive</td>
<td>Corporate parents Government Community Corporate Strategy</td>
<td>Re-legitimation Competitiveness</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>Education Promotion Program</td>
<td>Explicit</td>
<td>Formal/Strategic</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Dairy Development Program</td>
<td>Explicit</td>
<td>Formal/Strategic</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Cow Bank (project)</td>
<td>Explicit</td>
<td>Informal/Discretional</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Philanthropic activities (ad-hoc)</td>
<td>Explicit</td>
<td>Informal/Discretional</td>
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### 5.1.3 Case Discussion

This case study identifies how and why an MNC subsidiary in a developing country implements CSR. The findings indicate significant changes over time in the drivers, approaches and other determining factors on the implementation of CSR initiatives. The following section provides a discussion of CSR development path, the shift from implicit to explicit CSR and stakeholder prioritisation, and the role of organisational resources and competencies in CSR execution.

First, the case of FC1 demonstrated how an MNC reconciled social and business interests and gained public support to overcome its liability of foreign identity. By aligning the social needs of local stakeholders with its core-business strategy, an MNC can develop a network of relations with non-business and non-traditional actors and gain stakeholder support from socio-political constituencies and relationships. At the same time, this approach can enable an MNC to innovate by developing new value propositions for their customers, suppliers and other stakeholders (Dahan, Doh, Oetzel, & Yaziji, 2010). Moreover, social approval and public support can help an MNC to overcome its foreign identity disadvantage since its infusion of best CSR practices in local markets may have long-term implications for the development of CSR initiatives in a developing-country context with a weak institutional environment and limited government ownership of CSR (Yin & Jamali, 2016b). In this regard, this case lends support to the argument that the larger the size of the MNC subsidiary and the longer their experience in the host country,
the more that MNC subsidiaries will strategically commit to CSR (Muller, 2006). The case findings indicate that FC1 adopted a new business model by locally sourcing a higher local product, strategically supporting local suppliers, and thereby developing long-term supplier relationships and enhanced corporate identity and reputation. These findings lend support to recent studies in India, Russia and China on how MNCs gain support and legitimacy through the development of social programmes and stakeholder relationships (Elg, Ghauri, & Schaumann, 2015; Zhao, 2012).

Even though there is evidence that institutionalisation of CSR within MNCs is merely window dressing or to further business interests at the expense of social and environmental responsibility (Bondy, Moon, & Matten, 2012), recent discourse and empirical studies about business firms serving the ‘base of the pyramid’ (Prablad 2004; Hart 2005) suggest that self-interested behaviour of corporations may lead to desirable outcomes from the perspective of the broader society (Pies, Hielscher, & Beckmann, 2009).

Second, the combined effects of institutional and stakeholder pressures significantly drove changes in company prioritisation of salient stakeholders. The case findings are consistent with previous studies in reinstating that the dynamics of CSR practices over time stem from differences in stakeholders as well as the market structure and demands of host governments (Husted & Allen, 2006). The early stage of business start-up at FC1 featured formal institutional forces as the primary sources of pressure with other stakeholders being secondary. CSR activities were aligned with the overarching principle of complying with laws and government regulations. This stage coincided with a transitional economic period in the local economy when the MNCs’ main interactions were with government agencies and firms, and the primary local expectations of MNCs were foreign capital, technology and employment (Chen, Newbury, & Park, 2009). As a result, social issues were minimally included in local strategy considerations (Zhao, Park, & Zhou, 2014). The second stage of business development at FC1 was characterised by its growth objectives and witnessed the inverse order of salient forces. Particularly, key stakeholders (corporate parents, customers, and employees) were the primary sources of pressure and institutional forces were secondary in driving CSR practices beyond what was required. It was the corporate parents with their CSR values regarding environment and human development that produced the push effect on FC1’s adoption of environmental and human-resource development systems. Simultaneously customers and local community presented good business opportunities for FC1 through its social-cause marketing activities. This lends support to the argument that companies tend to target specific, yet distinct, stakeholder groups when making strategic choices concerning CSR practices (Perez-Batres, Doh, Miller, & Pisani, 2012b).
The third stage featured critical changes in the institutional environment with changing customer preferences, heightened competition and political movements by the ruling government in favour of domestic companies, and the diffusion of CSR practices through transnational businesses and NGOs. These institutional and social changes, therefore, presented different stakeholder expectations for the MNCs (Zhao et al., 2014). Also, local governments, the community, media and the corporate parent gained more prominent roles in directing FC1’s proactive CSR initiatives. As a result, FC1 as a foreign identity company was pressured to realign its activities with redefined salient stakeholders by adopting a balanced social and economic approach to avoid a public crisis and sustain growth in emerging markets. (Zhao et al., 2014). Therefore, the company adopted a proactive CSR strategy. The sustainable dairy farming-zone development programme evidenced its pro-activeness in reconciling business and social values and its commitment to addressing the local issues of poverty and rural development. The study lends support to Yin and Jamali (2016a) argument that government and community in developing and emerging countries are the key stakeholders to engage, influence and collaborate in designing CSR programmes, which differs from evidence on the roles of government and community in developed-country contexts. This case analysis illustrated how an MNC subsidiary, on the one hand, embraced the corporate-parent’s CSR values and priorities while on the other developed a localised approach to execute its CSR programmes in response to local stakeholder expectations. This case study contributes to bridging two diverging bodies of evidence on MNC subsidiary CSR approaches in host countries. One suggests that MNCs CSR strategies in developing countries are primarily shaped by home-country considerations and headquarter imperatives (Jamali, 2010; Newenham-Kahindi, 2011), while the other provides growing evidence of the effects of increasing local responsiveness and sensitised attention to local stakeholder expectations and social issues (Miska, Witt, & Stahl, 2016; Yin & Jamali, 2016a).

Third, the case findings also suggest the relationship between business strategy and CSR strategies and illustrate how business strategies and CSR were integrated. At the start-up stage, CSR activities were merely philanthropic initiatives characterised as ad hoc, discretionary and peripheral actions in relation to business operations but the latter stages demonstrated embedded CSR initiatives integrated into core competencies, strategy, routines, and operations with a view to achieving business efficiency and competitive advantage (Aguinis & Glavas, 2013a). For example, cause-related marketing activities were adopted to promote the awareness of the product brands, to support the business growth strategy and help local communities to deal with educational deprivation among poor children. Particularly, changes in the institutional and social context in the third stage marked the strategic inflexion point when FC1 revised its business model with a focus on sourcing ingredients locally to support local communities rather than
sourcing overseas for a cost advantage. Creating shared values for both business and society was the cornerstone of its corporate strategy. Sustainable social programmes like dairy farming programmes closely linked to FC1’s core business (milk processing) were developed on long-term models and platforms with multi-partnerships of various government and non-government agencies from both host and home countries to leverage its supply management, corporate citizenship and stakeholder management. These initiatives enabled it to regain legitimacy, enhance its competitiveness and buffer itself from future unfavourable environmental changes. This suggests that CSR initiatives were built into its business strategies considering the salience of local stakeholders and local market strategic significance (Yin & Jamali, 2016a).

This case study suggests a divergence from extant studies about CSR and business strategies. First, while Lamberti and Lettieri (2009) provided some evidence of the use of an ad-hoc portfolio of CSR business practices to support business strategy and profitability, the FC1 case indicates the strategic development of its labour, environment and social initiatives to sustain its business strategies over time. This could be associated with the management who substantially endorsed the notion of creating shared values and the mantra of ‘no trade-off between business and society benefits’. Second, while the extant literature indicates that MNCs appear to manage CSR according to institutional pressures rather than strategic logic (Husted & Allen, 2006), the study highlights that the strategic intention of FC1 management was to use CSR activities to leverage its core competencies in environment, product quality, human and supply-chain management. This suggests that MNCs tend to have a rational and strategic approach to evaluate CSR issues to manage the unique nature of CSR more effectively (Husted & Allen, 2006).

Fourth, the case findings underscore the role of company resources and capabilities and organisational characteristics in adopting proactive CSR. This supports the current literature on the importance of these capabilities in generating each dimension of proactive CSR (Torugsat, O’Donohue, & Hecker, 2013). For example, the home-country corporate parent with strong values for responsible farming and host-country community development directives provide a platform for FC1 to take a proactive stance to local issues of poverty alleviation and rural economic development. In particular, FC1’s sustainable DDPs involve offering local farmers the know-how, technology and resources to escape the poverty trap themselves, suggesting the role of MNCs to empower the local farmers to change their lives (Kolk & van Tulder, 2006). The case findings are also consistent with the RBV that resources on their own are unlikely to drive competitive strategy development deterministically and that it is the integration and coordination of multiple resources to create a capability that drives strategy and performance improvement (Torugsat et al., 2013)
5.1.4 Case Summary

The case of FC1 depicted the CSR development path of an MNC subsidiary in a developing country. It featured a shift of CSR practices and strategies from implicit to explicit CSR and from defensive to proactive postures. It also reflects different motivations and influencing factors at each stage. The findings were based on the analysis of fifteen in-depth interviews with eight FC1 managers and triangulated with documentary analysis of data obtained from FC1’s official website, company reports (subsidiary and corporate parent), government websites and reports and local media.

The first stage of its development featured a defensive strategy with implicit CSR practices in conformity with legal requirements. As FC1 started its business as a joint venture between a European dairy MNC and a local state-owned company, the main motive for its compliance with CSR was to appear legitimate in the government and the public view and thereby obtain a licence to operate. Therefore, CSR initiatives were mostly concerned with labour and environmental activities as stipulated by laws and several ad-hoc philanthropic contributions.

The early growth stage saw a shift to accommodative a strategy with more explicit CSR activities to address issues of societal interests. Gaining legitimacy was not the only motive. In fact, improving business efficiency and developing its market share drove initiatives in environmental, labour and social aspects. Particularly, the company’s cause-related marketing activities were examples of its instrumental approach to CSR. The participants noted the primary pressure of internal stakeholders (corporate parents) in establishing higher standards for the company’s environmental management function. This stage represented an enlightened self-interest in FC1’s CSR engagement and the influence of corporate strategy on CSR practices.

The growth stage witnessed changes in the competitive landscape of the dairy industry and the government’s pro-local policy. In the wake of these environmental challenges, FC1 was motivated to re-legitimate its foreign identity and enhance its competitiveness through its CSR strategies. A new theme of creating shared value was mentioned by FC1 executives in its effort to reconcile business and social objectives. Social, labour and environmental initiatives depicted a proactive posture and were integrated with corporate strategy. Specifically, they were embedded in the corporate strategy, developed into the organisational culture and involved extensive external communication and stakeholder engagement. The case study underscores the determining influence of corporate strategy and institutional and stakeholder pressures on a company’s CSR strategies and practices.
Also, the FC1 case also provides evidence on the influence of company resources and capabilities, the various stages of business development and the attributes of external stakeholders on the execution of CSR programmes.

5.2 FOODCO2 (FC2) – The Joint-stock Company

5.2.1 Case Background

FC2 is a recent venture established in 2010 as a joint-stock dairy company with its major products being fresh milk and yoghurt. Its stated vision was to create a change in the US$3 billion dairy market in Vietnam where more than 90% of the locally-produced milk was made from imported milk powder rather than fresh milk (vietnamnet.vn, 2012). FC2 claimed to pursue their own path with a strong product positioning of ‘clean and fresh’ milk through making a substantial investment of US$400 million in 2014 and US$1.2 billion in 2020 in advanced management systems and vertically integrated production processes synchronised by international standards. These included planting grass, building barns, cattle-feed processing, management of veterinary controls, processing and packaging, and the distribution of ‘truly fresh’ milk products to consumers. FC2 was even better known for its CEO’s audacious statement that it had no competitors and challenging established brand names including the market leader, Vinamilk, which holds more than 40% market share. FC2 had a large-scale operation on an area of 280 hectares with four clusters of farms and owned a herd of 44,000 cows (estimated at 137,000 in 2017). It achieved an annual capacity of 500 million litres and was certified by the Asian Book of Records for being the biggest concentrated and high-tech dairy farm in Asia (Company website) which included its dairy farming and cultivation areas and a milk processing facility.

Both institutional and individual investors own the company, the principal being the North Asia Commercial Bank which is also its financial advisory body. It should be noted that the founder and shareholder of both FC2 and the North Asia Bank is also the female President of both companies. After a 12-year career working for SOEs, she decided to enter the private sector, specifically the finance-banking and dairy industries characterised by significant investment in state-of-the-art technology and a high degree of automation in every process from ‘grass to glass’. She was considered an agent of change in the re-structured dairy market and included in Forbes Magazine’s list of the 50 most powerful businesswomen in Asia in recognition of her contribution to Vietnam’s dairy industry.

FC2 enlisted the support of and endorsement by political figures as well as State leaders at the national level including the General Secretary of the Political Party, the Prime Minister, the
President of the State and many important personalities who visited the company and acknowledged its success and commitment to societal and environmental issues.

At the local level, the company’s senior management work in conjunction with the local government authorities in crafting a master development plan for the province. Particularly, the Chairman of the People’s Committee referred to the company’s project as ‘a new hope’ in that it turned a poor district into an economically-potential area’ (Company website).

The company adopted international certification ISO 9001-2008 for quality management and several awards as one of Vietnam’s ‘Top 15 Best Enterprises’ in 2013 and a ‘Trusted and Prestigious Brand’ issued by the UK’s National Quality Assurance Agency (Company website). Even though financially, FC2 is still working toward a breakeven point. The company earned revenue of US$400 million in 2015 and expected to reach a target of US$707 million by 2016. It is a leading producer of fresh milk and dairy products in the local market. Since the introduction of its products into the market in 2011, FC2 has been focusing on strategies to build brand recognition, product awareness, customer preference, and thereby, develop its customer base on a national scale to increase market share.

5.2.2. Case Analysis and Findings

This section examines the social, environment and labour aspects of FC2’s CSR practices. Figure 5.4 illustrates these practices as well as their strategies, motivations and influencing factors on CSR implementation.
5.2.2.1 Social Practices

This subsection uncovers the strategic posture, motivations and influencing factors of FC2’s social practices. The following analysis and findings show that FC2 adopts a proactive posture to social issues, which is demonstrated by the explicit and formal nature of their social practice.

First, FC2 shows an explicit CSR approach with various voluntary activities and programmes that entail extensive external communication and acknowledged to address issues of interest in the local context. As the Marketing Manager said, ‘we do not only run charitable activities, but community engagement programmes to show our responsibility to the society’ (M2). FC2’s social programmes can be categorised into four areas: education, local community development, health, medical support, art and cultural sponsorship (Company archive). However, there are two social projects cited by all the interviewed managers as the most significant over the past year. The first was the Consumer Rights Education initiative which included a series of workshops, conferences, and activities to celebrate the World’s Customer Rights Day to help customers have a full awareness of their rights to information, promote an understanding of the nutritional value and quality of fresh milk products and raise public awareness of the need for transparency in labelling of fresh and reconstituted milk. The second initiative is the School Milk Programme aimed at promoting physical development for school children by providing free quality milk products to poor children and subsidised pricing for other children. It was initially conducted in a province of Vietnam with milk provided to hundreds of thousands of schoolchildren in seventeen
out of nineteen districts and a project value of US$1.5 million a year? (Company document). These initiatives reflect FC2’s high-levels of responsiveness to the society and the government as described by FC2’s M1, ‘The national human capital development, particularly, the young generation has been the top priority of the Party and the society. We fully realize that, and our social initiatives have been aimed at enhancing the material and spiritual life of the local people in a substantial way and on an extensive scale’. Also, these social initiatives, especially the two major programmes, were promoted on the company webpage, through local mass media channels and social media. An interview with FC2’s PR manager (M2) indicates FC2’s focus on external communication of its social activities, ‘Our social initiatives, especially the National School Milk Programme has a wide coverage on all media, including a special video conferencing on the national TV channel, the programme website and local electronics and print newspapers’. This approach suggests that FC2 explicitly articulates its CSR activities to meet stakeholder expectations.

FC2’s Marketing Manager highlighted that the company social activities were always aligned with its business principles and corporate values:

\[\text{From the start of our journey, we have been imbued with the business mission of enhancing the sustainability and creating a happier life for the people. We, therefore, have been consistently undertaken various social initiatives aimed at improving the spiritual and material life of the people in different regions in the country. (M3)}\]

The commitment of company resources to CSR programmes, particularly in two social programmes, display the extensive support by FC2’s management to CSR. Albeit, being a newly-established company, it has been consistently involved in various social initiatives as discussed above. Also, when financial resources are taken into consideration for a young business like FC2, which is trying to reach breakeven, company’s clear sense of its direction and approach to CSR is obvious. As FC2’s M3 explained:

\[\text{For a business which has reached the breakeven point, CSR engagement is simple. But for those that have not reached that point, CSR is a challenge. Yet, CSR is still on our priority list’. (M3)}\]

Particularly, regarding the Consumer Rights Education initiative, FC2 provided funding of US$50,000 to organise the first international conferences in Vietnam to provide full information on dairy products and their differences in nutritional values. This included recommendations for the development of fresh milk production with the participation of world’s leading nutrition organisations and Vietnam National Institute of Nutrition. As noted, the School Milk project also indicated FC2’s commitment regarding resource allocation. As M1 reported, ‘FC2 is committed
to this social programme as the key partner. Our budget for 2016 was US$ 1.5 million and for the period of 2017-2021, [it is] US$10 million worth of fresh milk products. We also have a communication budget for the National School Milk Programme’. (M1)

Second, as a departure from discretionary philanthropic donations in the first few years, FC2’s two recent social programmes exhibit a more formal approach (partnership) with strong stakeholder engagement as noted by the Board’s Chairman, ‘The success of the programme [National School Milk Programme] depends on the determination and joint forces of all stakeholder groups in our society, particularly the engagement of ‘social mothers’ (community, businesses and individuals) and the mass media in shaping public opinion toward the school milk programme’. This mind-set is evidenced by the structuring of FC2’s social initiatives involving the participation of both international and local government and NGOs, the media and the public. These formally-established structures enhance the creditability and efficacy of the company’s social programmes. For example, the Consumer Rights Education initiative was conducted in collaboration with the Ministry of Health, the Ministry of Trade, the engagement of the UN’s FAO and WHO and the local media (Company report). Similarly, the School Milk Programme was initially managed by FC2’s public relation department to provide free milk to school children in the local province during 2013-2015. However, from 2016, FC2 enlisted the support and endorsement of the government and relevant stakeholders to upscale the programme to the National School Programme involving significant expenditure, partners, legal arrangements and the leverage of resources. Particularly, the initiative gained strong advocacy from the Vietnamese Government with a decision by the Prime Minister to promote the programme. The objective was to provide access to milk products to 100% of poor school children and 70% of other children in all cities and provinces, and thereby, improve their physical stature and mental health. The Prime Minister’s resolution also set out provisions for the sources of ingredients, production processes, and distribution and consumption. Partners in the programme included the Minister of Education and Training, Vietnam Television, the Voice of Vietnam, and the official ‘For a Healthy Vietnam Fund’, a charitable organisation for receiving contributions from individuals and organisations.

More importantly, the case findings reveal a strong strategic alignment between the company’s social initiatives and business strategy. Particularly, interviews with FC2 managers provide evidence as to how CSR social activities were well-aligned with corporate values and used to leverage the company’s core competencies and differentiation strategies strategically. The PR manager M2 commented on the company’s CSR planning that ‘our identity, corporate brand and philosophy are associated with ... nature, ... freshness and “for community” themes. Our CSR strategy is always crafted in the light of our business strategy and corporate values’. On a
similar note, FC2’s M3 also cited the consistency of social activities with the brand image and business strategies, suggesting that business strategy informs company’s CSR practices, ‘Our choice of ... social initiatives were made upon a careful consideration of the business operation, strategy and values. We wanted to make sure that there is a consistent message of our differentiated product always being clean and fresh, as in our social initiatives’. A closer examination of the two main social programmes reveals that they are indeed closely related to FC2’s product differentiation and core competence. For instance, the Consumer Rights Education initiative, endorsed by local health agencies (the Vietnam Institute of Nutrition and the Ministry of Health) and international agencies (WHO) promoted consumer understanding of their right to labelling information as well as the differences between liquid milk, made from milk powder and popular in the local market, and fresh milk, which FC2 claims to be the only provider in the local market. As FC2’s M2 reported, ‘FC2 has significant impact on customers’ awareness regarding their right to transparency in labelling and information for their decision making especially in relation to the difference between liquid milk and fresh milk’. Similarly, the objective of the National School Milk project developed from FC2’s scheme in a single province, and with FC2 as the major partner addressed the social issue of improving physical health for school children and allowed FC2 to leverage its core competency of producing clean and natural fresh milk. This occurred when the Ministry of Health certified the company’s school product as a high-quality and effective product for the National School Milk Programme. FC2’s M1 illustrates this as follows:

We were the pioneer in researching and conducting clinical testing the school milk product in a scientific and professional way. Our TH School Milk is the only product that is certified by the Ministry of Health to be effective in improving the nutritional status and providing sufficient micronutrient for school-age children in terms of height, eyesight and concentration capacity. (M1)

All interviewees asserted that corporate values and strategy, top management perceptions and values and local governments had a powerful impact on its practices. As discussed above, the portfolio of community support activities reflects the company’s values and social mission to contribute to the enhancement of the physical, mental and cognitive ability of local people. For example, the school milk programmes, the sponsorship of various art and cultural renovations, support for disadvantaged people and various educational scholarships illustrate FC2’s three-pronged approach to social programmes. The following quote illustrated this point:

Our business philosophy is very strong. We put the corporate interest within the interests of the wider society and country, and our dairy production is not aimed at profit
maximization but we aim to keep interests of customers, society and our business in harmonization. We take pride in what we have been doing, a fresh, truly natural and healthy product. Our business principles and corporate values guide our strategy and CSR decisions. (M4)

Moreover, the above comment also demonstrates the integration of social initiatives into FC2’s competitive strategy. As a late-comer in the dairy market with an increasing market share by major players like Vinamilk and FC1, FC2 positioned itself as a provider of high-quality fresh milk as a unique point of differentiation. This strategy directed the focus of its social initiatives as explained by FC2’s M1, ‘Our strategy and corporate values determine the areas of our CSR priorities’. On a similar note, as mentioned previously, FC2’s M4 also said, ‘Right from the start, we promote our product brands closely associated with freshness, nature and “for community” and our CSR strategy goes hand-in-hand with that’.

Moreover, it is also evident that top manager values profoundly impacted FC2’s corporate values, culture and its CSR approach. As FC2’s M2 explained:

Our CEO has greatly influenced the way FC2 operates. Her philosophy is so strong that it drives everything else. I believe that the leaders’ personal values and traits have a significant impact on CSR decisions and they are reflected in corporate strategies. Undoubtedly, the leaders hold a critical role as they direct CSR activities. (M2)

Also, the role of national and provincial governments contributed to FC2’s business survival and success and was cited by FC2 managers as important support for social initiatives. Due to its massive production scale, FC2 needed strong local government support to gain access to key resources. As a result, it was pressured to take on social initiatives to gain legitimacy and social support. The following quote describes the pressures exerted by important stakeholders on FC2:

The government in the developing-country context is always critical and vital. We never doubt that. As in our case, we need access to land, infrastructure and support systems for business development. Having no government and political support could jeopardize the chance of success. We fully realize that reality. Hence, our top managers attach huge attention to building political ties. (M1)

An unexpected but important finding from this case is that FC2’s social capital (political ties) and political activities substantially influenced its social initiatives, which in turn had some effect on its political activities. This reciprocal relation is evidenced by the two CSR/social programmes (National School Milk and Consumer Rights Education) and the company’s lobbying for new labelling regulations for fresh milk. In this regard, FC2’s M2 explained that the
company ‘has put in substantial effort to enlist support and engagement of different ministries in the School Milk project. I believe that a social programme’s efficacy will be enhanced with the creditability from the engagement of government agencies’. On the same note, M1 also emphasised the importance of the partnership structure in executing social initiatives. On the one hand, strong political ties enable FC2 to engage government authorities (the Ministry of Education, the Ministry of Health, and National Television) in the design and execution of the National Milk programme, therefore enhancing its economic viability. On the other hand, the endorsement of FC2’s social programme by authoritative external parties, including politicians and regulators, rendered it more credible and established public trust. In relation to a different aspect, interviewees also reported how the effectiveness of the social programmes enabled the company to successfully lobby the government for new regulations on milk labelling clarifying the confusion between liquid milk and fresh milk. This could also have leveraged FC2’s brand image and enhance its differentiation strategy as a provider of fresh milk in the local market. As FC2’s M2 explained:

Our rigorous effort in the Consumer Rights Education initiatives with the participation of local and international authorities had a significant impact on customers’ awareness and the coverage of mass media, building up a strong constituency and together with the credible National School Milk, have urged the Ministry of Health, Ministry of Agricultural and Rural Development and Department of Animal Husbandry to issue new regulations and national standard on fresh milk. (M2)

5.2.2.2 Environmental Practices

FC2 appears to take a defensive posture to environmental management. Its environmental activities focus mostly on waste treatment as well as the management of production externalities. Regulatory compliance was cited as the key objective, as noted by this comment from FC2’s M4.

Before the commencement of operations, we had to develop solutions to environmental impact and project sustainability for approval by the local government and relevant competent authorities. We also conduct regular inspection of the waste-water indicator to ensure our compliance with the local standards. (M4)

FC2’s commitment to environmental management was also evidenced in its investment in state-of-the-art technology from Aqua (the Netherlands) and Amiad (Israel) for waste-water treatment and farming waste. Particularly, the Dutch Aqua technology employed a modern closed waste-water treatment system for waste separation, and aerobic, anaerobic and biochemical processing and treatment. The discharged waste-water is regularly checked to ensure it meets the national standards. Also, the company has applied the Aeroton aerobic fermentation technology which
helps reduce greenhouse effects and provide a source of compost later used to grow grass for fodder. The following comment from M2 illustrates FC2’s approach to environmental practices.

_We have been employing the latest technology for waste-water treatment in accordance with the strict standards of the Amiad Group. The treated water is safe for cows to drink and when discharged into the environment it is above the national standards._ (M2)

The interviews indicate that regulatory pressure primarily shaped environmental management at FC2. As mentioned by the General Manager (M1), regulations and laws were considered crucial for the business to gain social legitimacy. Particularly, interviewees also highlighted that motivation to gain legitimacy, and social approval was even more significant given the company’s large scale of production, its environmental imprint and product. FC2’s M2 explained:

_Environmental issues pose challenges for every manufacturing company, particularly when our business involves a large-scale production; compliance is a must to gain legitimacy. Moreover, our business is closely related with “nature” and “environment management” is therefore one of our pillars... which first and foremost involves compliance with the applicable laws and regulations as the foundation._ (M1)

Also, it should be noted that institutional pressure to comply with regulations is also amplified by stakeholder pressures and the leader’s perception of the extent of compliance. The following quote illustrates the complementary influence of secondary stakeholders (local community and media) and the critical role of top management values in shaping CSR:

_Even though the enforcement mechanism is not effective, if you don’t do the right thing, the local community and media will go against you. More importantly, I think the leaders with a clear vision and ethical values make a difference as they decide who decide how well they want to care about the environment management._ (M2)

5.2.2.3 Labour Practices

The company took an accommodative approach to labour issues, featuring several initiatives that go beyond what is regulated. The interview with FC2’s Human Resource Manager (M4) revealed that FC2’s human-resource policies recognise the principles of fair treatment, right to association, lack of any discrimination and forced or child labour. FC2 also observed the mandated minimum wage level, employee entitlements to social and health insurance as explained FC2 M4, ‘our labour practices are primarily in accordance with the labour laws’. However, apart from these codified policies, FC2 developed several initiatives to improve employee wellbeing and working conditions beyond legal requirements. Since 2010, FC2
developed training programmes for workers to improve performance relating to occupational health and safety and state-of-the-art technology in production processes. For example, interviews with FC2 managers showed that employees were given non-performance bonuses for major holidays and traditional festivals. Employees were also entitled to extra insurance schemes, corporate holidays and healthcare products provided by the companies. The following quote from FC2’s M1 illustrates this point.

*Employees are considered as the great asset to create changes for FC2. What we have been providing to them is more than what the laws stipulate. We try to provide them with a living wage, financial support for the needy, and bonuses for employees on the important events like the Lunar New Year, Independence Day or Labour Day. We also have extra covers for the employees at managerial position, [and] employee development programmes. This is in line with our mission of enhancing people’s material and spiritual life and accords to social expectations of businesses.* (M1)

It is indicative that FC2 tended to pay attention to informal arrangements about employees’ welfare and the common issues of living wages and entitlement. Such labour practices also reflect FC2’s response to the pressure of social norms and expectations.

However, apart from several informal practices relating to employee entitlements, there were limited initiatives. Given that many companies around the world have adopted international standards, like the ILO standards or SA 8000 or SA 26000 (Lamberti, 2008), FC2’s labour initiatives were not particularly significant. This was acknowledged by FC2’s M3, ‘We have to admit that our labour practices are only at the average level, far from being the industry’s best practices. At our current stage of development, given resource constraints, we tried to meet the social expectations and norms regarding the wages, bonuses and some extras’.

In summary, FC2’s labour practices reflect its response to the institutional pressures, both formal (codified laws) and informal (social) systems, which suggest an implicit CSR approach. Given the perceived salience of employees as an internal stakeholder, the company showed its commitment to go beyond regulations and accommodate more social expectation and norms regarding employee pay and entitlements.

5.2.2.4 Other Influencing Factors

Several internal and external antecedents have been found to have a considerable impact on FC2’s CSR performance. Specifically, the case findings reveal that CSR practices were shaped by the company’s stage of business development, availability of financial and nonfinancial resources as well as macro-environmental factors and stakeholder characteristics.
First, the company’s current business developmental stage was mentioned by all interviewed executives as a key factor that drove decisions on CSR priorities. As a newcomer in the dairy industry, FC2 was in its early stage of branding and market development. Therefore, the company accorded much importance to social activities to gain public awareness and support and less emphasis on environment and labour issues as evidenced by the previous discussion on its CSR practices. The following quote provides a summative note on this topic:

*CSR is always on our agenda. But as we are now in the brand-building stage, our priority is on community. We will strive to do well in other areas to the extent our resources permit.* (M3)

Secondly, organisational resources were cited by all the interviewed managers as another influencing factor on CSR initiatives. Particularly, while current financial resource constraints were mostly attributed to its modest level of environmental commitment, nonfinancial resources (CEO’s leadership and political connections) were found to have to facilitate the execution of social initiatives. On the one hand, as shown in the previous discussion, given limited finances, its environment initiatives thus far focused on a waste treatment programme to minimise its environmental imprints. In this regard, FC2’s PR Manager M3 mentioned the company was still in the first business development stage with more priority given to brand development, full-scale production, new product rollouts, and that environmental management was now at the compliance level due to limited resources. This finding was also confirmed in the following quote from FC2’s M1 regarding the management’s attribution of current environmental performance to resource availability at its stage of FC2’s business development.

*A sound strategy is crucial, yet financial resources are also important. If the company has good business, the budgets spent on CSR can be included in production costs. We wish to do better. However, at this stage of development, the resources do not permit.* (M1)

On the other hand, FC2’s core competence in building political connections and support under the CEO’s leadership was critical for the execution of social programmes. As indicated in the previous discussion, the implementation of the social programmes (like the National School Milk Programme) involved significant engagement by government stakeholders at the national and local levels. Therefore, without having political ties, its social initiatives could have hit roadblocks. The following response from M2 illustrates this point:

*We have to acknowledge that our CEO has excellent leadership skills and political networking skills. As a result, FC2 has built political ties and support at both provincial and national levels, which substantially facilitated our social initiatives. I recall the time*
when we thought we could not move on with our first pilot school milk programme in a local province. Yet, after several phone calls, things were sorted out. (M2)

Apart from internal environment factors, the external environment can also act an enabling or inhibiting factor for CSR. For example, institutional factors like government policies to promote children’s physical development were mentioned as a favourable factor for FC2’s School Milk Programme as reported by FC2’s M1, ‘Our National Milk programmes receive a lot of government support as it is well-aligned with the government agenda on human development’.

The interviews also revealed that external stakeholder’s commitment and involvement impacted the effectiveness of social initiatives; as put by FC2’s M2:

The biggest challenge in our execution of social initiatives is the lack of awareness and commitment from the local authorities. There was a time when we contacted local government officials for their support to launch the school milk project in local schools, we received a half-hearted attitude. Even worse, some school staff even made use of the project for their personal economic gains by selling the donated milk to the market. (M2)

5.2.2.5 CSR Performance

The evaluation of CSR performance at FC2 is gauged by investigating types and forms of CSR practices, CSR strategies, the internal capability development for CSR execution and the outcomes as perceived by the interviewed managers. The key findings for the case analysis are summarised in Table 5.3.
Table 5.3 : Summary of Key Findings: CSR at FC2

<table>
<thead>
<tr>
<th>Major CSR Programs</th>
<th>Nature Type</th>
<th>Nature Form</th>
<th>Strategy</th>
<th>Key drivers</th>
<th>Motivations</th>
<th>Influencing factors</th>
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<tbody>
<tr>
<td>Society</td>
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<td>Resources (finances and human); Ownership type; Stage of business development;</td>
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<tr>
<td>Donations for disaster-stricken provinces</td>
<td>Implicit</td>
<td>Informal</td>
<td>Accommodative</td>
<td>Corporate values, Local government pressure</td>
<td>Gaining legitimacy</td>
<td>Social capital (political connections); Stakeholder attributes; Macro-environment</td>
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<tr>
<td>Donations for disadvantaged children</td>
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<td>Blood donations (‘Red Sunday’ programs)</td>
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<td>Scholarships for poor and talented students</td>
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<td>Donations for local hospital</td>
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<td>Provision of free health care services for the poor</td>
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<tr>
<td>Nutrition Awareness Education</td>
<td>Explicit</td>
<td>Formal</td>
<td>Proactive</td>
<td>Corporate strategies</td>
<td>Competitive advantage</td>
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<tr>
<td>National School Milk program</td>
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<td>Labor</td>
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<td>Recognition of right of association</td>
<td>Implicit</td>
<td>Formal</td>
<td>Accommodative</td>
<td>Regulations, Social norms</td>
<td>Gaining legitimacy</td>
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<td>No-child labor or compulsory labor</td>
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<td>No-discrimination and equal employment</td>
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<td>Safe and healthy working environment</td>
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<td>Occupational Health and safety Training</td>
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<td>Mandatory social and Health Insurance</td>
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<td>Living wages package</td>
<td>Implicit</td>
<td>Informal</td>
<td>Defensive</td>
<td>Regulation</td>
<td>Licence to operate</td>
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<td>13th month salary and non-performance bonuses</td>
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<tr>
<td>Extra insurance schemes for employees</td>
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<td>Financial support funds (loans)</td>
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<td>Family obligation leaves</td>
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<tr>
<td>Other benefits (company-funded holidays &amp; activities)</td>
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<tr>
<td>Environment</td>
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<tr>
<td>Waste treatment schemes as stipulated</td>
<td>Implicit</td>
<td>Informal</td>
<td>Defensive</td>
<td>Regulation</td>
<td>Licence to operate</td>
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</table>

First, as indicated in the case summary (Table 5.3), apart from its proactive strategies to social issues with a mix of implicit and explicit and formal practices, FC2’s labour and environmental activities reflect accommodative and defensive strategies respectively, with a focus on implicit CSR activities in response to legal requirements and strong social norms. Second, in respect of the internal capabilities for CSR execution, Figure 5.5 shows some evaluation of each of the three categories of labour, environment and community by using the three main CSR dimensions of knowledge and attitude (CSR awareness and management support), strategic dimensions (CSR strategy, performance objectives and reporting) and operational dimensions (stakeholder relations, CSR structure) adapted from the seven-stages of the CSR development model by Maon et al. (2010). Overall, social practices rated higher performance than the categories of labour and environment.
There was a significant difference in the execution of social versus labour and environmental activities at FC2, particularly regarding organisational awareness, management support, and commitment and stakeholder relationship management. As discussed in the previous subsections, FC2 top management viewed contributions to society as the core element of CSR (M1, M2, M3 and M4) partly due to its business strategy, and the company showed a sound commitment to social initiatives through the strategic alignment of its social initiatives with business strategies and significant resource allocation. Moreover, the proactive posture to social issues was demonstrated by its external communications using the company website, mass media and social media to engage the public and other stakeholders. Particularly, there was evidence of the institutionalisation of its social projects (the National School Milk) through various government regulations and mechanisms governing the project. However, there was limited CSR awareness, commitment, reporting and stakeholder engagement as recorded for labour and environmental activities.

Also, there is no specific measurement of overall CSR practices in general. Instead, performance indicators for each category of environment, labour and community were integrated into their respective functional activities. For example, as mentioned by the three interviewees, the evaluation of labour practices and policies were conducted by the HR department and the company trade union at year end. Environmental management activities were conducted by the production unit in conjunction with local environmental authorities to ensure the company’s compliance with the applicable environmental standards. In addition, public relations evaluated community initiatives regarding their impact on the community and positive news coverage,
apart from other marketing efficiency indicators.

Concerning self-evaluation, all of three interviewed managers mentioned their perceived good performance in the community activities regarding their impact and benefits to the local community and the general public. For example, the company provided access to nutritious milk to thousands of poor school children, changed customers’ awareness of nutrition from fresh milk products and created a platform for the execution of School Milk Programme on a national scale. They also mentioned their perceived benefits for the company regarding corporate image, local government support and access to resources for production scale.

Furthermore, social initiatives embodying corporate values were well articulated to employees to boost commitment and involvement. In fact, corporate values were identified as a source of employee satisfaction and pride. As stated by an interviewed manager, ‘it is the corporate culture that helps retain the employees. I have worked here with an inherent pride in the best products that we offer and the meaningful work to the community that I have been involved in…’ (M2).

5.2.3 Case Discussion

The CSR practices of FC2 raise the following issues for discussion, (1) the interaction of CSR and corporate political activity (CPA) and the relations between corporate strategies and CSR practices; (2) the integration of CSR strategy and business strategy; (3) different strategic postures toward different stakeholder groups; and (4) private-public partnerships and political embeddedness in CSR initiatives.

The findings presented above provide evidence how non-market strategies (CSR and CPA) can be aligned and then used in complementarity to enhance the effectiveness of respective strategies. When firms take CSR-CPA actions in concert, they can capitalise on the synergistic effects of CSR and CPA to make both more effective. For example, CPA could enhance the economic viability of CSR strategies in that CPA may ‘assist in the design and execution of external action programmes’ (Post et al., 1983, p. 139). A firm’s political contacts may help make its CSR investment more effective by providing critical information about how to address societal and environmental issues. Moreover, endorsement of the firm’s CSR policies by authoritative external parties, including politicians and regulators, may render the firm’s CSR commitments credible (Caulkin & Collins, 2003). The case findings indicate that FC2’s CSR programmes (Consumer Rights Education and School Milk Programmes) increased its creditability and public support among various constituencies (consumers, government, NGOs and the public) which contributed to the efficacy of its government lobbying for a regulatory change in dairy product labelling. At the same time, political connections and support facilitated
the involvement of government and other stakeholder engagement in its National Milk programme, and thereby, enhanced the viability of that project. While the extant literature raises the question of a firm’s self-interest in pursuing its own political agenda rather than social goals (Hond, Rehbein, Bakker, & Lankveld, 2014), the alignment of CPA and CSR with the social issues and needs of key stakeholders, and effective stakeholder engagement and communication increased the authenticity of the firms’ non-market strategies (Mazutis & Slawinski, 2015).

This case also adds empirical evidence to an emerging area of interest on the integration of market and non-market strategies (Dorobantu, Kaul, & Zelner, 2017) to leverage its competitiveness, especially by a privately-owned firm in a developing-country context. Particularly, the FC2 case shows how top management selected and implemented CSR initiatives in line with its business strategies, values and brand image. As a new player in the dairy market, FC2 was engaged in building a positive product positioning associated with natural, fresh and safe products with the ‘for community’ business principle. Therefore, its CSR practices for the environment and community reflects its alignment of CSR practices with its strategic focus. For example, initially, the company invested in advanced environmental technology to ensure clean production processes from ‘grass to glass’ and conduct various philanthropic activities for various groups of disadvantaged people. Subsequently, the company focused more on CSR programmes that helped promote product positioning and customer trust, recognition and preferences. Two major programmes the Consumer Rights Education and the National School Milk Programme were initiated and implemented to promote customer awareness of their right to information and to develop the physical growth of the children, particularly the poor, across the country. This case supports Porter and Kramer (2007) position about the importance of aligning CSR with the company’s core competence for competitive advantage.

The case findings provide evidence on how companies can use non-market strategies to manage critical non-market stakeholders (the government), thereby minimising institutional risks and influencing competitive markets. In the developing-country context where the government prevails, non-market strategies (CSR and CPA) that address social issues and expectations, on the one hand, could enable the company to gain government recognition, political support and public trust (Zhao, 2012). On the other hand, when the non-market strategies involve government engagement, they provide companies with the opportunities to mobilise government resources and lobby for policy changes (Zhao, 2012). In these ways, the company could be exposed to less institutional risk (Liedong, Rajwani, & Mellahi, 2017). Given that their large-scale production involving significant social and environmental impact relating to access to land and resettlement and resource utilisation, it was crucial for FC2 to gain legitimacy so that ‘key stakeholders, the public, key opinion leaders, or government officials accept a venture as
appropriate and right, given existing norms and laws’ (Aldrich and Fiol, 1994, p. 648). One example is FC2’s Consumer Rights Education programme executed to build awareness of labelling transparency and proper understanding of various milk products among customers and relevant authorities. At the same time, it engaged in rigorous discussions with relevant policymakers to initiate changes in labelling requirements for dairy products. With public and political support, FC2 managed to lobby for revised regulations on labelling transparency and, therefore, had a more favourable competitive position as the prominent provider of fresh milk. Similarly, regarding the National School Milk Programme, FC2 was involved in providing an innovative public and private partnership solution that enabled the government to address the social problem of malnutrition and poor growth of human capital in a more sustainable way. In other words, the programmes represented an innovative solution which created a capacity for the government to resolve social issues on its agenda. At the same time, it generated institutional support and public recognition for FC2 as the qualified provider of high-quality school milk products, thereby creating a more favourable socio-political environment for the company. This lends support to Zhao’s (2013) argument on the significance of understanding the relations of government, business and social issues to capture realistic CSR dynamics, especially in transitional economies.

The findings on CSR practices at FC2 indicate that company facilitates various levels of commitment to different stakeholder groups. It also suggests the top manager’s perception of priority and resource allocation at various stages of business development (Smith et al., 1985). While it used a proactive commitment to CSR practices toward the community, labour and environmental issues were minimum legal compliance and the enlightenment self-interest. In the case of FC2, this can be explained by instrumental factors in CSR which was driven by the strategic goals of building corporate image and brand. In fact, as mentioned by the interviewed managers, one of the crucial factors in its early development stage was to develop strong product positioning, a competitive advantage and allocate of resources accordingly. The case findings lend support to Lamberti’s (2008) argument that when pursuing a competitive advantage a company is likely to focus on a limited set of CSR practices for specific stakeholders.

5.2.4 Case Summary

FC2 was a recently-established, institutional-owned dairy company that embraced strong social values since its inception. It challenged the market leaders with a differentiated business strategy based on the product attributes of being fresh and natural and its ‘pro-society’ brand identity. Its production involved a massive land area and investment. The findings on FC2’s CSR practices, strategies, performance as well as key drivers and influencing factors was based on six
interviews with four senior managers. They were triangulated with data obtained from document analysis of company reports, the company’s official website, official electronic newspapers and relevant publications relating to FC2’s practices.

The findings of the FC2 case reveal that it adopted different strategies, types of practices and levels of performance in social, labour and environmental aspects. It had a proactive posture to CSR with clear priorities on social initiatives while maintaining a less substantial approach to the labour and environmental categories. Specifically, it adopted more explicit activities to address social issues like children’s physical development and rural development. However, most of the labour and environment activities were implicit practices in response to legal requirements and strong social norms. Moreover, while social activities were well integrated into strategic planning, communicated to the public and involved significant stakeholder engagement, labour and environmental practices were merely internal functions with no external communication or stakeholder involvement.

The participants asserted that the prioritisation of CSR activities was associated with the motivations, corporate strategies and perceived salience of critical stakeholders. Given its massive production scale, FC2 had to rely on State and provincial governments to gain access to resources. Hence, on the one hand, FC2 adopted implicit CSR practices in conformity with regulations and strong social norms to gain legitimacy. On the other hand, it embraced more proactive social initiatives to receive social support from governments and the community. These explicit social activities enabled FC2 to strengthen its brand identity and provided a competitive edge over dairy rivals.

The participants noted the complementary effect of CSR initiatives and CPA in enhancing the creditability and efficacy of non-market strategies. For instance, the Consumer Rights Education programme tackled the lack of knowledge regarding consumer rights and built support from public and government authorities. This political and public support then facilitated government lobbying for changed labelling regulations in its favour. Moreover, the corporate political activities and lobbying which derived support from key political figures improved the creditability and economic viability of the National School Milk Programme which involved various government bodies and organisations.

The case of FC2 provided empirical evidence of the integration of non-market strategies with market strategies, thereby influencing some elements of its competitive context. The Consumer Rights Education Programme and the National School Milk initiative, on the one hand, exhibited the company’s commitment to addressing social issues. On the other hand, these non-market initiatives supported its differentiation strategy and brand image.
The case highlights the significance of the leader values and corporate strategy in shaping corporate CSR practices as well as the influence of organisational resources, developmental stages and the macro-environment on CSR performance.

5.3 FOODCO3 (FC3) – The Private Company

5.3.1 Case Background

FC3 was founded in 2000 as a trading and service company by seven individuals. In 2002, it entered into a joint venture with a registered German company with an initial investment capital of US$1.8 million. The Vietnamese and German partners contributed 51% and 49% of total invested capital and changed the business model to food manufacturing with the main product lines comprising German-styled sausage products (Company website).

In 2004, FC3 expanded its production capacity to a total of four production factories and the increased investment of US$2 million on the state-of-the-art production line imported from Germany. Its total production capacity was 30 tonnes of products per day.

In 2008, FC3 changed into a joint-stock company with the German party holding minority shares (20%) and other Vietnamese individual shareholders holding the majority. The company obtained Hazard Analysis and Critical Control Points certification for their product quality assurance.

The current general manager is also one of the major shareholders of FC3. At present, FC3 is a medium-sized firm with about 300 employees, the majority of which are low-skilled and migrant labourers from neighbouring provinces. Its current products range from German sausages, ham, and bacon to other local processed meat products, mostly for local market consumption.

After the first several years of poor business performance, FC3 has enjoyed significant growth since 2008. The company earned a turnover of $300 million in 2016 (Vietnam Report, 2017). It was ranked among the ‘500 Fastest Growing Firms’ by the Vietnam Report Agency and Vietnamnet (a major Vietnamese online newspaper) over recent years. Between 2010 and 2014 it was also awarded the industry prizes ‘Vietnam’s High Quality Product’, ‘Vietnam’s Golden Star’ and the ‘Proudly Being Vietnamese Brand’.

FC3’s mission is to provide the best, safest and healthiest products to consumers and a making contribution to enhancing the health of the local people (Official company website). Also, it claims to have a responsibility to generate stable jobs and wages to employees, thereby helping to reduce the national unemployment rate and contribute to the socioeconomic development of the society (Company document).
5.3.2. Case Analysis and Findings

Despite its market presence since 2004, FC3 struggled in the early stage of its development to establish its position in the local market where Western-styled food products were not readily welcome. However, since 2008 FC3’s business prospects took off with significant growth in sales and profits due to changes in the macro environment and FC3’s marketing strategy (source, FC3’s M1). As mentioned by the General Director (M1), ‘the management was pre-occupied with market-related issues and CSR was a recent concept’. CSR practices at this stage of the company’s development can be examined regarding environment, labour, and social practices, elaborated in the following subsections.

Figure 5.6 provides an overview of the thematic code structure for the company’s CSR practices as well as their strategies, motivations and influencing factors.

![Figure 5.6: FC3’s CSR Practices: Thematic Analysis Model](image)

5.3.2.1 Labour Practices

At present, FC3 adopts an accommodative posture to labour with the implicit (formal and informal) nature of its labour practices. On the one hand, these practices reflect the company’s compliance with legal requirements regarding national minimum wages, recruitment and training, occupational health and safety and employee rights. On the other hand, the interviews also reveal various informal arrangements to accommodate social expectations about employee entitlements, as the following discussion elaborates.
All interviewed managers mentioned the company labour policies were strictly in accordance with the local labour codes but emphasised their substantial commitment to occupational health and safety (OHS) and employee development. For example, FC3’s HR Manager (M2) cited that OSH was an important function as it was formalised in operating procedures and built into the company performance management system:

OSH communication and training are conducted not only on a regular but also repeated and on-going basis as required by law. Furthermore, OSH performance is one of the key performance indicators used for the determination of bonuses and incentives. This is not only for the sake of the employees but also in accordance with our product quality commitment. (M3)

Similarly, employee training and development was also considered a corporate priority and attention which serves as a contributor to company development:

We have developed policies to support employee training and development in order to support our German technology production systems. In particular, there has been development programmes offered by local and international experts to help our employees enhance their management skills and technical skills in accordance with international standards. (M1)

In addition to its compliance with labour issues which are implicitly codified, FC3 also responded to employees’ expectations, the social norms and the politically-defined role of businesses with informal arrangements beyond regulations. Such informal initiatives include living wages and bonuses and various employee welfare activities:

In reality, what employees really care about is how they are paid, treated and cared about or whether the compensation and insurance entitlements are adequately provided. Hence, businesses are supposed to make sure our employees all have enough to live on. (M3)

The concept of ‘living wages’ was mentioned in all the interviews as a key component of compensation. This can be explained by the fact that the national minimum wages were the legal threshold but hardly met worker’s basic living needs (Tran & Jeppesen, 2016). Moreover, the explicit role of businesses in poverty alleviation and social welfare contributions indicated in government documents may help to explain the managers’ perception of the responsibility of businesses to society at large (World Bank, 2004). Therefore, maintaining a competitive and living wage was considered a responsibility by FC3 given the difficult business situation:
The trade union and the company management have been working on various ways to expand market and production capacity to ensure nearly 300 employees have stable jobs and increased income of VND 3.5 to 5 million per month. It is a very difficult in the current situation when maintaining a regular income for employees has become a mammoth task for local businesses. (M2)

Moreover, informal arrangements were observed at FC3 in relation to labour issues. The company paid attention to initiatives to improve employees’ overall wellbeing as mentioned by M3. ‘Employees have been entitled to bonuses and incentives, company-paid holidays and cultural and sports activities, and particularly needy staff are given support in material and spiritual terms’. Particularly, there is also evidence of how one FC3 manager responded to the personal issues of their employees:

I pay attention to any employee who gets sick or has family problems. We also raise funds to support them. Such help may be small in monetary value but of meaning. In essence, it is all about what we need, that what others need and what society needs. (M2).

The following table summarises the formal and informal CSR labour practices

Table 5.4 : Summary of Formal and Informal Labour Practices at FC3

<table>
<thead>
<tr>
<th>Formal CSR (labour) practices</th>
<th>Informal CSR (informal) practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum wages as stipulated by the Government</td>
<td>Stable living wages</td>
</tr>
<tr>
<td>Health insurance and social insurance</td>
<td>Employee financial support</td>
</tr>
<tr>
<td>Working conditions</td>
<td>Career development</td>
</tr>
<tr>
<td>Employee training</td>
<td>Company-paid holidays</td>
</tr>
<tr>
<td></td>
<td>Sports and cultural activities</td>
</tr>
<tr>
<td></td>
<td>Family leave</td>
</tr>
</tbody>
</table>

Source: Author’s interviews.

Also, the findings show that FC3 adopted an accommodative approach to labour issues with employee involvement by trade-union engagement with company management. When asked about the role of the trade union, all interviewed managers stressed the active role of the union in listening to employees’ ideas and working with the management to improve employee
entitlements and benefits. The following is a quote by the interviewed trade-union manager, who outlined trade-union roles and practices.

_We trade-union representatives work with the company management to develop and execute documents and policies for employees, including labour rules, collective bargaining accord, compensation schemes and welfare policies for employee wellbeing. For example, they have been entitled to bonuses and incentives, company-paid holidays and cultural and sports activities [and] particularly needy staff are given support in material and spiritual terms (FC3 M2)._ 

Interviews with FC3 executives indicate that the top management’s perceptions and values have significant impacts on labour practices. First, employees were perceived as key stakeholder groups for company success as described by FC3’s M1, ‘CSR to me is first and foremost the responsibility toward employees as they work for the company success. Obviously, I have to make sure that they have food to eat and clothes to wear’.

In addition to an instrumental approach to stakeholders, the leader’s moral values were also cited as a decisive factor in shaping CSR orientations:

_CSR involves the laws and regulations on one side and the leaders’ conscience on the other side. I think that the laws are what you must follow and conscience is, therefore, the decisive factor. Their conscience reflects their values, qualities, educational background and acumen as well as their approach to address issues in an efficient way. (M1)_

One example of top management’s impact on labour practices is his stance toward the functioning of the trade union at FC3. As discussed previously, the trade union at FC3 exhibited its importance regarding employee welfare and human-resource policies. The fact that this was facilitated by top management is evidence of how leaders shape labour practices:

_As a matter of fact, trade unions were created by the management/the owner. So, to be or not to be, that is the question of managerial decision. If the manager-owner supports, it thrives. Otherwise, it could not survive. I myself strongly support the trade union as it serves the interests of the employees. (M1)_

In summary, labour practices reflect the impact of regulatory pressures on FC2 compliance, but at the same time, suggest the influence of the manager’s perception of the salience of employees about company efficiency. Also, this instrumental approach to labour issues features an accommodative strategy that FC3 adopted to meet stakeholder expectations and labour practices that moved beyond legal requirements and entailed management commitment and support, internal communication and employee involvement.
5.3.2.2 Social practices

FC3 has been involved in several community programmes. Particularly, their social initiatives range from providing in-kind donations to socially disadvantaged people (the old, the poor, the homeless, and orphans) to the sponsorship of sports activities at local schools and internship programmes offered to students (Source: Company website). These include an on-going project that the company owns and has conducted for the last ten years as a centre for social protection:

*The long-term project that FC3 has been running is the sponsorship programme for the KC Centre for Social Protection. We provide meals to them and sponsor sports activities at the centre.* (M1)

The manager’s values and beliefs serve as the major factor that shapes FC3’s community initiatives. Particularly, community support projects initiated by the company derive from the leader’s perception of moral responsibility to make a social impact. The following quote illustrates this perspective.

*In fact, we have been doing it for several years and we don’t want to promote or market that. I believe that those contributions may be insignificant for us, but they could be valuable to those disadvantaged people, which make their lives somehow better. It means a lot to me to see the old people or young children [at the social protection centre] have a bowl of soup or porridge to eat. What I did is not for a special purpose but to satisfy my need to do something for the society, for the poor. That’s enough.* (M1)

The comments above indicate that FC3 does not promote its social activities or use them as marketing tools. In fact, the owner-manager’s motivation for taking socially responsible initiatives was more important than gains regarding marketing, strategy or public relations.

5.3.2.3 Environmental practices

FC3 took a defensive approach to environment management due to its industry characteristics. Interviews with three FC3 managers show a minimal coverage of environmental practices. Complying with the applicable environmental regulations was the only theme cited by interviewed executives and FC3 tends to use the regulatory framework as its benchmark (Demuijnck & Ngodjom, 2013; Henriques & Sadorsky, 1999). As commented by FC3 M1, ‘we have realized our responsibility to the environment by abiding with the environmental laws and standards on waste treatment’.

Regulatory pressure from government stakeholders was observed to be a source of pressure for environment practices at FC3. Since legislation authorises agencies to promulgate and enforce
Most of the time, we take on CSR in order to meet the requirements set out by the competent authorities. In those old days there were no such Environmental Laws as we have today. Therefore, if we did not comply, we would be subject to penalty. When it comes to “hard laws”, we have to embrace them to survive and grow. (M2)

In the case of FC3, corporate responsibility to the environment and local community was regarded as secondary order of priority and importance as put by FC3’s M2, ‘CSR to us is firstly responsibility to the customers and employees, then the obligations regarding the environment and resources, followed by the responsibility to the local community’. Moreover, the motivation for compliance also come from the perceived risk that noncompliance results in sanctions such as fines, impeding company function and profitability (Branco & Rodrigues, 2006). This confirms previous studies on the influence of enforced legislation and regulations on a firms’ environmental practices (Delmas & Toffel, 2004)

However, it should be noted that a national institutional environment with inefficient mechanisms may pose challenges to FC3’s commitment to CSR. The interview with the general manager (FC3 M1) reveals that businesses were still struggling with legal compliance due to the legal system’s complexity, which may incite a decoupling from the rules:

There are many things inappropriate in the local business environment. For my tens of years of working experience, I have never dared to say that “I do everything right” and all the inspectors who have come and conduct their inspections, no one says that I do it all right. In fact, there are about 600 legal documents under the laws, so when we haven’t been able to apply new regulations, there come other new legal instruments. In such a volatile environment, we enterprises have to find ways to survive. Every competent agency issues regulations and we cannot keep updated with them all. Hence, every time they come to inspect, they can always find your mistakes and money has to be spent to get away with it. (M1)

The case findings above show that FC3 took a defensive strategy in environmental management by conforming to the minimum legal requirements. However, the lack of an effective legal enforcement system, corporate governance and significant stakeholder pressure rendered a symbolic rather than a substantial adoption of environmental practices. Overall, while the legal compliance appears to be inevitable for the company, pressure from competitors, industry associations and foreign shareholders were insignificant to CSR uptake. As top management reported, owner-managers make the key decisions:
In fact, the role of industry association is very unclear as it lacks the capacity to link industry members... Competitors may have some impact which is limited to keeping talent... and our foreign partner rarely has an impact on the company. Therefore, the CSR-related decisions are mostly in the hand of the owners/managers. (M1)

5.3.2.4 Other Influencing Factors

Even though FC3’s ownership structure shows the contribution of foreign investors, they represent a minority. Moreover, there is no corporate governance structure and the foreign partners do not have pressure on the company’s commitment to CSR. FC3 realised the imperative of legal compliance and in several cases attempted to circumvent situations to avoid risks of environmental fines.

Moreover, the availability of resources for CSR practices depended on financial performance and stages of business development as reflected in FC3’s M3 response regarding the importance of resources and the degree of CSR engagement.

You must have money to do CSR. If the business owners/managers have to struggle to survive, they may think of CSR some time but the time to realize it is just a myth. (M3)

In this regard, FC3’s M2 also mentioned the fact that its stage of business development had a significant influence on how CSR was adopted and realised, ‘during the early years when we were struggling to survive, the management was pre-occupied with market-related issues. Only when we do business well, we then started to think about it. It [CSR] was a recent concept.’

The key findings from the case analysis is summarised in Table 5.5

Table 5.5 : Summary of Key Findings: CSR at FC3

<table>
<thead>
<tr>
<th>Major CSR Programs</th>
<th>Nature Type</th>
<th>Strategy</th>
<th>Key drivers</th>
<th>Motivations</th>
<th>Influencing factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour</td>
<td>Implicit</td>
<td>Formal</td>
<td>Formal (Regulations)</td>
<td>Gaining legitimacy</td>
<td>Resources (finances and human), execution competences Ownership type, Stage of business development</td>
</tr>
<tr>
<td>Minimum wages as stipulated by the Government</td>
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<tr>
<td>Health insurance and social insurance</td>
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<tr>
<td>Working conditions</td>
<td>Implicit</td>
<td>Formal</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Occupational Health and safety</td>
<td>Implicit</td>
<td>Formal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee training</td>
<td>Implicit</td>
<td>Accommodative</td>
<td>Manager's perception</td>
<td>Improve business</td>
<td></td>
</tr>
<tr>
<td>Employee financial support</td>
<td>Implicit</td>
<td>Informal</td>
<td>Social norms</td>
<td>efficiency</td>
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<td>Career development</td>
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<td>Non-performance bonuses</td>
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<td>Company-paid holidays</td>
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<td>Sports and cultural activities</td>
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<tr>
<td>Family leaves</td>
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<td></td>
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<tr>
<td>Environment</td>
<td>Implicit</td>
<td>Formal</td>
<td>Defensive - Loose coupling</td>
<td>Regulation</td>
<td>Licence to operate</td>
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<tr>
<td>Waste treatment schemes as stipulated</td>
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<td></td>
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<tr>
<td>Social</td>
<td>Implicit</td>
<td>Informal</td>
<td>Manager's perceptions and values</td>
<td>Gaining legitimacy</td>
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</tr>
<tr>
<td>Donations for poor and disadvantaged people</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial donations upon request</td>
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</tr>
</tbody>
</table>
5.3.2.5 CSR Performance

The evaluation of CSR performance at FC3 was gauged by investigating types and forms of CSR practices, CSR strategies, the internal capability development for CSR execution and the outcomes as perceived by interviewed managers. First, as indicated in the case summary (Table 5.5), apart from its accommodative strategies to labour issues, its social and environmental activities reflect defensive strategies with a focus on implicit (formal and informal) activities in response to legal requirements and strong social norms. Second, in respect of internal capabilities for CSR execution, Figure 5.7 shows the evaluation of each of the three categories of labour, environment and community, using three main CSR dimensions of knowledge and attitude (CSR awareness and management support), strategic dimensions (CSR strategy, performance objectives and reporting) and operational dimensions (stakeholder relationship and CSR structure).

![Figure 5.7: CSR Performance at FC3](image)

Overall, labour practices took centrality in FC3’s CSR initiatives with management support and commitment, while environmental practices were observed to be minimal. It is suggested by the case of FC3 that its strategic posture to CSR was largely a defensive approach for the following reasons.

First, it was common among the interviewed managers that CSR was perceived as first and foremost a responsibility to customers and employees with little reference to environmental issues. Moreover, there is evidence of top management commitment to CSR practices, but such commitment was not consistent across all three categories of environment, labour and social practices. Particularly, while management commitment to the improvement of labour practices
and social activities were articulated in the discussion above, there was little discussion on FC3’s effort to deal with environmental issues. Second, the performance objectives of CSR activities focused on legal compliance to gain legitimacy and meet critical social norms and expectation to improve production productivity. Hence, FC3 adopted legal disclosure and internal communication with some participation of employees through the trade union. Third, there was no CSR specialised unit, rather, labour, environmental and social activities were managed by functional divisions (Human Resources, Production and Sales and Marketing departments). FC3 did not have a specific measurement of overall CSR practices. In fact, regarding environmental practices, national standards on environmental management were used as a benchmark for its operations. Similarly, labour practices were executed and measured in accordance with the local regulations and the company trade union agenda. This re-asserts the influence of employees as key stakeholders of SMEs found in previous studies (Klein and Vorbohle 2010; Painter-Morland and Dobie 2008; Spence 2007; Jenkins 2006).

Except for formal planning for human-resource development activities, environmental and social issues were addressed in a more informal, discretionary and ad-hoc basis. This is consistent with Jenkins (2006) and Perera’s (2008) arguments that SMEs tend to have no formal management structures with specialised staff to deal with CSR.

Concerning self-evaluation, all three interviewed managers mentioned the outcomes of good labour policies and practices for improving productivity as well as employee welfare by creating jobs, stable living wages and other entitlements. However, social activities were only measured symbolically regarding the impact on the beneficiaries. This can be explained by the fact that social activities in SMEs are most likely to be driven by the personal motivation of the owner-manager rather than company functions of marketing, strategy, or public relations (Spence, 2007). In this regard, such an instrumental approach to CSR issues indicates that FC3’s commitment level to CSR is more of a form of enlightened self-interest (Garriga & Mele, 2004).

5.3.3 Case Discussion

The case of FC3, a medium-sized food company, reveal nuanced CSR manifestations in a developing-country context, highlighting the issues of top management impact, organisational features as moderating factors and a contextualised CSR profile.

First, the findings from FC3 case support what is reported in the literature on CSR practices among SMEs in the developing country. SME CSRs appear to be less formalised, less structured or not embedded in corporate strategies (Amaeshi, Adegbite, Ogbechie, et al., 2016). Moreover, they tend to engage in philanthropic activities on an ad hoc basis (Sweeney, 2007) because they often have insufficient human capital, funds or time (Lepoutre & Heene, 2006). This finding is
consistent with Darnall et al. (2010) argument on the influence of organisational resources on CSR engagement among SMEs.

Second, the case of FC3 indicates that CSR in SMEs may take forms different from large firms regarding area of focus and applicability. Several important dimensions for large companies can be of little relevance to SMEs. For example, pressure from consumers or NGOs was reportedly non-existent in FC3’s case. As a result, there was little motivation to report CSR actions (Demuijnck & Ngnodjom, 2013). The analysis of the FC3 case showed that it did not have formal tools like codes, structures, environmental and social standards or resources. They had no specialised CSR unit; instead, the human resource department oversaw all labour issues, the production factory was responsible for environmental issues, and occupational safety and quality assurance the responsibility of customer and product quality. This lends support to the argument by Spence and Rutherfoord (2003) that medium-sized firms are not ‘little big firms’ in their CSR approach as they have features that differentiate them from larger organisations.

Third, the findings highlight the determining effect of the top manager on CSR practices among SMEs. Witt and Redding (2012) maintain that top management’s values and perceptions determine the institutions governing CSR and ultimately shape CSR activities, commitment and company strategy. For example, regarding environmental management at FC3, it was the top management’s interpretation of the regulation’s complexity, legal pressure and associated risk from compliance failure that drove its symbolic compliance. Similarly, in social practice, it was found that the manager’s strong inner motive shaped FC3’s philanthropic activities. This finding is consistent with the literature on the centrality of managers and owners who initiate and drive CSR practices in SMEs (Murillo & Lozano, 2006). Likewise, labour practices also demonstrate the manager’s instrumental perception of the key stakeholders and the role of businesses in society. Specifically, as indicated in FC3’s case, CSR was firstly equated with creating jobs and securing welfare for employees and then the local community and environment. This finding lends support to several studies on CSR particularly among SMEs in a developing-country context where employees were held as the key stakeholder group and take centrality in the manager’s perception (Tran & Jeppesen, 2016; Vives, 2006). Overall, the case highlights the importance of understanding how owner-managers themselves formulate, interpret, and judge their responsibilities concerning the society in which they are embedded (Demuijnck & Ngnodjom, 2013).

Apart from consistency with the literature on SMEs in developing-country contexts, the case findings also add a nuanced understanding of CSR practices framed by national socio-cultural influences. Particularly, FC3 provides empirical evidence of implicit CSR practices in
compliance with legal requirements and prevailing social norms and expectation. Current internal CSR practices (like informal arrangements for employees) reflect the influence of three institutional pillars (regulatory, normative and cognitive) on CSR understanding and practices at FC3. Particularly, the socialist legacy in Vietnam with written Party doctrine on the roles of SMEs in creating jobs and providing a stable income for local people has contributed to the development of societal belief systems in which decent working conditions, job security and benefits have shaped managerial thinking about CSR and employees. Similarly, certain religious beliefs and cultural practices and rituals (traditional Tet holidays) tend to induce managers to set up incentive schemes like the Tet holiday bonus or 13th-month salary or to give financial contributions to the local community. In other words, SME CSR behaviour can be viewed as a way of to fill ‘government gaps’; as if the government cannot provide the basics, and SMEs will take over (Visser, 2008). However, this also indicates that SME companies tend to take an ‘agreed share of responsibility for the issues of society’s interests and concerns rather than a responsibility for what is of interest to society’ (Demuijnck & Ngodjom, 2013, p. 660).

5.3.4 Case Summary

FC3 was a medium-sized processed food company in its growth stages from 2006. It was owned by several Vietnamese individuals and a German partner, who contributed a small part of the capital and had no influence on business management. The findings from the FC3 case was based on four in-depth interviews with three senior managers and triangulated with data obtained from document analysis of company documents, reports, official e-newspapers and industry reports. The case of FC3 joins the extant literature on the existence of a ‘silent’ CSR profile in a developing-country context.

FC3’s CSR approach was characterised by implicit CSR and informal practices toward employees and community, reflecting the impact of local social norms and the political ideology of social welfare. The participants noted that they did not attach importance to the external communication of CSR activities. Apart from the employee involvement through the trade-union representatives, little stakeholder participation or no specialised internal function for CSR was reported. FC3’s accommodative strategy in the labour category derived from manager perceptions of strong social norms and the instrumental value of ‘looking after the workforce’. The case findings indicate FC3’s motivation to gain legitimacy and business efficiency. Similarly, it was the management perception of regulatory pressures and the complexity of the legal framework that shaped FC3’s symbolic approach to environmental management. Its defensive strategy was characterised by compliance with environmental regulations and some instances of compliance failure as well.
The case also emphasises the determining roles of top management in shaping the focus and commitment levels of CSR activities. It also indicates the influence of resources (financial and nonfinancial), execution capability, the stages of business development and ownership structure.

5.4 Cross-case Analysis for the Vietnamese Food Industry

The previous sections provided single-case analyses and discussion of the three case studies which elaborately discussed their strategies and performance as well as their key motivations and other influencing factors based on the conceptual lens described in Chapter Two. Their company profiles are briefly presented in Table 5.6.
Drawing on the findings of three empirical case studies, this section analyses and discusses similarities and differences across cases. The single-case analyses of the three cases reveal that these three companies did not adopt the same approach to each of the three aspects of CSR. Therefore, this cross-case analysis is conducted for each of the aspects of the environment, labour and social practices. Figure 5.8 depicts the strategic approach adopted by these three food companies in the three aspects of CSR.

### Table 5.6: Cross-case Comparison: Company Profiles

<table>
<thead>
<tr>
<th></th>
<th>FC1</th>
<th>FC2</th>
<th>FC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership type</td>
<td>FOE (70% foreign; 30% State)</td>
<td>Joint-Stock (unlisted; Institutionally-owned)</td>
<td>POE (100% privately owned)</td>
</tr>
<tr>
<td>Years in operation</td>
<td>20</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>Stage of business</td>
<td>Growth</td>
<td>Introduction</td>
<td>Growth</td>
</tr>
<tr>
<td>development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue (million US$)</td>
<td>600</td>
<td>400</td>
<td>16</td>
</tr>
<tr>
<td>Size (employees)</td>
<td>1500</td>
<td>2000</td>
<td>300</td>
</tr>
<tr>
<td>Products</td>
<td>Dairy products</td>
<td>Dairy</td>
<td>Smallgoods</td>
</tr>
<tr>
<td>CSR-embedded strategy</td>
<td>CSR corporate strategy</td>
<td>CSR-embedded business model</td>
<td>CSR primarily coupled with product responsibility</td>
</tr>
<tr>
<td>CEO</td>
<td>Dutch CEO, headquarter appointed</td>
<td>Local female; ex-SOE manager; Bank group shareholder</td>
<td>Local Vietnamese entrepreneur</td>
</tr>
<tr>
<td>Leadership</td>
<td>Corporate values; Leader’s local mind-set</td>
<td>Corporate values</td>
<td>Leader’s personal values</td>
</tr>
<tr>
<td>Core stakeholder groups</td>
<td>Community; Customers; local government</td>
<td>Local government; Community; Customers; Employees;</td>
<td>Customers &amp; Employees</td>
</tr>
<tr>
<td>identified</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current financial</td>
<td>Profit-making - market runner-up</td>
<td>Reaching breakeven point - niche market leader</td>
<td>Profits making - market runner-up</td>
</tr>
<tr>
<td>performance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Figure 5.8: Cross-case Comparison: CSR Strategies (Social, Labour and Environment)

Figure 5.8 reveals that while there are some similarities in CSR strategies in social and labour practices among the three cases, significant differences are observed regarding environmental strategies. The following subsections discuss the similarities and dissimilarities and the related motivations and factors that influence CSR practices in the food study cases.

5.4.1 Social Practices: Strategies, Performance and Influencing factors

The following subsection provides a discussion of the similarities and differences in social practices across three food cases. Figure 5.9 and Table 5.7 present an overview of the company strategic postures and social practice performance of the three food companies.

Figure 5.9: Cross-case Comparison: Performance of Social Practices

Overall, as indicated in Figure 5.9, all three companies gave priority and focus on social practices and had some commonalities regarding influencing factors. However, there were also
dissimilarities in terms practices, strategies and performance dimensions resulting from several organisational characteristics, elaborated in the following parts.

Table 5.7: Cross-case Comparison: Strategies and Performance of Social Practices

<table>
<thead>
<tr>
<th>Items</th>
<th>FC1</th>
<th>FC2</th>
<th>FC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic posture</td>
<td>Proactive</td>
<td>Proactive</td>
<td>Accommodative</td>
</tr>
<tr>
<td>Forms/focus</td>
<td>Explicit/Strategic</td>
<td>Explicit/Strategic</td>
<td>Implicit/Informal</td>
</tr>
<tr>
<td>CSR awareness</td>
<td>CSR as inexorable direction, value proposition</td>
<td>Core part of business strategy, value proposition</td>
<td>CSR as a duty</td>
</tr>
<tr>
<td>Top management support</td>
<td>Sound commitment</td>
<td>Sound commitment</td>
<td>Fair involvement</td>
</tr>
<tr>
<td>Performance objectives</td>
<td>Shared value for business and society</td>
<td>Shared value for business and society</td>
<td>Meeting moral obligations</td>
</tr>
<tr>
<td>Reporting</td>
<td>External &amp; internal communication</td>
<td>External &amp; internal communication</td>
<td>Limited disclosure</td>
</tr>
<tr>
<td>Stakeholders engagement</td>
<td>Collaborative</td>
<td>Collaborative</td>
<td>Unilateral</td>
</tr>
<tr>
<td>Structuring of CSR initiatives</td>
<td>Business model organisational alignment</td>
<td>Institutionalisation</td>
<td>Functional</td>
</tr>
</tbody>
</table>

As shown by Figure 5.9 and Table 5.7, there are striking differences in social practices (type and form), strategic postures and performance dimensions between the two large dairy companies (FC1 and FC2) and the medium-sized processed food company (FC3).

Particularly, the large companies (case FC1 and case FC2) took a proactive posture to social issues, and the medium-sized company (case FC3) adopted an accommodative strategy, featuring varied types and forms of CSR practices. The case findings indicate that the proactive companies (FC1 and FC2) exhibited a formal type of CSR practice with strategic alignment of social initiatives with corporate strategy, significant resource commitment, cross-functional coordination and a partnership structure with strong stakeholder engagement (local government, suppliers, employees, local communities and NGOs) in the execution of social practices. (See Figure 5.10 and Table 5.7). Meanwhile, social practices in the case of FC3 were principally informal with charitable contributions (in monetary and in-kind) on an ad-hoc and unplanned basis, at manager’s discretion. Also, the two large companies had extensive external communication about their social initiatives to stakeholders and the public whereas very limited communication was reported by case FC3. The differences in social strategies and nature are
explained further in the following discussion regarding key motivations influencing factors and organisational characteristics.

First, diverging social practices and strategies can be attributed to varied motivations and pressures from key stakeholders relating to types of ownership and operations (Table 5.8). While all the food cases exhibited a motive to gain legitimacy and the licence to operate, the cases of FC1 and FC2 showed a much stronger motivation to legitimise their identities and operations. Moreover, they were also motivated to win social support from their perceived important stakeholder groups (local government, customers and communities) due to their large operating scale and resource dependence on local community and government. This explains their approach to social initiatives as an inexorable direction in strategic planning and their performance objective of creating values for both the society and the business. For example, given its liability of foreignness, FC1 was motivated to engage in more explicit community programmes to meet the expectation of salient stakeholders (local government and local community). Similarly, as in case FC2, the perceived pressure from the local government and public due to their visibility and externalities from their large-scale operation prompted top management to take on more explicit CSR practices. On the contrary, unlike FC1 and FC2, FC3, with a much smaller size, operating scale and market focus, social initiatives did not reflect institutional or stakeholder pressure; rather, it was the manager’s value and as a means to meet ethical duties only.

Secondly, in addition to the drive to gain social legitimacy, social initiatives at FC1 and FC2 also reflect the impact of company’s strategy and values and their motivation to leverage their competitiveness in the local market. Particularly, corporate identity and values did serve as the signpost for some forms of social initiatives. For example, as in case FC1, a joint-venture with the foreign partner, the values of responsible farming transferred from the parent company shaped its social programmes aimed at supporting local farmers through capability development, and thereby, promote the company’s corporate image. Similarly, case FC2 shows evidence of how its social initiatives on nutritional education, child development or philanthropic contributions were closely linked with its mission to contribute to the spiritual and physical development of the local people and its brand development strategy.

Moreover, all cases reported that commitment to social activities was influenced by the availability and priorities in various stages of business development. For example, as illustrated in the discussion of FC1, there were changes in the nature, funding, partnership and governance of social practices in each stage of its business development and a different strategic focus. Similarly, case FC2 indicated its move from its discretionary, philanthropic approach to strategic
CSR. However, in case FC3, there were no significant changes in their approach to social activities except to make more funds available for its charitable activities as a result of better company performance.
Table 5.8: Cross-case Comparison: Antecedents to Social Practices

<table>
<thead>
<tr>
<th>Items</th>
<th>FC1</th>
<th>FC2</th>
<th>FC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forms/Focus</td>
<td>Explicit Strategic</td>
<td>Explicit Strategic</td>
<td>Implicit/Informal</td>
</tr>
<tr>
<td>Key motivations</td>
<td>Legitimacy, competitiveness, sustainability</td>
<td>Legitimacy, Competitive advantage</td>
<td>Legitimacy, leader’s ethical beliefs</td>
</tr>
<tr>
<td>Social norms &amp; political legacy</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Corporate owner pressure</td>
<td>Significant</td>
<td>Insufficient</td>
<td>Insufficient</td>
</tr>
<tr>
<td>Local government</td>
<td>Significant</td>
<td>Significant</td>
<td>Insufficient</td>
</tr>
<tr>
<td>Company strategy &amp; values</td>
<td>Significant</td>
<td>Significant</td>
<td>Insufficient</td>
</tr>
<tr>
<td>Manager perceptions &amp; values</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
</tbody>
</table>

5.4.2 Environment Practices: Strategies, Performance and Influencing Factors

An overview of the environmental performance of three case companies is presented in Figure 5.10, together with their strategic posture in Table 5.9 below.

Figure 5.10: Cross-case Comparison: Strategies and Performance of Labour Activities
The cross-case analysis as presented in Figure 5.10 shows striking differences in environmental practices and strategies between companies with different ownership types; between locally and foreign-owned companies, between institutional investors and individual investors. The local companies (as in case FC2 and case FC3) which adopted defensive approaches to environmental issues demonstrated a limited view of the environmental management function, lack of management support and commitment. On the contrary, the foreign-owned company FC1) held environment management as a value-creation process, and thus showed a higher-level of commitment to environmental practices. Regarding performance objectives, the local companies focused on waste management or the environmental imprint of their operation and considered compliance with legal regulations as objectives, which represented an implicit and formal approach to the environment. Conversely, FC1’s environmental management featured explicit and formal nature with environmental initiatives that dealt with the environmental imprint of its production and other environmental issues beyond its factory fence, like the Responsible Farming Programme to support local-dairy farmers. Moreover, management commitment was also shown in how environment management was developed as one part of its core corporate strategies. Table 5.9 provides a cross-case comparison of environmental practices regarding practices, strategies and performance dimensions.

Table 5.9 : Cross-case Comparison: Strategies and Performance of Environmental Practices:

<table>
<thead>
<tr>
<th>Items</th>
<th>FC1</th>
<th>FC2</th>
<th>FC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Posture</td>
<td>Proactive</td>
<td>Defensive</td>
<td>Defensive (loose coupling)</td>
</tr>
<tr>
<td>Form</td>
<td>Explicit; Formal; Strategic</td>
<td>Implicit/Formal</td>
<td>Implicit/Formal</td>
</tr>
<tr>
<td>CSR awareness</td>
<td>Sustainable development, competitiveness</td>
<td>Environment-related product attributes</td>
<td>Limited awareness/trouble to be avoided</td>
</tr>
<tr>
<td>Top management support</td>
<td>Sound commitment</td>
<td>Fair commitment</td>
<td>Involvement in theory</td>
</tr>
<tr>
<td>Performance objectives</td>
<td>Sustainable business leverage</td>
<td>Regulatory requirements</td>
<td>Regulatory requirements</td>
</tr>
<tr>
<td>Reporting</td>
<td>External &amp; internal communication</td>
<td>Legal disclosure</td>
<td>Legal disclosure</td>
</tr>
<tr>
<td>Stakeholders engagement</td>
<td>Collaborative</td>
<td>Unilateral</td>
<td>Unilateral</td>
</tr>
<tr>
<td>Structuring of CSR initiatives</td>
<td>Business model</td>
<td>Functional</td>
<td>Functional</td>
</tr>
</tbody>
</table>

As indicated in Table 5.9, there were differences in several performance dimensions of reporting, stakeholder engagement and structuring of environmental activities.

While the foreign company FC1 maintained a collaborative relationship with stakeholders (suppliers, employees, local communities) in environmental activities, and developed an environmental management system (planning, organising and controlling) across the company,
and allocated sufficient resources for implementation, the two local companies FC2 and FC3 had their environmental practices managed by a functional division with limited participation of relevant stakeholders because of resource constraints.

Moreover, FC1 developed a high-level of environmental responsiveness in that environmental management practices were embedded in all aspects of its operations and corporate culture with the active involvement of its stakeholders (employees, managers, suppliers, local government and communities). Moreover, while FC1 adopted internal and external communication of its environmental initiatives in its official website, regular reports and parent company reports, the two local companies only viewed environmental management as an internal function with legal compliance as objectives and limited legal disclosure.

In summary, while FC1 exhibited a proactive strategy with an explicit and formal nature of environmental practices, local companies featured a defensive strategy characterised by implicit practices in accordance with the codified laws. Such differences can be explained concerning their motivations, key drivers and influencing factors as summarised in Table 5.10 and discussed in the following sections.

Table 5.10 : Cross-case Comparison: Antecedents to Environmental Practices

<table>
<thead>
<tr>
<th>Items</th>
<th>FC1</th>
<th>FC2</th>
<th>FC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Posture</td>
<td>Proactive</td>
<td>Defensive</td>
<td>Defensive (loose coupling; symbolic)</td>
</tr>
<tr>
<td>Motivations</td>
<td>Re-legitimation and competitiveness</td>
<td>Legitimacy/Licence to operate</td>
<td>Legitimacy/Licence to operate</td>
</tr>
<tr>
<td>Regulatory pressure</td>
<td>Insignificant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Stakeholder pressure</td>
<td>Significant</td>
<td>Insignificant</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Company strategy and values</td>
<td>Significant</td>
<td>Insignificant</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Manager perceptions</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Stages of business development</td>
<td>Growth</td>
<td>Development</td>
<td>Early growth</td>
</tr>
<tr>
<td>Year of establishment</td>
<td>1994</td>
<td>2009</td>
<td>2004</td>
</tr>
<tr>
<td>Slack resources</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
</tbody>
</table>

The differences in environmental practices, strategies and performance can be attributed to their key motives and exposure to varied pressures relating to types of ownership and operations. As
shown in Table 5.10, while gaining social legitimacy and the licence to operate was a common motive across all cases, the main motivation for FC1 to further adopt a proactive strategy derived from its strategy and perception of environmental management as a means to sustainable development, value creation, business efficiency, and ultimately its competitive advantage. Also, though regulatory pressures, stakeholder influence, company strategy and stages of business development and leader influence were the defined antecedents of local CSR practices they did not exert the equal pressure on the studied companies. For example, FC1 as a foreign-owned company was exposed to the combined effect of institutional pressure, internal and external stakeholder pressure (headquarter, host country, government) and therefore, pressured to take on a more proactive posture not only in internal environmental practices but also external environmental issues of the local farming community and the society to gain internal and external legitimacy, business efficiency and corporate citizenship. On the contrary, in the case of the locally-owned companies FC2 and FC3 which were subject only to regulatory and minimal stakeholder pressures, they were inclined to take the minimum compliance level and a defensive approach to obtain the licence to operate.

Also, types of ownership and governance systems can also explain the variations in the forms of environmental practices, whether substantial or symbolic, explicit or implicit. In the cases of FC1 and FC2 with institutional owners and supervisory boards, their environmental initiatives featured substantial investment and adoption of environmental management practices and strict compliance with local laws given existing legal loopholes. On the other hand, FC3 was individually-owned with modest governance and involvement of foreign partners and thus characterised by symbolic adoption resulting from the fear of penalty. The growing scrutiny and investigation of the local environmental control bodies induced tactics to circumvent the situation and avoid some noncompliance issues through a kind of bribe. This re-confirms the argument that not all companies respond in the same way to the same stakeholder pressures (Perez-Batres et al., 2012b).

Overall, apart from differences discussed above, all the three cases shared similar influencing factors including resources and capabilities and stages of business development. The single-case analyses showed that resources and capabilities could be a facilitating or hindering factor for the execution of environmental activities. For example, while the parent company supported FC1’s environmental programmes through the transfer of best practices and system and resource allocation, FC2 and FC3 reported a lack of resources for more substantial adoption. Moreover, their respective stage of business development also influenced the way companies prioritised CSR-related decisions. For instance, in the cases of FC2 and FC3, both in the market
development stage, were more inclined to attach more importance to the customer and social issues rather than environmental issues.

5.4.3 Labour Practices: Strategies, Performance and Influencing Factors

This subsection provides a cross-case comparison of labour practices based on the single study analyses of FC1, FC2 and FC3. As shown in Figure 5.11, all the food cases exhibited a beyond-compliance approach to labour practices and similar performances between local companies. As indicated in the single-case analyses, they all embraced implicit and informal labour arrangements in response to strong social norms. Such similarities reflect common driving factors that shaped corporate labour practices across the three cases. Specifically, regulatory pressures and deeply-entrenched social norms, which result from the local political ideology, push companies to go beyond legally compliant labour practices to address social norms and expectations to gain social legitimacy by informal practices. This implicit type of CSR was observed in all companies including compliance with formal rules and informal arrangements like living wages, employee entitlements, employee financial and nonfinancial support, bonuses and family-related leaves. In addition to legitimacy seeking, all the cases exhibited an instrumental approach to labour issues and a growing awareness of the importance of employees to business success and positive management support.

However, it can be noticed that differences in strategies, practices and performance levels existed between foreign-owned company FC1 and locally-owned companies FC2 and FC3). The similarities and dissimilarities are illustrated Table 5.11 and discussed in the following sections.

![Cross case comparison: Labour practices](image)

**Figure 5.11 : Cross-case Comparison: Strategies and Performance of Labour Activities**
The cross-case comparison of labour practices across the three cases indicates differences between foreign-owned and locally-owned companies regarding types of activities, strategies and several performance dimensions (Table 5.11). Specifically, the foreign-owned company FC1 adopted a proactive strategy, with greater commitment with strategic human-resource planning and corporate values of human capital in sustainable development as compared with the accommodative strategies of FC2 and FC3 in which labour issues were not well integrated into company strategic planning. Moreover, performance objectives were principally in response to local, legal, socio-cultural norms. Also, locally-owned companies featured more implicit labour practices in accordance with strong social norms with internal communication while the foreign-owned company were responsive to the local social and cultural norms and regulation and benchmarked against international standards and best practices. Furthermore, both internal and external communication was adopted via company internal communication systems and external reporting to the public and relevant stakeholder groups (local government and government agencies).

Table 5.11 : Cross-case Comparison: Strategies and Performance of Labour Practices

<table>
<thead>
<tr>
<th>Items</th>
<th>FC1</th>
<th>FC2</th>
<th>FC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Posture</td>
<td>Proactive</td>
<td>Accommodative</td>
<td>Accommodative</td>
</tr>
<tr>
<td>Forms and Focus</td>
<td>Explicit; Formal; Strategic</td>
<td>Implicit/Informal</td>
<td>Implicit/Informal</td>
</tr>
<tr>
<td>CSR awareness</td>
<td>Sustainable development</td>
<td>Instrumental value of employees</td>
<td>Instrumental value of employees</td>
</tr>
<tr>
<td>Top management support</td>
<td>Sound commitment</td>
<td>Fair commitment</td>
<td>Fair commitment</td>
</tr>
<tr>
<td>Performance objectives</td>
<td>International benchmarking</td>
<td>Social norms and regulatory requirements</td>
<td>Social norms and regulatory requirements</td>
</tr>
<tr>
<td>Reporting</td>
<td>Internal &amp; external communication</td>
<td>Internal communication</td>
<td>Internal communication</td>
</tr>
<tr>
<td>Stakeholders engagement</td>
<td>Collaborative</td>
<td>Interactive via trade union</td>
<td>Interactive via trade union</td>
</tr>
<tr>
<td>Structuring of CSR initiatives</td>
<td>System</td>
<td>Functional</td>
<td>Functional</td>
</tr>
</tbody>
</table>

In terms of employee participation, the foreign-owned company was successful in initiating active involvement and participation of employees and building a corporate culture and internal
systems that fostered OHS and environmental protection. However, the two local companies mainly organised labour practices as functional activities managed by the HR department, and the development an interactive relation with employees via the company trade union to make sure voices of employees were considered by management.

Notwithstanding the similar instrumental motive toward labour issues across the cases, there was some distinction in the strategic postures to labour issues between foreign-owned and locally-owned companies which can be attributed to their motivations, corporate strategy and ownership. Specifically, the former, FC1, developed a human-resource strategy as one of the key corporate strategies in line with parent company values and culture whereas labour issues were not integrated into corporate strategy in the other two local companies, FC2 and FC3. Also, the foreign-owned company, FC1, indicated its employee development strategy for sustainable development while the two local companies were motivated to engage in labour initiatives to improve operational efficiency. This explains why the foreign-owned company, FC1, took an explicit CSR approach which involved deliberate, voluntary, and often strategic corporate decisions whereas the two locals adopted an implicit CSR with formal and informal practices, respectively embedded in regulatory systems and in response to cultural, social norms and religious issues.

It is common across the three cases that labour practices were influenced by the availability of organisational resources and the stage of business development. Also, in the case of the two local companies, FC2 and FC3, which were in the development stage and had resource constraints, their labour practices were limited to implicit CSR (formal and informal forms). Examples of these practices include formal practices (human right issues, working conditions, national minimum wages, no-discrimination in recruitment, training and development, and mandated social and health insurance) and informal arrangements (living wages, non-performance bonuses, employee sport, recreation and holiday entitlement and family-related leaves). Furthermore given its established market position and positive financial performance FC1 had slack resources to extend more benefits to employees (family insurance policies, inflation-adjusted wages, maternal care programmes) and addressed more issues of social interest (employee growth and empowerment, gender fairness and management representation). In other words, the cross-case comparison suggests that stages of business development and slack resources in each stage can influence the funding for labour initiatives.
### Table 5.12: Cross-Case Comparison: Antecedents to Labour Practices

<table>
<thead>
<tr>
<th>Items</th>
<th>FC1</th>
<th>FC2</th>
<th>FC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Posture</td>
<td>Proactive</td>
<td>Accommodative</td>
<td>Accommodative</td>
</tr>
<tr>
<td>Forms and Focus</td>
<td>Explicit; Formal; Strategic</td>
<td>Implicit/Informal</td>
<td>Implicit/Informal</td>
</tr>
<tr>
<td>Regulatory pressure</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Social norms and political legacy</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Company strategy and values</td>
<td>Significant</td>
<td>Insignificant</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Manager perceptions</td>
<td>Significant</td>
<td>Insignificant</td>
<td>Significant</td>
</tr>
<tr>
<td>Stages of business development</td>
<td>Growth</td>
<td>Development</td>
<td>Growth</td>
</tr>
<tr>
<td>Stakeholder pressure</td>
<td>Insignificant</td>
<td>Insignificant</td>
<td>Insignificant</td>
</tr>
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#### 5.5 Cross-Case Discussion

This section provides a discussion of the key findings from the three cases operating in the food industry and the thematic analysis from NVivo 11 (Figure 5.12).

![CSR in Food Companies Diagram](image)

**Figure 5.12**: Thematic Analysis of CSR Practices in the Food Industry

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First, the case findings suggest that perceived stakeholder salience and value creation from CSR activities drive the prioritisation of and the proactive approach to social initiatives among local food firms. The literature shows that different types of CSR activities can deliver different value to stakeholders (Peloza & Shang, 2011). So those types of CSR that deliver the most value to specific stakeholders can be the most effective. A recent study of Vietnamese consumers’ CSR conceptualisation by Bui (2010b) reveals that 87% of interviewees think that companies committed to customers and the community at large and public relation activities aiming to serve the community at large could enhance company reputation and brand equity. Therefore, the local firms’ perception of social programmes can contribute to the company performance as they contribute to the development of a favourable relationship with their instrumental stakeholder groups. Mohr and Webb (2005) found that consumer concerns for the relevant domain (like philanthropy versus environmental protection) predict consumer support, which is consistent with instrumental stakeholder theory (Jones, 1995). The three studied cases indicate a similar pattern: most attention to social initiatives and least to the environment even though they both involve external stakeholders. Their commitment to social issues is associated with the salience of their critical or key stakeholders (the government, community and customers). Particularly, both FC1 and FC2 were heavily dependent on local stakeholders (national and provincial government, community and public) for their business development and growth and both have social programmes embedded in their internal operations.

Second, while institutional pressures shape the compliance approach to labour and environmental practices, stakeholder influence amplifies the pressure to go beyond compliance. Particularly, corporate parents, customers, and the local community are found to be the direct source of pressures on companies to be more proactive in community initiatives. If institutional pressure is strong, but stakeholder pressure remains weak or without stakeholders channelling and amplifying the institutional pressure, firms are likely to adopt defensive stances. When firms are pressured on both macro (i.e., institutional) and micro (i.e., stakeholder) levels, they are forced to re-think their strategies and choose proactive stances to adjust to both institutional and stakeholder pressures (Yu & Choi, 2016) for two reasons, (1) to reduce uncertainty and (2) to maintain social and institutional legitimacy. It is well-evidenced in the foreign identity of FC1 that it was exposed to combined stakeholder pressures (both internal and external) and institutional pressures. As a result, FC1 took a proactive strategy in all three CSR areas. The case of FC2 with institutional ownership and a massive production scale with dependence on local community and government for resource access, and its need to build a social image and corporate reputation, its perceived external stakeholder salience pressured them to be proactive in social initiatives. However, as revealed in the interviews, FC3 faced minimal pressure from
external stakeholders. Therefore, the case shows more of a defensive approach to CSR. While current studies highlight the combined effects of external institutional and stakeholder pressures on CSR strategy, the case findings also add the influence of internal stakeholder pressure on the configurations of drivers of CSR strategies. This suggests a new line of research on the interactions of external and internal legitimacy in shaping CSR posture. Internal legitimacy, ‘the acceptance or normative validation of an organisational strategy through the consensus of its participants, which acts as a tool that reinforces organisational practices and mobilises organisational members around a common ethical, strategic or ideological vision’ (Drori & Honig, 2013), especially among MNCs.

Third, company ownership and governance structure have a considerable impact on CSR performance across the food companies. Previous research shows that foreign investors played a significant role in the adoption of Western-style management practices like CSR engagement, and positive effects of foreign ownership (Oh, Chang, & Martynov, 2011). Moreover, institutional and foreign investors tend to show more interest in CSR activities than individual investors. In these cases, FC1 (foreign-owned), FC2 (institutional-owned) and FC3 (privately owned) demonstrated a different level of CSR commitment and performance from high to low respectively. This supports current literature on the relations between ownership and CSR where top managers in Korea tend to be less interested in improving their firm’s CSR ratings than institutional investors and foreign owners (Oh et al., 2011). However, there is evidence of misconduct of foreign-owned and institutional-owned companies (Christensen, 2015; Zhao et al., 2014). This reality indicates the importance of understanding the impact of corporate governance structure embedded in the ownership type on CSR practices. The cross-case analysis also suggests that stronger governance structures ensure better CSR performance as in case FC1 (with a strong supervisory board) versus case FC3 where minority foreign investors were not involved in company operations. While the current body of research focuses on the relations of CSR performance and corporate governance among listed and public companies, this study adds to that the importance of corporate governance structure in non-listed companies in the developing-country context.

5.6 Summary of Cross-case Analysis and Findings

The cross-case analysis provides a discussion of the similarities and differences in antecedents, strategies and performance of CSR practices across three food companies. While all cases demonstrate high responsiveness to labour issues, there is a distinction in levels of engagement in environmental and social initiatives across ownership types (local versus foreign) as well as corporate strategies. Particularly, while the foreign-owned company, FC1, had a proactive and
balanced approach to CSR aspects (labour, environmental and social), local companies exhibited a CSR profile prioritised in accordance with the salience of stakeholder issues as perceived by the top management.

This chapter identified the external pressures (institutional and stakeholder pressure), the internal factors (company strategy, identity and values, and top management perception) as key drivers of CSR practices and the strategic position. The strategy-performance relation of CSR practices are also found to be moderated by company factors (stage of business development, slack resources), stakeholder, industry and macro-environment factors (local government, market condition, and competition).
CHAPTER SIX

GARMENT INDUSTRY CASE-STUDY ANALYSIS AND FINDINGS

6.0 Introduction

This chapter presents the analyses, findings and discussion of three empirical case studies in the Vietnamese garment and textile industry and a cross-case analysis of their CSR practices with the aim of enhancing the understanding of the antecedent and mechanisms that impact CSR performance.

Both single- and cross-case analyses on three cases are reported in this chapter, using analytical methods advocated by Yin (2009, 2014) regarding pattern matching, explanation building and cross-case synthesis as discussed in Chapter Four. Specifically, the first case study investigates GC1, a state-owned garment company with 50-year history and one of Vietnam’s leading garment and textile companies. The second case study examines GC2, a foreign-owned company and the third case study evaluates GC3, a privately-owned local company in the sector.

First, each of the three single-case studies is presented, providing explicit explanations and evidence on the antecedents, strategic postures to CSR practices and key mechanisms influencing CSR performance. Then a cross-case analysis that compares and explains similarities and differences between the three cases is presented.

6.1 GARCO1 (GC1) – The State-owned Company

6.1.1 Case Background

GC1 is a subsidy company owned by the Vietnam Textile Group (Vinatex) a 100% state-owned corporation located in Da Nang city near Da Nang Airport and port, in Central Vietnam.

Formerly known as the GC1 Textile Factory, the company was founded in 1962 when Da Nang city was liberated in 1975 after which it continued operations. It was then renamed the GC1 Textile Company by the Ministry of Light Industry. Prior to 2002, it was a small textile company with a start-up capital of US$ 10,000. 2002 witnessed significant changes in its business model. The company shifted its focus from yarn to include garment production for export following the installation of modern production technology and machinery from the US. Its total investment increased to VND 5 billion (US$250,000). In 2006, it changed its ownership structure and was further transformed into GC1 Textile & Garment Joint-Stock Corporation with the State as the major shareholder (70%) and other individual shareholders. The company established four factories (2 spinning factories, two suit garment factories), six garment subsidiaries in different
provinces in Central Vietnam, and also invested in six affiliate companies in the areas of embroidery, garment and packaging.

The company’s major operations are manufacturing, trading and export of garment products and yarn with the main products being pants, suits, jacket, work wear, and cotton and polyester yarn. It also imports raw material for garment and yarn production. It is the manufacturer of famous commercial brands including Snickers, Burton, Novadry, Haggar, Perry Ellis Portfolio and Calvin Klein.

The company adopted Quality Management system ISO 9001:2008 and environmental management ISO 14001:2004 as well as a Security and Social Compliance programme throughout its factories. Its stated mission is to (i) develop sustainably with other enterprises in Vietnam’s Textile and Garment Corporation as well as with domestic and foreign partners; (ii) innovate and diversify high-fashion products for all classes of consumers; (iii) build relations with strategic partners, manufacturers, distributors and retailers; and (iv) maximise profits for customers and improve employees’ lives.

Over the past five decades, GC1 has become one of the leading garment and textile companies in Vietnam with approximately 10,000 employees and a production capacity of 11 million units of products per year. The company had an export turnover of US$100 million in 2013 and a targeted of US$300 million by 2020. It has achieved various awards and prizes for its performance including the third prize in the VCCI’s 2012 CSR Award.

The post-2002 period featured significant business growth with increased investment in technology and radical changes in the business model and organisational structure. The General Director (M1) explained this as a shift ‘from a small-scale yarn-making enterprise on the verge of business closedown ...to become a well-branded leading garment company in Central Vietnam with ten affiliates and subsidiaries’ (Company archive). As a subsidiary of the biggest state-owned Garment Corporation (Vinatex), State fiscal support provided an investment of US$23 million since 2000 to restructuring production operations and upgrade to state-of-the-art machinery and technology. As a result, the company witnessed impressive growth in export turnover and established good standing in major overseas markets. As reported by GC1’s M1:

"The company has developed a well-known brand among international buyers, with 60% of total production exported to the US markets and the rest to Europe, Japan and some other Asian countries. The growth rate of export turnover ranged from 14 to 52% and a turnover of US$ 3 million in 2000, rising to US$ 46 million in 2008 and topped US$127 million in 2014. (M1)"
Economic performance was accompanied by significant changes in the company’s CSR approach in the three areas of environment, labour and community, reflecting an accommodative CSR posture. In particular, the business rationale for CSR emerged with importance attached to practices that contributed to improved business efficiency, corporate image, brand name and a recognisable shift from doing what is required by law to that desired by stakeholders (Maon et al., 2010).

6.1.2. Case Analysis and Findings

This subsection presents the findings and discusses key CSR practices before and after 2002 when GC1 shifted from locally-oriented production to export-oriented manufacturing. Figure 6.1 provides an overall description of GC1 CSR practices in the three categories of labour, environment and social practices regarding the nature (type and form) of the practices, their motivations and driving factors as well as factors influencing performance.

![Figure 6.1: GC1’s CSR Practices: Thematic Analysis Model](image)

6.1.2.1 Stage 1 (prior to 2002): Defensive - compliance

Labour practices

Labour practices before 2002 were characterised by compliance with the applicable regulations governing labour. The document analysis of company archives showed that it recognised the right to fair treatment among employees, no-age or gender discrimination policies and the right to free association and collective bargaining agreements between the labour union and enterprise
management. Also, GC1 also adopted OHS, working conditions, social insurance and wage level practices in accordance with the 1994 Labour Code. It can be seen that its policies were primarily implicit CSR in nature in response to the formal regulations. The only discretionary labour initiative was the provision of 24/24 Personal Accident Insurance policy for employees:

Conformity with the minimum legal requirements was what the company could do as at that time; it had to struggle a lot. Our financial performance and productivity were poor. We could not do much. A notable initiative by general administration department was 24/24 Personal Accident Insurance for the employees in order to help them deal with unexpected costs in case of accidents. (M1)

The case findings show a defensive approach to labour activities at this stage in consideration of management commitment, activity structures and communication. As indicated by the above quote, legal compliance suggests the minimal CSR support during the company’s early difficult period. Moreover, labour activities were managed by GC1’s general administration division with limited communication as cited by GC1’s M2, ‘There was not so much external communication on these issues except legal disclosure upon request.’ However, this stage also provided evidence of the company response to social norms by its employee insurance scheme.

Gaining legitimacy was observed as the main motive for CSR at GC1. Particularly, as it grew from a state-owned enterprise, abiding by the state regulations was an obvious way to acquire legitimacy by the government, as cited by GC1’s M2, ‘as a state-owned enterprise, it was a must to comply with the codified rules relating to working conditions and employee benefits.’ Moreover, by legal conformity, GC1 could align itself with the long tradition of political ideology embraced by the local political State Party. Even though CSR was not explicitly referred to the concept was implicit in local formal and informal institutions (Matten & Moon, 2008a). As GC1’s M1 explained:

In the early days, we did not talk about CSR. But the concept has long been in existence. In fact, since the birth of the Communist Party and the establishment of the State in Vietnam, the theme of social welfare and the Party’s ideology of “for employees’ wellbeing” has been included in important government documents and codified rules. (M1)

Like labour practices, environmental practices also exhibit different postures before and after 2002 when the company shifted to export-oriented production. As discussed by GC1 managers, CSR practices before 2002 were characterised by compliance with a focus on conformity to the environmental legislation on waste and the importance of acting responsibly to gain social
legitimacy. Particularly, they reflect an implicit CSR approach in that GC1’s practices follow mandatory requirements.

The compliance approach to CSR in this stage can be explained by the perceived need for legitimacy by the company management as explained by M1:

*Every business produces waste in its operations, which then has impact on the business itself, its people, and the local community. Therefore, taking actions to deal with waste and protect these groups is important as if we failed to comply with the standards, there would be no support from such groups and it can be impossible for business development.* (M1)

Clearly, the need to be socially accepted or gain legitimacy for the company’s financial position impacted its approach to CSR issues (Maon et al., 2010).

Social activities were primarily ad-hoc philanthropic contributions to the war victims and Vietnamese ‘war heroic’ mothers’ families as noted by GC1’s M1, ‘I just remember a few social initiatives rather than donations to the families of war victims, war invalids or heroic war mothers. We did that as it had been a long cultural tradition to take care of those who had devoted to the national victory’. This quote indicates the influence of informal systems of social and cultural values on social activities.

However, after 2002 there were significant changes in CSR practices and strategies as well as GC1’s motives, as discussed in the following section.

6.1.2.2 Stage 2 (after 2002): Proactive Strategy

Labour practices

Labour practices showed a movement from minimum standards as required by laws to a higher performance level in the categories of working conditions, OHS, and employee training and development after the adoption of export-oriented production. First, maintaining a healthy and safe work environment was mentioned as an area of attention by interviewees. GC1 made investments in technology to enhance the quality of work environment including a ‘microclimate monitoring system’ with mobile misting equipment, cotton dust removers and separators and thermal minimiser panels to control workshop temperature and reduce the adverse impacts of machinery:

*In addition to compliance with the national standards for good working conditions in terms of light, space and temperature, our initiatives for temperature, heat and cotton dust controls have resolved the inherent problems of cotton dust in the textile industry,*
thus creating a better work environment for employees and generating positive impression on international customers when they come to visit. (M2)

Conforming to the stipulated maximum working hours per year has been a clear indication of GC1’s commitment to maintaining a healthy workforce by investment in production technology and equipment, quality control and efficiency improvement. As commented by GC1’s M2:

We made an investment in improving productivity and production management in order to minimize excessive work hours. This is important as it allows employees to refresh their work power and spend time with their families. (M2)

GC1’s commitment to limit work hours is quite significant given the context of the Vietnamese garment industry that features seasonal peaks of customer orders resulting in the rampant practice of excessive working hours (Hoang & Jones, 2012).

Also, improvements in the workplace safety programmes were cited by senior managers with more attention to detail regarding communications and procedures, emergency and first-aid training and fire equipment. For example, GC1 adopted international standards regarding the placement of first-aid cabinets, training and communication of first-aid procedures and first-aid staff. Such specifics are acknowledged by GC1 and believed to help shape higher operational standards. The following illustrates this point:

Even though Vietnamese regulations provide for OHS provisions, they are generic and hard to apply. That’s why in a number of cases, customer CoCs and requirements are generally good as they are specific and clear for application. For instance, the organisation of first-aid includes provisions on how to place first-aid cabinets or how to make available to the public the names and contacts of the persons who have been trained on first-aid. (M3)

Employee training and development is another area of improvement. Apart from conventional on-the-job training, various forms of external training including company-sponsored higher education were provided to employees to enhancing their knowledge, expertise, skills and employability.

Over the past 4 years, we have spent more than 4 billion Vietnamese Dong [about US$ 200,000] for the funding of both on-site and off-site training and development courses for 1247 employees, including professionals. (M2)

In addition to improved performance of implicit and formal practices in accordance with formal institutions (laws and regulations), there was evidence of new practices that can be referred to as implicit and informal in nature as they met strong social norms (informal institutions) in the local
context as well as explicit CSR initiatives that addressed societal issues. The following discussion elaborates on these implicit and informal practices and new explicit initiatives.

GC1 developed several informal arrangements aimed at helping workers deal with financial difficulties as well as their cultural and family expectations and obligations. These arrangements were important given the context of garment industry where low-skilled workers’ wages barely sustain a decent living, thus accentuating strong social expectations of businesses to relieve hardship (Tran & Jeppesen, 2016).

As an initiative to help cover workers’ living costs and avoid health problems relating to street food safety, the company provided breakfasts, tea breaks and dinner subsidies in addition to the conventional company lunch. They recently opened a minimart to help employees better manage their family responsibilities by saving shopping time after work and having a supply of safe food at affordable prices:

*With the policy to take good care of the employee health and to deal with the prevalent incidence of food poisoning, the company management has decided to provide breakfast in addition to regular meals between shift and coffee breaks. In addition, we also opened a self-service minimart to cater for employee’s needs for shopping food from reliable sources at affordable prices (M3).*

In addition, financial and nonfinancial employee assistance programmes were designed to support employees in especially difficult situations to deal with life problems, as cited by GC1’s M1, ‘*We set up Fellowship Fund of US$ 50, 000 managed by the Trade Union to support employees, for example, having costly surgery or being disaster-stricken or in need to repair house or buy a vehicle*’. Also, employees were granted non-performance bonuses (10% of monthly salaries granted for national holidays) and a thirteenth-month salary for the traditional Tet holiday family celebrations. Another initiative was a counselling service provided when employees had critical family issues, and the allowed paid leave for family matters. Furthermore, the interviewed managers also mentioned various informal arrangements for employee families. As M2 explained, ‘*In-kind gifts and bonuses are offered to employees on their birthdays or important family events as well as their children on such occasions as Children’s Festivals or at the end of the school year to celebrate their academic achievements*’.

An explicit CSR approach to labour issues was well-evidenced at GC1 with various initiatives aimed at improving employee wellbeing and growth in response to social expectations. For example, the employee ownership scheme was a move toward the principle of employees as business partners, thus helping motivating employees with a sense of belonging and satisfaction. Also, company-funded holiday programmes were claimed to be improved a year-on-year basis.
regarding both quality and quantity of employees involved. As GC1’s M1 stated, ‘*We make sure that every employee is entitled to at least a company-funded holiday each year. Employees with good performance are offered international tours*’. Apart from its continued provision of 24/24 personal accident insurance cover to help employees manage risks, and accidents they may be exposed to, and to cover the costs involved, another recent health initiative for its female-dominated workforce was early cancer detection programmes which they otherwise they could not afford. Both M1 and M2 highlighted this initiative to help female employees to have better health care. The following quote by M1 illustrate this point. ‘*Female employees take turn to have the early cancer detection test, each time 100 people*’ (M1). It is well-evidenced by the interviews that GC1 exhibited an effort to raise standards beyond minimum legal regulations.

A highly-acclaimed component of GC1’s working environment was the positive and supportive work relationship between employees and their supervisors as well as regular communication, feedback and suggestion schemes. Furthermore, this included CSR training for managers:

> *We have built a strong culture where there is minimal power distance and a positive relationship between supervisor and worker and a family-like environment. When workers have to work overtime, the managers are present. They also share the same space with the employees in the cafeteria.* (M1)

The significant adoption of the Social Accountability SA8000 (SA8000) at GC1 also evidenced its approach to meet different stakeholder expectations and industry norms. This adoption involves building a clear structure to manage all labour issues, especially the treatment of employees at the workplace in a systematic way. The following indicates how GC1 responded to customer expectations, ‘*We consider human resources as indispensable function in our organisation, we have adopted HR procedures and systems in accordance with the international standards set out in the Social Compliance Standards (SA 8000) and as required by European customers*’ (M2)

**Proactive strategy**

As far as labour is concerned, GC1 adopted a proactive strategy, manifested by its management commitment, performance objectives, the importance of HR function and its communication of labour activities. First, as discussed above, management decisions to invest in technology to facilitate better working conditions, employee training and HR development budgets. Second, in addition to various implicit labour activities, various voluntary initiatives (explicit CSR) suggested a strong management commitment to exceed legal requirements for labour issues; as explained by M3, ‘*While State regulations form the minimum requirement, the company policies*
aim at motivating employees by taking care of their real-life needs and [are] responsive to the social expectations of a progressive society’.

Moreover, the importance of the HR function is indicated by its stated mission to ‘improve employees’ life’ and mentioned by all interviewed managers in the way GC1 integrated labour issues into corporate strategies and its pro-activeness in understanding and catering to employee needs and wants:

Our corporate strategy always includes human-resource development and the board of managers shows significant commitment to it. If we can perceive the need for change for the sake of the employee within our capacity, we would embrace it. (M2)

Also, the findings indicated good communication and involvement of employees in different labour issues through representation by the trade union. Several communications tools were used to facilitate information dissemination discussion and dialogue between employees and management regarding the implementation of CSR activities; as explained by GC1 M3:

We use an internal loudspeaker system to keep employees updated about new policies, initiatives and programmes and implementation progress, and put suggestion boxes around the premises to encourage employees to voice their opinions, ideas or initiatives. New labour-related initiatives/ideas are collected from employees and trade-union representatives at different levels and also from current and prospective customers and forwarded upward to the top management for consideration and decision. (M3)

Overall, there were improvements in GC1’s labour practices over the two periods with the latter featuring a more proactive and responsive approach as commented by M1, ‘We do what is progressive and good for employee’s life and society and [this] does not go against ethical values’. Particularly, there was a shift from a primarily implicit and formal mode of CSR in accordance with codified laws to more informal CSR practices catering to diverse life matters of employees and their families in response to strong social norms and explicit CSR practices that address societal interests.

Motivations

Gaining legitimacy from the international buyers was identified as the key motivation for the adoption of higher standards for labour practices. Following the shift to export-oriented manufacturing, GC1 perceived an imperative to comply with customer requirements to legitimatise its operations. Interviewed managers emphasised the necessary conditions to win contracts by passing international buyer audits of social (labour) compliance. For example, in explaining the likelihood of getting orders GC1’s M1 explained, ‘We have to embrace
international buyers’ requirements to get their orders’. Clearly, global buyers represented a major driving force for improved CSR practices at GC1. Moreover, the perceived intensity of the pressure from international buyers was also indicated by the way they monitor social compliance at GC1 before and during contract fulfilment. As commented by GC1’s M4:

In order to meet the requirements of all of the orders from the difficult customers like US and European companies relating to conditions about labour (SA8000), quality and environmental management (ISO standards), we have a specialized division to conduct regular internal audits before the customers’ inspection team come, as well as maintaining compliance in case of any ad-hoc direct audit by customers. We have to do as requested by customers; otherwise, there would be no orders. (M4)

An unexpected finding from the case is that international customers especially ‘the difficult buyers’ as defined by M4 through their compliance requirements had a driving force on improvement in labour practices. For example, global buyer requirement regarding social compliance or CoCs, in several cases, provided a complementary mechanism for CSR execution for businesses as commented on by GC1’s M2:

Our laws in many cases are too general for businesses to follow as they do not know-how to implement them. … There have been no guidelines issued [for the decree on wage calculation] for the past three years. As a result, we have not implemented it. In the meanwhile, customers’ codes are specific which is important for implementation. (M2)

GC1’s M2 and M3 also shared the position that customer CoCs covered the same issues as those prescribed in local laws but were stricter, more specific and more appropriate which is essential for better implementation. As indicated by a comment from M3 the ‘Vietnamese labour code does provide for working conditions and OHS schemes. However, certain provisions are not specific enough for businesses to implement’. Particularly, customer pressures can have a catalytic effect on the formalisation of CSR policies. The following comment by M1 illustrated this:

In fact, initially, we could only develop this [amount of] documentation, but then, each time the customer came with a number of requirements to be met, we have to respond to them by developing policies and procedures to implement what they propose. That is how the company rules, regulations and policies have been formulated. (M1)

In other words, the specificity of customer requirements forms a complementary mechanism for CSR execution in a ‘non-enabling institutional context’ (Amaeshi, Adegbite, & Rajwani, 2016).
This also reinforces Yin and Zhang’s (2012) argument that in developing countries, international customers are the salient stakeholder group who pressure companies to adopt CSR initiatives.

While local regulations and international buyers drive GC1’s compliance approach, the manager’s perceptions and ethical values were found to be important motivators of GC1 to be more proactive and responsive to employee issues. The following quote illustrates the interactions of customer pressure and manager perception of labour issues.

> To be frank, it is not totally because of the pressure from the customers to adopt more CSR practices, but also about the importance of doing good to the employees. The ultimate motivation is to have a stable workforce and organisational efficiency and competitiveness, but to maintain a stable workforce; we need to have orders and revenues to sustain the workforce. It is a virtuous circle. (M1)

The manager conceptualisation of CSR also evidences this instrumental stakeholder perception. All the interviewed managers considered employees a salient stakeholder group for company development. For instance, CSR was defined by the company deputy general director (GC1 M1) as ‘First to meet the needs of the employees because if it was not for the employees’ health and wellbeing, there would be no reproduction of labour and as a result we could not gain productivity, efficiency and effectiveness’. The logic of the arguments given by interviewed managers is that looking after the employees could improve satisfaction, contributing to a stable workforce which then leads to sustainable company growth. Obviously, employees are held as vital to the company’s success and dealing with employee issues is also maintained on a continuous basis, suggesting an enlightened self-interested approach to CSR (Stahl and Grigsby 1997).

This is evident in the following quote concerning how GC1 management addressed the issue of protective clothing:

> Regulations are the minimum we can do but that’s not what we aim for. It is our legal responsibility to provide protective uniforms for employees, if we buy ready-made protective uniforms, we have fulfilled our responsibility. Yet, we realize that we need to do more than that. We can order good material, have the protective wear measured and tailored made for the employees so that they feel comfortable when working. In fact, how employees feel at work contributes to their work attitude and efficiency. (M3)

However, the case findings indicate that the drive to being proactive in addressing employee issues was related to the leaders’ ethical values which strongly reflected a political ideology of ‘pro-employee’. The common themes mentioned by the interviewees included ‘doing the right
thing’, the corporate responsibility to take care of employees, especially about their rights to due process, safety, and entitlement to a higher quality of life and working life. The following quote by GC1’s M2 indicates this.

> We have developed policies that go beyond what laws stipulate. CSR initiatives and programmes have become better and more complete over time and the standards have been continuously raised— they should not be the same over time. When we realize it is the right thing to do, we would do it without fearing that it would be costly. Such fear would prevent us from doing it. [The management board] is proactive in getting to know and meeting the needs of the employees. (M2)

Environmental practices

The post-2002 period witnessed a significant improvement in environmental management at GC1. While GC1 reported minimal environmental performance in the first stage, the second stage represented a proactive strategy and sound management commitment to environmental issues through the adoption of several substantial practices well beyond legal requirements and the integration of an environmental function in explicit management systems.

The highlight of its environmental practices was the adoption of international standards ISO 9001:2008 for quality management systems and ISO 14001:2004 in planning, organising and control of environmental protection and pollution prevention activities. GC1 obtained certification for its environmental management system by SGS International in 2009. Since its ISO 14001 certification, GC1 has formalised its environmental management systems. Rules, standards, procedures and processes were put in place. Emphasis was placed on communication of objectives, policies, staff training and regulating environmental performance at the floor, factory, and company levels. Incentive and feedback mechanisms were developed to include environmental performance as a performance indicator for employee and department appraisal (Company archive). Moreover, GC1 set up a specialised committee for environmental management. These initiatives indicate the company’s commitment to control its conduct beyond what is required by law (Christmann & Taylor, 2006). The following quote illustrates these initiatives:

> We have a specialized committee that takes the lead to conduct regular audits of CSR programmes and environmental checks at factories in conjunction with designated staff at factory management on a regular basis. They then prepare reports on current problems, explanations for such situations and possible solutions and costs involved. Such reports are verified by the related managers and forwarded to higher-level management and the CSR Deputy General Manager for approval. (M1)
In addition to a formal environmental management system, GC1’s environmental initiatives in waste treatment and efficient resource use suggest an explicit CSR approach to address issues of greater social interest. Specifically, the waste treatment schemes involved the building and management of a treatment facility for waste-water from production and daily activities and contract deployment of a competent unit for solid waste collection and treatment. The interviews with GC1 managers indicated managerial perception and commitment to pollution control measures in the way they allocated resources for the programmes:

*Given the incomplete infrastructure system and the local economic difficulties among businesses, allocating several billions Vietnamese Dong on building a waste-water treatment facility was far from an easy task. Yet, at GC1, much attention was paid to that issue and a budget for facility development was considered right from the time of making investment in the restructuring period. In addition, as we are fully aware of the importance of solid and harmful waste, we have contracted a local firm with legal entity to collect and dispose waste on a regular basis.* (M2)

Another major environmental initiative was an energy-saving programme initiated in 2010 aimed at achieving efficient resource use. The programme entailed significant investment in technology for dust and noise control and energy-saving equipment and solutions (like solar panels, thermal insulating roofing, electricity usage monitoring, and daylight-saving solutions) in all production processes (Company reports). Regular energy usage monitoring plans were conducted to identify opportunity for more efficient use. Moreover, machinery maintenance schemes and communication and training on environmental-friendly practices to minimise and control the impact of its operations on the local environment signified the serious commitment of the management board to environmental management:

*The company management made a decision to establish an Energy Usage Management Board led by a Deputy General Director in charge of setting goals, strategies and plans for energy savings, organizing communications and training for employees on efficient resource usage, as well as developing systems for performance management and incentive schemes to encourage all employees to engage in energy-saving practices.* (M3)

The description of environmental practices at GC1 after 2002 indicates a proactive posture to environmental management. Its pro-activeness was characterised by management commitment and involvement, the establishment of formal environmental management systems and employee communication and participation (Henriques & Sadorsky, 1999). As discussed above, in addition to significant resource allocation to the environmental initiative, management commitment was
evidenced in its integration of environmental management into strategic planning, goal setting and performance management led by a Deputy General Director and a specialised board. Moreover, employee training and participation and systematic procedures for environmental control and internal communication present evidence of the importance of environment function, even though there was still limited external communication of this activity.

The findings reveal mixed motives for GC1’s adoption of environmental practices as the result of the regulatory influence stakeholder pressure and the managerial perceptions. Even though local regulations and laws were cited as an inherent element of the business environment, all four interviewees underscored stakeholder pressure, management perception and the business strategy.

Like labour issues, compliance with local environmental regulations was embedded in the international customer requirements as the minimum, which produced further pressure to conform to national laws. For example, GC1 M1 emphasised their responsibility to ensure that the company passed all the environment checks conducted by local authorities which was also part of the social compliance requirements from international buyers. The following quote by GC’s M2 also illustrates this:

*Legal compliance is a matter of course as required by all global customers. However, customers do matter since most of their requirements are higher than our local regulations. If we only remain at legal compliance level, they won’t take us. Hence, we have to go more than what is required by laws* (M2)

However, the above quote suggests that regulation was not identified as highly enforcing factor per se but the combined effect from international buyers who amplify the pressure to conform to gain legitimacy for and economic viability of the business. However, gaining social legitimacy was not the only motive at GC2.

Competitive advantage, operational efficiency and long-term growth were found to be the key drivers of pro-activeness in environmental issues. Specifically, the adoption of international certification (ISO 9001:2008; ISO 14001:2004) was mentioned by GC1’s M3 as a way to increase the company’s visibility of and preference by potential global buyers, and thereby, improve its economic benefits.

*At the time of globalization, businesses need to comply with international norms and standards to have better economic growth... In my opinion, CSR serves as the foundation for businesses to have sustainable development and integration into the global economy, as we cannot do business in our own way.* (M2)
In fact, the management perception of the instrumental value of embracing more progressive CSR practices appears to have impacted the company’s level of engagement with environmental activities. When asked about the influence of the management perceptions, two participants highlighted that it was the managers who determined how substantial the company’s CSR engagement was. On the same note, GC1’s M3 explained the impact of the management perceptions of environmental performance as follows:

Apparenty, the State sets out policies and laws, but it is the business managers who apply them to their operations. If they have a good understanding, a right attitude and mind-set and take their responsibility seriously, they will engage in a genuine and substantial approach to the environmental issues. Otherwise, what they do will be symbolic and reactive. Moreover, if you think it is cost, you will be discouraged. At GC1, we believe that our environmental initiatives not only enable us stay visible to potential customers but also to reduce cost, stay cost-competitive and gain more competitive advantages. (M3)

The case also highlights the role of top management in shaping the proactive approach to CSR as explained by GC1 M2’s perceptions of stakeholder pressure; and that the business case for proactive CSR charts organisation’s course of action toward engagement:

They [top managers] have a tremendous effect on CSR-related decisions. If a company has been an outstanding CSR model, it should be attributed to the role of the leaders, particularly the CEO, the Chairman of the Shareholder Board, or the top management team. They take the decisive role and they are the ones who work out policies. Everything starts with the leaders’ right awareness, attitudes and responsibility toward CSR issues. (M2)

In summary, the case showed that GC1 adopted a proactive strategy in environmental management with a focus on waste management and energy-saving schemes and the treatment of environmental issues arising from its production. However, there was a modest effort in dealing with environmental issues beyond the factory fence.

Social practices

Social activities after 2002 were characterised by philanthropic contributions to disadvantaged groups in two main categories: one on a regular basis and the other, ad hoc. Their regular philanthropic contributions in-kind and money included support for poor households, poor patients, poor but excellent students, as well as contributions to educational promotion and poverty alleviation funds. Other discretionary philanthropic activities on an ad-hoc basis
comprised financial support for building charitable houses and a library for the blind, monetary support for disaster and accident victims and local sports and cultural events—as mentioned by GC1’s M1, ‘We made yearly contributions to education promotion and poverty alleviation funds which are managed by local agencies and raise funds to support people in disaster-stricken regions’.

Given the fact that philanthropic activities are not provided for by local legislation, the social practices at GC1 reflected its responsiveness to the government’s call for contributions to improving social welfare by addressing issues of poverty, the disadvantaged and education (Hoang, 2014). This indicates the nature of implicit and informal CSR practices in response to social and cultural norms and expectations.

GC1 exhibited a defensive posture to social issues through the structuring of its philanthropic activities. All interviewed executives described them as informal arrangements. Even though a fund was set up for charitable and community activities, it did not develop clear objectives or plans or conduct external communication of such activities. While some philanthropic activities were conducted on an annual basis, others were discretionary on an ad-hoc basis on receipt of requests by local authorities:

In fact, we do not have specific policies on local community. However, in the company’s financial plan, we set aside 20% as funding for social welfare. At present, we haven’t developed many initiatives but whenever we are invited to, or when there is a call for support social welfare activities, we would use such funds. (M2)

Their philanthropic orientation suggests that GC1 mostly reactively engaged in community support activities. Instead of taking a lead role in initiating community support programmes, they were responsive when invited by charitable organisations or social schemes.

The key motive for engaging in social activities was found to be associated with gaining legitimacy from the local community. As put by GC1’s M2, ‘it would not be able to do business without the approval and support of the local community’. Particularly, GC1’s M1 noted that being engaged in community support programmes initiated by local authorities could produce a positive impact on local authorities when it dealt with paperwork and administrative procedures. Moreover, the philanthropic contribution was also perceived by interviewees as an advantage for the company when international buyers made decisions on potential suppliers:

International customers now attach importance to social and community activities. So, taking care of the community will be highly appreciated by them.(M1)
Interestingly, there a new concept of ‘closed community’ emerges which interviewees referred to as ‘the families of about 10,000 employees’ when asked about their involvement in supporting the local community. This evidence suggests that GC1 focused on tangible results and instrumentally useful stakeholders and enlightened self-interest noted by Jones et al. (2007). The following quote illustrate this point.

It is great to be able to support the local community; however, the first and most important task is to take a good care of the 10,000 employees and their families as they have a direct impact on their workforce productivity. (M2)

6.1.2.3 Other influencing factors

Organisational resources (financial and nonfinancial) are influential factors that may inhibit or help promote CSR initiatives. Specifically, like GC1 M2’s comment on the significant costs of the waste treatment facility, all other interviewed managers mentioned the cost of CSR activities. Another example illustrates the cost issue:

Funds are needed to implement CSR initiatives. For example, we have made investment in equipment which reduces labour, human movement and then working hours; or to provide employees with medicines, healthcare services and clinics, canteens, and environment all come with costs. Thus, financial resources are very important. (M1)

In addition to financial resources, internal capabilities (awareness and skills at different management levels) were found to influence CSR implementation. The lack of strong commitment among managers of GC1’s affiliated companies was cited by several participants that had impacted on GC1’s CSR performance. The following quote provides evidence of this.

They [organisation resources] are of great importance. To put it straight, if money is not available, people give up...but we cannot be without people with capability and capacity to make right decisions on what to invest. At present, some of our factories have not met our expectations on factory landscape, factory facilities and working environment. The managers’ mindset is narrow; they take a limited approach to CSR. As they are assigned with profits targets, they are not willing to uptake CSR. Generally, they would not undertake it until they are pushed to do. We are not yet happy about these units, and surely, need to take action to change their mindset. (M1)

Another internal factor that facilitated effective CSR engagement at GC1 was its cultural values. Its human-oriented culture featured a safe, comfortable and healthy working environment in which employees enjoyed working with several initiatives to provide healthy and nutritious and safe food at the workplace and subsidies for home meals, and various healthcare schemes (extra
health insurance, cancer detection programmes). Particularly, a culture featuring a close relationship between managers and subordinates with employee centrality and supportive leadership seems to have imparted a sense of pride by senior managers interviewed:

> Our culture is that the boss serves the subordinate. To serve is not about to offer food and drink but to guide and instruct lower-level employees and to keep supporting them during implementation and check their performance rather than telling them just to act without any help. The high-level managers support lower-level employees, company departments and back offices support factories. That’s the way that we have been trying to act, from dress code, manner of everyday activities as well as training, mentoring and communications, which all reflect our orientation and principles. (M3)

Even though they have not developed a code of conduct or cultural handbook to formalise these unwritten values, GC1’s CSR culture appears to be quite pervasive.

Apart from internal factors, macro-environmental factors and changes also impacted CSR awareness and practice. As a state-owned company, it experienced significant changes in its business orientation from reliance on State subsidies and planning to an export-oriented business model together with the national economic transition and global integration. Specifically, international partners and international standards pressured GC1 management to question the way they were doing things. GC1’s M2 indicated that the context of globalisation underlined the importance of learning how to do business consistent with international standards, and how to pre-empt environmental changes by preparing for it:

> The CSR concept in the early days at GC1 was received with huge reluctance and association with enormous costs. But as we started doing business with foreign partners, we realised that we needed to align ourselves with international standards and prepared for the changes in the way we would do business. For example, we have studied and prepared ourselves for the coming Trans-Pacific Partnership framework. CSR has been a must for us (M1).

An unexpected finding concerning the macro-environment factor that contributed to a low-profile social category at GC1 was the incidence of corruption in philanthropic activities. Two of the interviewed manager revealed that their half-hearted attitude to charitable contributions for local authority-initiated charity programmes was due to their perceived corruption and lack of transparency. As put by GC1 M2, ‘we made charitable contributions to the local organizations upon request, about one to two billion (Vietnamese Dong) per year. Yet, we do feel disheartened as we don’t know how the money were spent. There is no reporting or transparency of these funds’.
Table 6.1 provides a summary of key findings on the major CSR activities, their types and forms as well as GC1’s strategic postures and performance in the labour, social and environmental perspectives.
### Table 6.1: Summary of Key Findings: CSR at GC1

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### 6.1.2.4 CSR Performance

The evaluation of CSR performance at GC1 was gauged by investigating types and forms of CSR practices strategies, internal capability development, execution and outcomes as perceived by interviewed managers. First, as indicated in the case summary (Table 6.1), GC1 exhibited employee centrality in its CSR practices. It adopted a proactive strategy to labour issues with a variety of implicit and explicit CSR activities that go beyond legal requirements and respond to the perceived needs of employees and society’s expectations. Similarly, its environmental management was proactive with the adoption of international certifications and several explicit activities that addressed environmental issues of energy use. However, social practices were mostly philanthropic contributions which are implicit and informal CSR activities as they were unstructured and primarily in accordance with cultural values. Second, in respect of the internal
capabilities for CSR execution, evaluation of each of the three categories of labour, environment and community in the three main dimensions of knowledge and attitude (CSR awareness and management support), strategic dimensions (CSR strategy, performance objectives and reporting) and operational dimensions (stakeholder relations and CSR structure) showed that labour and environmental practices performed better than social practices. Figure 6.2 illustrates GC1’s internal capability for CSR execution in the three main dimensions.

![Figure 6.2: CSR Performance at GC1](image)

**Internal capability development**

The case findings reveal that several organisational attributes and internal capacity development factors contributed to CSR diffusion at GC1. The following section elaborates several dimensions of CSR implementation: management conceptualisation and commitment, organisational structure and performance systems as well as communication. GC1’s M2 explained that CSR started with strong commitment and support from top managers and communication to all levels of management of the company, as well its affiliated factories and subsidiaries, to achieve awareness, understanding, acknowledgement and commitment to CSR activities.

**Top management support**

The case findings show an employee-oriented conceptualisation of CSR among interviewed managers and support from the top management for CSR engagement. Although most of the participants mentioned environmental and community aspects in their definitions of CSR, employees were, in fact, the core element in their CSR conceptualisation. For example, GC1’s M1 stated, ‘CSR is to serve the physical and spiritual needs of people, including employees. As employees play an important role, we need to have right attitude toward them and the
responsibility to do the right thing.’ On a similar note, GC1’s M3 held that ‘environment and community is of course part of CSR, yet for companies with a large labour force, CSR is first related to employees’. In this regard, GC1’s M2 also highlight the priority of looking after employees over other social issues, ‘It is great if we could engage more in social activities, however, for an enterprise with 10,000 employees like ours, the biggest job is to provide good care for such a big workforce’.

Top management’s strong commitment to CSR was well-evidenced in the case study. This advocacy was also considered crucial to GC1’s CSR performance. GC1’s M1 stated that ‘there has been ultimate and absolute support from the corporate management [on CSR]’. Top management support was demonstrated in resource allocation to implement labour, environmental and social initiatives and its articulated approach of ‘doing what they can approach’ to employee-related decisions in a proactive manner. For example, the company report shows that it had spent US$500,000 for employee development programmes in 2014. The following quote from another senior manager also support this:

Here, we who execute CSR policies/programmes feel truly fortunate; we must say fortunate as everything must derive from the leader’s mindset. If the General Manager saw it as such a huge cost, he would be discouraged to approve the execution of CSR programmes and if so, no matter how much committed and enthusiastic the subordinates are, nothing would have ever happened. In such regard, it can be said that there has been ultimate/absolute support from top management [for CSR]. (M3).

Structure and Planning

The CSR function was not a fully autonomous unit but configured as a shared function across several departments. Labour practices were managed by the HR department, whereas environmental practices were the responsibility of the company’s compliance division. There was no specific measurement of CSR practices in general. Instead, performance indicators for each category of labour and environment were integrated into functional activities. For example, OHS and workplace environment were embedded in the employee performance appraisals. Furthermore, CSR, in most interviews by the senior managers, was not set out as an explicit corporate category. It was either explicitly included in HR strategy or implicit in other corporate strategies:

There is no specific CSR strategy but a general statement in our human-resource strategy, saying that we have to perform our CSR well and meet all customers’ requirements…CSR has been also integrated [in corporate strategies]. How has it been integrated? For instance, it is integrated in the investment strategy. We plan to pull down
that building as it is old, unsafe and hot and to build a new building to provide a better ventilated working space with adequate light for employees to work. (M2)

As far as organisational structure was concerned, a deputy general director was appointed in 2010 to take charge of CSR in general and labour issues in particular. They were held responsible to the Board of Directors regarding planning, implementing and controlling CSR programmes. There was also an internal audit division which included a social compliance unit with specialised staff from the personnel department:

We set up an audit unit to ensure that corporate CSR/labour policies and guidelines are fully complied with at company, factory and subsidiary levels. It conducts regular internal audits and prepares reports to the CSR deputy general manager and top management for review and solutions. (M2).

A highlight of internal capability development at GC1 was performance management systems at the corporate and factory level regarding CSR implementation. As described by the interviewed managers, the regular audit of social compliance was conducted by the internal audit unit and weekly meetings held to identify problems and analyse underlying causes. Necessary changes were proposed to top managers in order to push the CSR performance at factory and subsidiary company levels. Once approval for CSR programmes was obtained, the CSR performance of all organisational divisions was measured, controlled and appraised on a regular basis. The interviewed directors believed that the inclusion of CSR performance in appraisals was necessary for CSR execution companywide. This instrumental approach was also employed by the company suppliers and contractors. GC1’s M2 maintained, ‘if suppliers and subcontractors and affiliate members would like to get contracts, they are supposed to comply with our standards’. Particularly, GC1 employed both internal environment control units and independent government bodies to conduct regular environment checks against stipulated environmental standards.

Communication

GC1 employed different communication approaches for internal and external stakeholders. While much attention was paid to internal stakeholders (managers, employees, shareholders), minimal external communication was observed at GC1. Internal communication involved employees and management regarding CSR programmes. As discussed in the previous section, various communications tools were used to facilitate information dissemination and discussion and dialogues between employees and management regarding the implementation of CSR activities. As explained by the senior managers, internal communication was deemed crucial to generating support and commitment to changes and implementation, ensuring transparency, and
thereby, creating trust, loyalty and a better corporate image for potential employment. Interestingly, the power of employee word-of-mouth was highlighted:

*In fact, we do not communicate much to the outside public. The reason why is that we hold the opinion that we have 9000 employees so what if we do well to them will have impact on at least 36,000 people. That means the extent of the radiating impact and the power of information would be enormous ... not to mention their parents and relatives if employees talk about the good working environment they have, how they are welcome when they start work, what exit interview they have when they leave, how they are served with breakfast and lunch.* (M1)

Also, communication to shareholders served as the basis for their support of the CSR programme in financial terms. They were consulted about annual corporate plans on CSR programmes at an annual shareholder meeting or via shareholder letters, as explained by GC1’s M1, ‘*We keep shareholders updated about our CSR initiatives through annual reports and shareholder meetings. We inform them about labour-related initiatives executed and their outcomes and get their approval for new initiatives*’.

On the contrary, GC1 had minimal use of its webpage for communication of CSR activities. The documentary analysis of the official company website shows that only two stakeholder groups, employees and customers were mentioned in its stated objectives. Furthermore, little was mentioned on CSR issues apart from the statement of its objectives, being ‘*the optimal choice of customers on the basis of maximizing profits for our customers and to improve employees’ lives*’.

Unlike the prevailing trend of using the corporate website to communicate social activities like philanthropic activities (Moreno & Capriotti, 2009), GC1 did not attach much importance to communication to the public via the internet or company website. This can be attributed to their belief that ‘*doing good deeds does not cost to be well-known*’ as they put it ‘*regarding the general public and society, we believe good wine needs no bush*’ (M1).

**Perceived Outcomes**

Sound labour practices were concluded to be associated with a stable and productive workforce, thereby greatly contributing to company financial and nonfinancial performance. Specifically, the directors attributed its average turnover growth of 30% to its reputation among international buyers and its growth in company size to their commitment to CSR programmes. They cited their competitive position in ‘choosing buyers’ rather than ‘having to look for customers’. In other words, GC1 relies on financial performance indicators, market growth, workforce growth and turnover to evaluate the effectiveness of their labour practices. Interestingly, employee exit interviews are also used to shed light on the significance of employee support programmes.
When asked about the CSR area of satisfaction (labour, environment and society) all of the
interviewed managers at GC1 highlighted what they had been doing for employees: the working
environment, policies, and support programmes aimed at improving employee wellbeing.

Overall, albeit having not ticked all the boxes for best labour practices (particularly career
planning, training and development, retirement and termination counselling, daycare and
accommodation) GC1 demonstrated satisfactory performance in the labour aspects and its
endeavour to improve employee quality of work, life and wellbeing. However, there were few
accounts of proactive environmental initiatives as commonly-reported schemes in developed-
country contexts (future environmental challenges, climate change prevention, biodiversity
development, environmental scanning and landscape protection) (Bashtovaya, 2014),

6.1.3 Case Discussion

The case findings presented in the above subsections show that GC1 took a proactive approach
to internally-focused CSR issues (labour and environment) than externally-focused CSR (social
issues). The categorical difference can be observed regarding types and forms and explained by
its commitment, motivation and underlying organisational values. As discussed in the case
findings section, in addition to formal and implicit CSR programmes in accordance with legal
requirements, GC1 exhibited a mixed profile of informal and implicit and explicit CSR
practices—notably various informal arrangements in response to strong social norms on
entitlements for employee livelihood and social welfare (implicit and informal CSR). Moreover,
various initiatives to improve employee wellbeing, international certifications and an
environmental management system to meet stakeholder expectations (explicit CSR) provided
evidence of its formal approach to labour and environmental issues. However, social practices
only remained as philanthropic contributions with an implicit nature in response to social
expectations; yet, without GC1 taking ownership and engagement with external stakeholders.
The difference in its postures to labour and environment issues versus social issues can be
explained by management conceptualisations of CSR and its motives for engagement. In fact, the
labour and environmental practices reflected management perception of CSR and stakeholder
salience as a priority for employees followed by customers. Moreover, while all interviewed
executives cited their instrumental motives to gain legitimacy from stakeholders and achieve
organisational efficiency and market competitiveness when adopting more proactive labour and
environment practices, social activities were only referred to as a normative or ethical
responsibility to give back to society.

These findings are inconsistent with the extant literature on common philanthropic practices in
developing-country contexts (Jamali & Mirshak, 2007). Particularly, this case study suggests that
the discretionary/philanthropic domain and community initiatives were not held as the core CSR programme. Moreover, GC1 presents an outstanding case particularly regarding labour practices while recent studies provide evidence of misconduct and poor labour practices in the garment industries of developing countries (White, Nielsen, & Valentini, 2017) in general, and Vietnam in particular (Brown, 2017). A plausible explanation for the divergent CSR practices at GC1 could be the influence of political ideology and managerial perceptions of instrumental stakeholder groups. Considering GC1’s development from a state-owned company, this CSR conception may be influenced by the socialist philosophy of looking after the interests of workers and the State. Such divergent practices could also be associated with the organisational values of a state-owned enterprise shaped by political ideology and embraced by generations of company leaders. This suggests that core organisational values and guiding principles have impacted the company’s approach to CSR (Pedersen et al., 2016).

The findings also indicate the interaction of institutional, stakeholder and individual factors in shaping CSR initiatives, particularly as to what CSR aspects were prioritised and how executed. For example, the pressure to conform to local environmental regulations was heightened by international customers who set out the prerequisite of compliance with local laws in their social compliance requirements. This lends support to the arguments of Campbell (2007) and Matten and Moon (2008b) that CSR behaviours in developing countries represent a response to the impact of the global forces and national institutional systems. Similarly, labour practices were initially shaped by institutional systems (regulation and political ideology). However, the motivation to go beyond legal requirements and adopt more proactive initiatives was derived from the manager’s perceptions and ethical values. This suggests that the intensity of stakeholder pressure counts and how such intensity is perceived, interpreted and assessed to influence the priority placed on different stakeholder pressures. The case findings indicate that while regulations and social norms and external stakeholder (international customers) shaped GC1’s labour and environmental compliance practices, it was the manager’s perception and values that had a determining effect on its shift to a more explicit and proactive approach to labour and environmental issues. On the one hand, this finding confirms Lee (2011, p. 394) discussion of the combined effects of institutional and stakeholder pressures on CSR adoption. On the other hand, it also contributes to the discussion of the influence of management perceptions and corporate values in shaping a more proactive approach to CSR.

A mix of both implicit and explicit CSR practices at GC1 reflected the influence of the company’s limited resources and the institutional environment on its conceptualisation of corporate responsibility to society and the prioritisation of key stakeholders in decision making.
All interviewed managers at GC1 cited the influence of resource constraints and highlighted the precedence of instrumental stakeholders (customers and employees) over other stakeholder groups in their CSR decisions. On the one hand, GC1 upheld the socialist ideology of social welfare and security for workers as a result of the legacy of a State own company. On the other hand, as Vietnam adopted the mixed regime of market socialism and integration into the global-supply chain, the state-owned managers were trusted to preserve State assets and ensure good financial performance (Vu, Phan, & Le, 2017). Given that the garment industry is labour-intensive in a tight-labour market, managers face the challenge of maintaining economic viability and a stable large-sized workforce. Furthermore, they tend to develop more instrumental and ‘profit-maximising’ behaviours as a result of economic concerns. Jamali (2008) maintains that when facing resource constraints, companies tend to prioritise stakeholder issues on based on instrumental of normative considerations. On the one hand, GC1’s labour practices indicated a focus on workers as a way to performing ‘ethical requirements that cement the relationship between business and society’ (Garriga & Melé, 2013, p. 82). On the other hand, its prioritisation of key stakeholders (customers and employees) over community exhibit an instrumental CSR approach with a more strategic focus on CSR practices perceived as contributing to the achievement of economic objectives (Garriga and Melé, 2004). This was evidenced by GC1’s investment and priorities in labour and environmental initiatives and a proactive strategic posture, whereas social activities were found to be of reactive nature and modest. Particularly, managers perceptions of a closed community that must be looked after before the general community suggested a different conceptualisation of a business’s role in society. This finding adds some empirical findings to the argument by Maignan, Ferrell, and Ferrell (2005) that businesses tend to accord importance and responsibility definable stakeholders with whom they interact rather than society at large.

6.1.4 Case Summary

GC1 was initially a 100% state-owned garment company with a domestic market focus. It was recently converted to a joint-stock company with an export orientation but still had the State holding the majority of its stock. Its long history of development spanned across the country’s economic transition periods (before and after the Reform period). As a result, GC1’s CSR practices with implicit and explicit types reflected the influence of different significant factors. The findings were based on the analyses of six in-depth interviews with five senior managers, some of whom had been with the company throughout its two development stages. The findings were also triangulated with data obtained from document analysis of the company archives, its official website, VCCI’s CSR documents and official e-newspaper archives.
First, GC1’s interviewed participants asserted the centrality of employees in the company’s CSR profile. While the first stage (before 2000) featured formal and implicit labour activities in accordance with legal requirements, the later stage (after 2000) exhibited a mixed profile of informal and implicit and explicit labour practices, notably a number of informal arrangements in response to strong social norms on entitlements for employee livelihood and social welfare (as implicit and informal CSR). Moreover, various initiatives to improve employees wellbeing were developed. Furthermore, there was a high-level of management commitment, strong internal communication and employee participation. Its proactive strategy in the labour category reflects the significance of socialist philosophy on CSR practices at a state-owned company.

Second, there was a shift of focus from implicit to explicit CSR and from defensive to proactive strategies in labour and environment. Specifically, CSR practices following the adoption of an export-oriented business model were characterised by international certifications and the development of environmental management systems and voluntary initiatives to meet expectations of international buyers and employees. The participants noted that achieving business efficiency was the primary motivation for substantial CSR engagement. This finding suggests the impact of global forces and stakeholder pressures on CSR practices.

Third, contrary to labour and environmental practices, social activities were limited in number and informal, reactive and ad hoc. There was no formalised process or specialised function or personnel for social activities. The participants did not report any significant pressure to take on social initiatives. The findings indicate GC1’s instrumental approach to CSR. In other words, instrumental stakeholders (buyers and employees) took precedence over the community. Also, as mentioned by several managers, more importance was attached to the ‘close community’ (employees and their immediate families) than the external community.

Fourth, the findings of the GC1 case also show that managers’ values and perceptions had the determining impact on CSR engagement. Also, they reveal the influence of internal factors (resources, stage of business development) and external factors on the implementation of CSR.

6.2 GARCO 2 (GC2) – The Joint Venture Company

6.2.1 Case Background

GC2 was established in 2006 in the form of a joint venture between a Vietnamese private firm and a Singaporean family firm which is now an international group with headquarters in Singapore and facilities in China, Malaysia and Vietnam. The Vietnamese partner contributed
49% of the total capital in the form of land, machinery and cash and the Singaporean 51%. Its major operation is contract manufacturing in active-lifestyle and sports apparel. Its long-term customers include Adidas, Nike, Puma, Reebok and Saucony (Source: Interviews).

The Singaporean partner was established in 1984 and has grown significantly. Its stated vision is ‘to be a global company in the active-lifestyle apparel and fashion business which is run by a team of highly dedicated and motivated people who conduct the business in the most professional and ethical manner’ (Company website). Its vision articulates its strong commitment to ‘quality and efficiency’ as well as ‘fair treatment of shareholders, employees, associates and society’. Compliance is a highlighted principle of their operations in that it ‘adheres to our client’s set of compliance from quality assurance to environmental standards’ (Company website).

GC2 currently has 9,000 employees with a majority of migrant workers. Its main products are active apparel and sports outfits. The company is managed by a Vietnamese female CEO who graduated in Australia. As mentioned by the GC2 General Director, the working arrangements in the joint venture were determined based on each party’s strengths. The Singapore party was responsible for marketing and sales and the Vietnamese for operations management. There was a high-level of decentralisation by its Singaporean parent corporation regarding management decisions for production in Vietnam. (Source: Interviews).

6.2.2 Case Analysis and Findings

As mentioned by GC2’s M1, since its inception in 2006, GC2 focused on managing its production operations efficiently while its parent company conducted sales and marketing activities. This subsection examines GC2’s CSR practices in social, environment and labour aspects. Figure 6.3 presents GC2’s CSR practices regarding strategies, motivations and influencing factors.
6.2.2.1 Labour Practices

The case findings show that labour practices at GC2 represent its responses to mandatory requirements, and local social norms and expectations and other issues desired by a society which can be referred to as a mix of implicit (formal and informal) and explicit CSR. Thus, it adopted an accommodative approach to labour practice. On the one hand, interviewed managers mentioned their conformity to labour code regarding human rights and fair treatment principles. On the other hand, they also highlighted labour practices beyond that required by law, as explained GC2’s M2:

When we developed our policies, we based them on the national laws. Our compliance programmes focus human right issues like equal opportunity, no-discrimination or child labour, and freedom of industrial association. However, we also see our role in doing more than minimum legal requirements; in fact, we are now doing is somehow higher than the mandated level. (M2)

Particularly, in addition to conformity to formal institutions (laws and regulations), GC2 showed its responsiveness to informal institutions by addressing issues of social concerns like living wages and informal arrangements to help employees better cope with life. GC2’s M1 mentioned improved remuneration as the core part of their labour initiatives that not only featured compliance with nationally-stipulated minimum wage levels, health insurance and social insurance regulations but also indicated managerial discretion in how the calculate total wages and insurance contributions:
While the mandated minimum wage is VND3.2 million, at GC2, we pay them VND 3.5 plus 12% allowance for work intensity and seniority allowances based on their working experience and the wages coefficient is raised to the next level after every three years. So, if you have worked here for 10 years, your wage level is much higher. It is important to offer them a living wage that allows them to afford living essentials. (M1).

Similarly, GC2 management exercised some discretion in employee insurance schemes to allow for more employee-benefit and wellbeing. The following quote further illustrates this:

*In addition, insurance contributions are calculated based on the actual level rather than on the minimum wage. As a result, the employees feel motivated as they realize that they are cared for. You know, for them, this is important as they wish to have some sort of financial security when they are old and retired.* (M3)

Informal practices including non-performance bonuses for cultural events or family leave were indicative of how GC2 became more responsive to social and cultural expectations:

*Apart from performance-based incentives, the company provides employees with bonuses on the occasion of national Lunar New Year holidays, Labour Day, Victory Day and Independence Day or important family events, which are all so important cultural events that managers cannot ignore, not just because of the cultural significance to them but also extra money to make them feel better.* (M2)

Apart from implicit CSR practices which reflect the local formal and informal institutions, GC2 exhibited explicit CSR with a healthy and safe working environment, open and clear communication, and employee development schemes as discussed in the following section.

All interviewed executives mentioned their working environment as a highlight in their discussions of labour. Particularly, in addition to working condition in conformity with applicable regulations, they also stressed management commitment to investing in the workplace-cooling system and setting up of procedures for food safety, OHS, and building working relationships. The following quote illustrates this:

*In terms of working environment, we follow the local regulations on the level of light, humidity, noise and temperature. However, we do realize that if the temperature outside is high, so is it inside the production workshop. Hence, we have installed air-conditioning systems in our factories. We believe that a clean, comfortable working environment is a plus in attracting employees and enhancing productivity. In addition, we also establish specific procedures to ensure OHS and food safety at the workplace*
and design a number of activities to enhance the organisational cohesion and create a stimulating environment for the employees, especially in low-season periods. (M2)

Another much-cited initiative at GC2 was its human-resource development (HRD). Given the context of the garment industry in Vietnam where it is common that the majority of employees have low skills and income, employee training and development and their involvement and communication of this was valued. GC2’s M1 explained HRD process and communication as key factors contributing to employee satisfaction at GC2:

I think what employees are happy about is that they were well-informed about the company work conditions, employee benefits and performance evaluation and compensation right from the start. They would see how equal they are treated. In particular, we communicate clearly to them regarding our internal development policies as well as performance-based compensation and ability-based promotion programmes. They realize the prospects for incentives and promotions for their work performance and commitment. (M1).

Overall, GC2 showed an accommodative strategy in the labour category in consideration of the structure, communication, stakeholder involvement and management commitment. In addition to having the HR department taking charge of all labour issues, the interviews revealed the emergence of the trade union in a joint venture and its role in promoting employee-related activities that reflected the impact of local implicit CSR practices. The following quote illustrates this:

Our Trade Union plays an important role in promoting the understanding of relevant laws and regulations and in organizing sports, cultural and teamwork activities. More importantly, the Trade Union is the representative of the employees. When the employees want to voice their opinions on the rights and benefits or changes in the company rules and policies, they would be represented by the Trade-Union rep and meetings with the management to work out and formalize solutions. (M2)

In addition, safety communication and training and performance systems were repeatedly mentioned by interviewed executives, suggesting quite a strong safety culture at GC2. Safety values were embedded in everyday operations and behaviours were shaped through regular communication and training on fire safety, and OHS procedures were mentioned in discussions on employee practices by GC2 managers:

Shaping occupational safety behaviour among the employees is not an easy task as it takes a lot of time and effort since it is closely related with the limited awareness and
educational background of the migrant workers. In fact, they do not see the reason why they need to use protective tools/appliances or just do not care about it for their own perceived convenience or comfort. Therefore, communication and training must be conducted on a regular and continual basis, just as frequent as the way we breathe, eat, drink or sleep. (M1)

On the same note, GC2’s M2 elaborated on how the safety values and behaviour were reinforced through management awareness, commitment and integration in performance appraisal. The following quote illustrates management support, regular and consistent communication across different managerial levels and the capacity of middle managers in executing OHS initiatives.

The success in shaping employees’ safe working behaviours can be put down to the strong support from the management in several ways. Training and communication on OHS were also attended by managers of different levels. OSH performance and incentives schemes were developed to motivate positive behaviours. More importantly, coordination across different management levels and commitment in the execution process bring about improved awareness, understanding and compliance by employees. (M2)

It is well-evidenced that occupational safety was the major programme of managerial attention and commitment at GC2:

We at GC2 attached great importance to OHS not just because it serves the key part of customer requirements but also for the sake of employees and company productivity. This is particularly important in the garment industry since disability could resulted from a needle spun into their eyes or backbone problems due to inappropriate work postures. (M3)

Since labour initiatives still revolve around the working environment and base employee entitlements rather than those aiming at further improving employee wellbeing, ownership and empowerment. Hence, its commitment level appears a more instrumental CSR or enlightened self-interest approach (Garriga & Melé, 2004).

In terms of the driving forces of labour practices, on the one hand, interviewees highlighted pressure from the international customers/buyers. GC2 M1’s response also indicated this instrumental approach to CSR:

If someone says that they enjoy fulfilling their CSR responsibility, it could be just a subtle response in the newspaper. In fact, in the garment industry when you have to face the reality of survival, you won’t get orders if you don’t embrace it. (M1)
However, on the other hand, management perception of the salience of employees was cited by the interviewed executive as a key driver of labour initiatives. The following quote by GC2’s M1 indicates its instrumental approach to labour initiative to leverage its performance:

*There are several CSR initiatives which were not required by the customers, for example, the air-conditioning system, insurance contributions based on real wages rather than the stipulated one or promotion and development. They all involve significant costs, but we still proceed as we know this will attract and retain people, improve productivity and enhance our competitiveness.* (M1)

The above quote indicates that while international customers pressure GC2 to comply with their requirements as a way to gain legitimacy and orders, the motive to achieve internal efficiency and the manager’s perceptions of the value of labour initiatives had a decisive impact:

*In fact, the most significant source of influence comes from the leader. As the matter of course, financial resources are important, and big investments in CSR areas need to have approval from relevant stakeholders like the shareholders. But, it is possible if the CEO is firm, decisive and committed and able to communicate to the shareholder members the importance and benefits from CSR initiatives, and their implications to the company performance and advantages gained.* (M2)

### 6.2.2.2 Environmental Practices

Environment practices at GC2 over recent years featured a focus on compliance with local environmental regulations. Particularly, as explained by GC2’s M2, given the nature of its operation in garment manufacturing, GC2’s environmental management activities centred on the development of waste treatment programmes and specific measures to deal with its industrial waste including waste-water, rubbish and emissions from its manufacturing activities in accordance with the local regulations:

*Since the formation of the joint venture, we have developed our systems which are largely based on the laws of Vietnam. We have developed specific programmes to treat specific waste as set out in environmental regulations. We first sort out the waste and contract competent firms to transport and treat them in a proper way. We also have a system in place to treat the waste-water before discharging to the environment. The treated water is at the acceptable B level.* (M2)

As indicated from the interviews, environmental activities show an implicit nature as they focused on compliance with national environment standards cited as the benchmark for GC2’s
environmental practices. There was a noticeable tendency toward higher standards regarding environmental initiatives. Discretionary initiatives were mentioned by GC2’s M3:

*We have made some efforts in using more environmental-friendly material to minimize the impact of emissions. For example, previously we used wood as fuel for steam boilers, but to help reduce the greenhouse effect we now switch to use electricity to reduce the amount of CO2 emission. To be honest, customers’ requirements direct our efforts to CSR programmes and policies.* (M3)

GC2 adopted a functional structure with a compliance department in charge of environmental issues:

*We have a Compliance Department with specialized staff in charge of environmental issues. They are responsible for monitoring environmental management activities and investigate environmental problems (if any). For example, if we identify some indications of waste-water discharged at a higher-level than permissible, we do not wait until the competent authority to inspect and give warnings. Instead, we need to consult the management and develop specific plan to remedy that situation.* (M3)

Regarding motivation, it was indicated by all three interviewees that legal compliance was the core part of their environmental practices. However, the regulatory pressure per se was not identified as the sole driver of GC2’s compliance approach. As revealed by all interviewed managers, the pressure to comply with the local environmental regulation was amplified since compliance was embedded in the customer CoCs:

*When we developed our CSR policies, we based them on laws, I mean the Vietnamese laws. Companies like ours maintain strict legal compliance because almost all the customers first and foremost require us to comply with local laws.* (M1)

Customers presented a major source of pressure for GC2 to gain legitimacy from external stakeholders. The interviewed senior executives at GC2 emphasised the imperative of compliance with customer requirements and their impact on GC2’s environmental practices: ‘To be honest, our environmental practices are largely driven by international buyers’ (M2).

One noteworthy finding from the case is that international buyers’ requirements served as the basis for company system-building as being specific and relevant for implementation, as suggested in the following quote:

*The customers’ CoCs are not much different from the local laws. They are developed on the basis of the local laws as well as international standards. However, the key difference with the local regulations is that the former are very specific with clear guidance and
explanations, which you cannot find much in the local regulations. They give up a clear map as to what to do or what indicators to adopt. With the new factory built in Long An, we applied the customers’ higher standards right from the start. (M1)

Weak institutional pressure accompanied with strong stakeholder pressure from global buyers motivated GC2 to take an accommodative strategy (Lee, 2011). This was evident in GC2’s environmental practices characterised by passive and minimal moves in response to stakeholders for economic benefits and without leadership in maximising social impact. Overall, environmental practices conducted by GC2 indicated its accommodative approach to environmental management.

6.2.2.3 Social Practices

GC2 adopted a defensive approach to social practices. Social initiatives for local community development were found to be modest in the case of GC2 except for its discretionary, on-request contributions to local government social activities:

   When we receive requests for contributions to social activities (aids for the natural disaster victims, poor and disadvantaged people), we are always willing to be part of that. Except for that, we haven’t initiated any other social programmes. (M1)

Overall, most of the social and environmental practices at GC2 are implicit and formal as they reflect the company’s compliance with the mandatory requirements in the local context.

6.2.2.4 Other Influencing Factors

The case findings show that ownership structure and slack resources were key factors influencing CSR performance at GC2. Since GC2 is a subsidiary of a Singapore-based corporation, it was motivated to gain legitimacy from local stakeholders. This was indicated by GC2’s M2, ‘as a foreign-invested firm like us, we are motivated to do it better. In fact, what we have done in terms of CSR is somehow a bit more that what is required’. However, the degree of commitment to CSR was associated with the corporate-parent’s core values of compliance and stakeholder interests. As discussed above, its commitment to compliance with the local laws and customer requirements in labour and environment which form the main part of its CSR engagement is a clear indication of this effect. As GC2’s M1 explained:

   Since we are in joint venture with the Singaporean firm, we have had some basic understanding from the system and GC2 has now somehow ‘above-standard’ performance levels. CSR, in my view, is the company’s commitment to the issues of legal compliance, benefits and welfare for the employees and the safe working environment. Strict compliance is our primary value. While many other companies choose to pay fines
for environmental legal violation due to the high-cost of correcting mistakes, we set out ...
to make investment right from the beginning. (M1)

Moreover, due to its structural idiosyncrasies, decision making was decentralised to the
management of the local subsidiary as far as it concerned production and in accordance with the
business principle of compliance:

From the start, the corporate parent has taken charge of all the marketing and sales
activity. The local management takes responsibility of managing manufacturing
operations and empowered to set up the system in accordance to the Vietnamese
standards and customer requirements. (M1)

Organisational decentralisation regarding making decisions on local operations means that the
local management’s discretion could shape its CSR engagement as indicated by the following:

It is all dependent on how the top management frame CSR issues and the cost involved. If
they see such investment as a way to gain a competitive advantage in the eyes of the
customers, they would do it in a proper way. If they perceive as it purely a responsibility,
they may do it in a different way. (M1)

Also, financial resources were cited as a major factor influencing the extent of company’s CSR
engagement, especially environmental aspects.

The revised laws on environmental protection impose a lot of pressure on companies in
terms of costs. In fact, if you strictly follow the regulations on pollution minimization and
environmental improvement, you have to incur huge costs, which are formidably difficult
for small businesses. That is not to say, global customers’ higher requirements, for
example measures to control the greenhouse effect. (M2)

Table 6.2 summarises GC2’s key CSR practices and their influencing/moderating factors.
6.2.2.5 CSR Performance

The evaluation of CSR performance at GC2 was gauged by investigating types and forms of CSR practices, CSR strategies, the internal capability development for CSR execution, and outcomes as perceived by interviewed managers. First, as indicated in the case summary (Table 6.2), GC2 exhibited more focus on labour and environmental issues than social activities. Specifically, it adopted an accommodative strategy to labour and environment with a variety of implicit and explicit CSR activities that go beyond legal requirements and address several social expectations. Similarly, its environmental management was found to be accommodative given the fact that its activities were compliant with the local regulations and customer requirements. However, social practices were ad-hoc philanthropic contributions which are referred to as implicit and informal CSR as they were unstructured and primarily in accordance with cultural values.

Second, in respect of the internal capabilities for CSR execution, the evaluation of each of the three categories of labour, environment and community in three main CSR dimensions of knowledge and attitude (CSR awareness and management support), strategic dimensions (CSR strategy, performance objectives and reporting) and operational dimensions (stakeholder relationship and CSR structure) shows that labour and environmental practices were better performed than social practices, as illustrated in Figure 6.4.
Regarding CSR awareness and management support, the case findings show that CSR was mostly perceived by GC2 interviewed managers as a legal responsibility to employees and the environment, as explained by GC2’s M1:

*CSR, in my opinion, is like the commitments of a company to legal compliance relating to employee wellbeing and welfare and the environment, thereby contributing to the sustainable development locally and internationally.* (M1)

Regarding stakeholder relationship and structuring of CSR-related activities, the execution of labour and environmental activities was embedded in corporate functions with some participation of employees, internal communication, and development of policies and internal systems (decision making, reporting and controlling). Social activities were unstructured and ad hoc. Nevertheless, GC2 did not have a specific measurement of overall CSR practices. The following illustrates these points:

*At GC2, we have a Compliance Department in charge of all issues relating to compliance with local regulations and customer requirements in OHS and environment. The Compliance Manager reports to the Management Team on the current state and recommendations for further improvement. So, it is a bottom-up approach. In relation to labour issues, our Human Resource management in coordination with the Trade Union and the Union Executive board can make suggestions to management for approval on any issues on rights and benefits of employees. ... One of the things we are happy about is the transparency and clear communication with the employee on their compensation, entitlement and career development. Our survey shows that the employees find it clear and equitable when it comes to labour issues.* (M3 & M4).
Concerning self-evaluation, all interviewed managers mentioned the outcomes of having good labour policies and practices in improving productivity as well as employee welfare through creating jobs, stable living wages and other entitlements.

6.2.3 Case Discussions

The case findings above suggest that institutional influence, customer pressure and top management influence were defining factors driving CSR practices at GC2. The core of GC2’s CSR activities was its compliance with regulations on environment management and labour reflecting the interaction of external pressure (regulatory pressure and customer pressure) and its instrumental approach to CSR. In other words, its perceived pressure from instrumental stakeholder groups (customers and employees) heightened the imperative to conform to local formal and informal institutional systems to increase orders and gain higher productivity and operational efficiency. In the case of GC2, weak institutions with inefficient enforcement systems in combination with strong stakeholder pressures resulted in an accommodative approach to CSR. These findings lend support to the current literature on the interaction of forces in shaping CSR initiatives (Lee, 2011).

Regarding influencing factors, the case indicates that the headquarter effect, and the nature of industry and company resources influence how well GC2 dealt with social issues. First, apart from the fact that value of compliance was passed onto the subsidiary from the parent company, there was little pressure from the parent company on the subsidiary to take a more proactive approach to CSR. Second, as the garment industry in Vietnam is characterised by its labour-intensive nature and concerns regarding employee rights, entitlements and living wages, this helped direct the focus of CSR practices to local social issues. Third, resource constraints also had a moderating impact on the level of commitment. For example, GC2’s extra insurance programme was, as at the time of the interview, limited to employees working in the offices. This finding confirms the current literature on the influence of slack resources on CSR engagement (Julian & Oførí-dankwa, 2013; Russo & Perrini, 2010).

Another influencing factor was the internal mechanism (corporate culture) and stakeholder engagement which facilitated the execution of CSR practices at GC2. Its safety culture featured strong management support and commitment, employee involvement, training and communication as well as performance management, thereby shaping employee awareness, understanding and reinforcing their behaviour (Galbreath, 2010). Similarly, the interaction with customers guided GC2 in developing and executing CSR initiatives in the key areas of working conditions, occupation health and safety, and the environment.
6.2.4 Case Summary

GC2 is a garment company with export-oriented production. It was a joint venture between a Singaporean family company and Vietnamese private firm whereby the Singapore party took charge of the sale and marketing functions whereas the local party looked after the operational management. GC2 took an accommodative posture to labour and environment issues but a defensive approach to social activities. The findings were based on the analysis of five in-depth interviews with four executives. They were also triangulated with data obtained from a document analysis of company reports, press releases and articles on official e-newspaper archives.

GC2’s accommodative posture featured not only labour and environmental policies and activities in conformity with the prevailing regulations (implicit CSR). It is also reflected in its adoption of labour and environmental initiatives in response to international buyers’ requirement and strong social norms relating to living wages and other employee entitlements. The participants also noted the economic benefits of embracing these practices and the motivations to achieve organisational efficiency and legitimacy from important stakeholders. These practices indicate the self-enlightened interest approach to CSR at GC2.

Conversely, GC2’s defensive strategy in the social aspect was reflected by its reactive approach to philanthropic contributions. This was associated with the manager’s perception of the importance of the community and the benefits of social activities. Gaining legitimacy was the only motivation for its social activities. The findings of GC2 suggest the determining impact of institutional and stakeholder pressures and management perceptions of CSR decisions.

The case of GC2 also provided empirical evidence on the influence of the corporate-parent’s value and ownership characteristics and resource availability. CSR practices at GC2 were primarily characterised by strict compliance with local legislation, social norms and customer requirements. This approach was well-aligned with the corporate-parent’s prevailing values and compliance. Moreover, as GC2 did not have to approach new international buyers, they did not show any inclination for being more proactive in CSR to attract potential buyers. Furthermore, resource constraints were also mentioned as an inhibiting factor on CSR practices.

6.3 GARCO3 (GC3) – The Private Company

6.3.1 Case Background

GC3 was established in 2009 as a privately-owned company. Its manufacturing operations commenced in 2013. It was subsequently converted into a joint-stock (unlisted) company with major shareholders being individual investors. Its major operation is garment contract
manufacturing for European customers (including Zara and Mango) and Chinese and Korean buyers.

After three years of operation, GC3 has a turnover of US$3 million and 500 employees, most of whom are local workers and 70% are females (Source: Company documents). According to the provincial investment authority, GC3 was ranked among the leading companies with the highest growth rate, the largest number of employees and highest wages in the region in 2015.

GC3 is under the management of the founder/owner who is also the majority shareholder. He claimed to have past working experience in top executive positions of medium and large state-owned garment companies.

6.3.2 Case Analysis and Findings

This section examines the CSR practices at GC3, including its social, environment and labour activities. Figure 6.5 shows the thematic analysis model which demonstrates GC3’s CSR strategies, motivations and influencing factors.

![Figure 6.5: GC3’s CSR Practices: Thematic Analysis Model](image)

6.3.2.1 Labour Practices

Labour practices at GC3 revolve around employee entitlements and the working environment, which reflects its compliance with the legal requirements and its responses to social norms and expectations through various informal arrangements. At the beginning of the interviews, the company managers all mentioned that the legal framework was used as the foundation on which they developed their labour policies, as described GC3’s M1, ‘generally, our labour policies are
established based on the national labour codes. To be honest, without such legal framework, it would be hard for businesses to have a good understanding of the relevant legal responsibilities.’

However, subsequently, most of the discussion focused on management perspectives of the notion of social responsibilities in relation to employee pay and benefits:

> Our policies are in accordance with the legal principles on human rights, working hours, no child labour or compulsory labour, overtime rate and minimum wages, just to name a few. However, the important task as we see it is how we pay employees, OHS, employee benefits and wellbeing. They are what we see as social responsibility. (M2)

The interviewed executives articulated the company’s much-higher-than-minimum wages and on-time payment date as a way the company helped employees to deal with living costs. This was significant given the context of local SMEs struggling to maintain their operation and workforce and the hardship of low-skilled employees in the garment industry where most workers are concerned about living wages (Tran & Jeppesen, 2016):

> While the regional minimum level wage is VND 3.1 million [US$150], our regular pay is VND 5.5 million [US$225] that is not to include their overtime pay. This is really high compared with the national average and of course, the highest in the region. Hardly any company in our surrounding area can afford that. In addition, we always make sure payments are made on or before the dedicated time so that the workers can manage their living costs easily. (M3)

Social, health and unemployment insurance, flexi-time and CSR training were mentioned by all the participants as non-wage benefits that GC3 offered employees. While it is a common practice for local garment companies to avoid insurance payments for employees (Trifković, 2017), GC3 articulated its social responsibility by its adherence to the legal requirements and several work arrangements to accommodate employee family issues. Particularly, CSR training and communication was a highlight for a new SME as GC3:

> While few private companies allow their workers to have paid leave or make contributions to the employees’ social and health insurance payment, GC3 does pay attention to such issues. For example, pregnant workers or those who have babies may come to work one hour late or leave one hour earlier or employees still get paid for family-related leaves. They are entitled to other maternal leave and benefits. Our CEO always emphasized a clear communication and execution of such policies. (M2).
Concerning communication on labour policies, the CEO also mentioned that ‘we also hold informal talks with the employees about CSR, about their rights and entitlement. I often tell them that “I teach them how to sue me”’. (M1)

In addition to formal practices, informal initiatives also form an important part of GC3’s offerings to employees. A positive, people-oriented culture with low power distance and informal arrangements was mentioned in discussions on working relationships. As GC3’s administrative manager, M3, responded:

> Our CEO really cares about us. He spends time talking to workers, having lunch with them in the canteen, attend employees’ important family events. He gives it a go whenever I propose funds to support poor workers. Such working relations is part of what we have here that keep the employees with us. You may not see people shouting or being rude to workers here. (M3)

This close relationship between the owner and the workers and care for wellbeing was also reflected in the CEO’s comment on working relations at GC3:

> My happiness is when I meet them, they greet me from afar. If I am absent for two days, they say “I haven’t seen you for two days” or “why do you come early today”. Such considerate behaviours do bring me joy each day. (M1)

Other informal practices include support funds for financially-disadvantaged workers, bonuses for the national festival (Lunar New Year holidays) and other cultural events for employees and their children:

> Every year, we organize a tour of the capital city for all the employees and their children to help them get to know more about the country, the cultural and historical values. We also make sure that they have non-performance bonuses on important cultural days like Independence Day, Victory Day and especially Tet holiday. Businesses cannot ignore this as it is unwritten law that they need to be taken care of. (M2)

Overall, the case showed that GC3 took an accommodative strategy in the labour category in consideration of types of labour practices, their structure, communication and management commitment. As discussed above, GC3 indicated its compliance with labour regulations and adopted several practices (informal arrangements) beyond what was mandated and maintained communication activities with employees. Moreover, GC3 appointed administrative personnel in charge of reporting and administering labour compliance and implementation, as commented by GC3’s M2, ‘As our company was recently established, we have a simple structure. Yet we have what we call a General Administration Manager in charge of labour issues and also a
representative of the Trade Union’. Additionally, there was also evidence of top management commitment as shown by the following quote of the CEO:

*Well, international buyers always require compliance with the local regulations, and we of course have to make sure to live up to that. However, from my personal perspective, it is important that we can do at our best to cater for employee needs. We need to make sure they are treated fairly and all their rights and benefits are provided. Whatever else we can make them feel happy, safe and satisfied, we need to do it to attract and keep them with us for a long time.* (M1)

Regarding key motivations for the adoption of labour practices at GC3, international customers and management perception and values were key drivers of GC3’s labour strategy. On the one hand, international buyers pressure the company to comply with the local labour code through its adoption of labour policies and practices in accordance with national legislation (implicit and formal CSR) to appear legitimate and secure orders with customers. This is evidenced by the comment made by GC3’s M2.

*To be honest, who we really care about is the customers, rather than the State authorities. Even though at some stage, what we have done in terms of CSR is more of symbolic nature, I think that the customers will drive better CSR practices. My experience is that State official if they care about us, it is only for their economic self-interest while the customers have direct influence on the company’s economic viability.* (M2)

On the other hand, manager perceptions and values were also found to shape other informal practices not stipulated by law. The following illustrates top manager’s conceptualisation of CSR responsibility to employees and the self-enlightenment interest at GC3:

*We don’t deny the impact and pressure from customer in terms of legal compliance. However, if we look at what is not required by laws or customers, it is the manager’s perception and ethical values that count. For me, people create assets. I personally believe that CSR is all about manager’s conscience and ethical values.* (M1)

This instrumental approach to CSR reflects the high-value GC3 managers place on stable employment and recognise the relationship between workers’ skills and product quality, the enterprises’ commercial viability and on-time delivery as vital for subcontracting work, especially for firms like GC3 whose produce is for export.
6.3.2.2 Environmental Practices

The interviewed executives mentioned the environmental practices at GC3 as the process of conforming to the local environmental regulations and obtaining mandatory environment certifications. However, as the Compliance Officer (GC3 M2) claimed, company operations did not involve any sophisticated pollution control except for the collection and disposal of daily solid and hazardous waste and the treatment of waste-water:

*Environmental practices in our case are related to the environmental laws and regulations. In particular, they involve obtaining a number of environmental certifications like environmental contracts for waste collection and disposal.* (M2)

This limited perception of corporate responsibility toward the environment was coupled with their symbolic compliance to the institutional pressures:

*I have to say that everything we do as far as environmental issues are concerned is a mere formalization which makes us appear legitimate to pass a hurdle. In fact, we do not produce much toxic waste like oily cloths and inkjets but since it is provided in laws, we have to comply. To be frank, we had to spend money to buy those contracts, in other words, buy contract stamps.* (M2)

GC3’s response to environmental pressures appears to be only ‘window dressing’ which can be easily decoupled from normal company activities (Weaver, Trevino, & Cochran, 1999). The following indicates how the environmental issues were formalised at GC3:

*I am in charge of administrative issues at GC3 and also responsible for all documentations for certification and approval in regard of environmental assessment and compliance. Let me put it plainly, it is all about formality and entails what we often call “soft fees” for sorting things out.* (M2)

Hence, GC3 adopted a defensive strategy to environmental management in considerations of the types of activity, structure and commitment. As mentioned above, environmental issues were limited to legal requirements on waste treatment. Even though, there was a designated position for environment management, little employee training or involvement was reported and environmental issues were only dealt with when customers required environmental management certificates. Moreover, there was limited awareness regarding the importance of environmental management beyond waste treatment among interviewed managers.

An investigation into the motivation for GC3 to take on environmental responsibility uncovers an instrumental approach to its practices. In other words, if it is not for compliance purposes to get orders, environmental conformity would not be observed at GC3:
The underlying driver for our effort in getting certificates and approval is to comply with customers’ CoCs. You may hear them say “we cannot do business with you as you do not have environmental compliance certificate” as not having such certification means you do not deal with the toxic waste properly. (M1)

6.3.2.3 Social Practices

Like environmental practices, GC3 took a defensive approach to social activities. Two philanthropic activities mentioned by interviewee executives were donations to poor children in the local province and local authorities on request. In fact, these activities were managed in an informal way without personnel in charge or specific funding. The following provides indicates GC3’s approach to social activities:

Every year we made donations to poor children in the local community. In addition, whenever we have requests for making donations from local authorities, we will be willing to participate. Most of time, donations are in monetary form as we do not have staff taking care of this. (M3).

The findings show limited commitment and motivation to adopting social initiatives. This could be associated with manager perceptions of local government support about their donations and their definition of social responsibility:

It would be great to do it [community initiatives] as it is what the society expects. Yet when resources are limited, you have to make a choice. The reality is you have to take good care of your own people before you go out and help others. (M1)

6.3.2.4 Other Influencing Factors

The findings show that GC3’s ownership structure, its stage of business development and slack resources are defining factors influencing its CSR performance.

Though being a joint-stock company, GC3 is individually-owned with the CEO having the majority stock and a track record of three years of operation. There is no governance structure in place to monitor compliance. As discussed by GC3’s M1, it is now in early stage of business development and has a low level of formalisation and structures regarding labour and environmental policies and procedures:

We do not have a specialized unit in charge of the compliance programmes. At this stage, we do not have personnel for that. Whenever customers come for audit, I call on staff from different areas to attend a meeting. A number of our labour initiatives are not in written documents. I just send mail or sometimes text messages to the key managers to
implement. Yet for those issues related to customer or legal requirements, we do keep them in written documents. (M1)

Like other cases, resources both in financial and nonfinancial terms were repeatedly mentioned as the challenge for the execution of CSR initiatives. In addition to financial resources required for labour and environmental practices, interviewed executives also cited skilled human required skills for CSR execution:

*Literally, we need money to do everything. Even with fire and safety training, companies also have to pay money to relevant authorities to ask them to come and conduct the certification. Moreover, for effective CSR execution, human resource is important. Recruiting a staff who has good knowledge and can run regular audit of everyday operations to ensure the compliance is not easy at all, especially when you are a young business.* (M2)

The key findings of the case analysis are summarised in Table 6.3

### Table 6.3: Summary of Key Findings: CSR at GC3

<table>
<thead>
<tr>
<th>Major CSR Programs</th>
<th>Nature Type</th>
<th>Strategy</th>
<th>Key drivers</th>
<th>Motivations</th>
<th>Influencing factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stipulated Employee Compensation and Benefits</td>
<td>Implicit</td>
<td>Formal</td>
<td>Regulations</td>
<td>Gaining legitimacy</td>
<td>Resources (finances and human)</td>
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<tr>
<td>Occupational Health and safety</td>
<td></td>
<td></td>
<td>Customers</td>
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<tr>
<td>Mandated social and unemployment Insurance</td>
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<td>No-child labour or forced labour</td>
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<td>No-discrimination and equal employment</td>
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<td>Improved OSH procedure and training</td>
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<tr>
<td>Flexible time arrangements</td>
<td>Explicit</td>
<td>Informal</td>
<td></td>
<td></td>
<td>Ownership type, Stage of business development</td>
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<tr>
<td>Employee Development</td>
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<tr>
<td>Improved working conditions</td>
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<tr>
<td>Living wage scheme</td>
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<td>Non-performance Bonuses</td>
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<tr>
<td>Employee Financial Support (interest-free loan)</td>
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<tr>
<td>Family-like work relationship</td>
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<tr>
<td>Waste treatment schemes as stipulated</td>
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<tr>
<td>Environment</td>
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<tr>
<td>Social</td>
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<tr>
<td>Donations for poor and disadvantaged people</td>
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<tr>
<td>Financial donations upon request</td>
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</tbody>
</table>

#### 6.3.2.5 CSR Performance

The evaluation of CSR performance at FC3 was gauged by investigating types and forms of CSR practices, CSR strategies, the internal capability development for CSR execution and the outcomes as perceived by interviewed managers. As indicated in the case summary (Table 6.3), apart from its accommodative strategies for labour issues, its labour and environmental activities reflect defensive strategies, with a focus on implicit (formal and informal) activities in response to legal requirements and strong social norms.
In respect of the internal capabilities for CSR execution, the following radar chart (Figure 6.6) shows the evaluation of each of the three categories of labour, environment and community, using three main CSR dimensions of knowledge and attitude (CSR awareness and management support), strategic dimensions (CSR strategy, performance objectives and reporting) and operational dimensions (stakeholder relationship and CSR structure) adapted from the seven-stage of CSR development model by Maon et al. (2010). Overall, labour practices took centrality in FC3’s CSR initiatives with management support and commitment, while environmental and social practices were minimal.

![Radar Chart]

**Figure 6.6 : CSR Performance at GC3**

First, it common among interviewed managers that CSR was perceived as first and foremost a responsibility to customers and employees with little reference to environmental issues. Moreover, while there was evidence of top management commitment to CSR practices, it was not consistent across all the three categories of environment, labour and social practices. Particularly, commitment to improvement of labour practices and social activities were articulated in the discussions above, but there was little discussion concerning GC3’s effort to deal with environmental issues. Second, the performance objectives of CSR activities focused on legal compliance to gain legitimacy and meet critical social norms and expectation to improve production productivity. Hence, GC3 adopted legal disclosures and internal communication with some participation of employees through the trade union. Third, there was no specialised CSR unit; rather, labour, environmental and social activities were managed by functional divisions (HR, Production and Sales and Marketing departments). Even in terms of labour practices, there was a modest degree of formalisation as previously described by GC3’s M3, ‘A number of our labour initiatives are not in written documents. I just send mail or some time text messages to the key managers to implement. Yet, for those issues related to customer or legal requirements, we
do keep them in written documents’. Additionally, GC3 did not have a specific measurement for overall CSR practices. In fact, regarding environmental practices, national standards on environmental management were used as a benchmark for its operations. Similarly, labour practices were executed and measured in accordance with the local regulations and the company trade-union agenda. This re-asserts the argument on employees as key stakeholders of SMEs in previous studies (Klein and Vorbohle 2010; Painter-Morland and Dobie 2008; Spence 2007; Jenkins 2006).

Regarding self-evaluation, all three interviewed managers mentioned the outcomes of having good labour policies and practices for improving productivity as well as employee welfare through creating jobs, stable living wages and other entitlements. Nevertheless, social activities were only measured in a symbolic way regarding the impact on beneficiaries. This can be explained by the fact that social activities in SMEs are most likely to be driven by the personal motivation of the owner-manager rather than a company function for marketing, strategy, or public relations (Spence, 2007).

6.3.3 Case Discussion

The findings of this case provided an account of CSR in a medium-sized company in a developing-country context. On the one hand, GC3 showed relatively strong commitment to labour issues. On the other hand, it revealed its manoeuvring strategies to preserve social legitimacy from the external stakeholders (the customer) while adopting a symbolic approach to environmental management. This lends support to current literature on symbolic CSR practices adopted by garment companies in developing countries (White et al., 2017).

The case study also showed a nuanced form of CSR in a privately-owned company, featuring implicit CSR with informal arrangements for labour and social aspects. Particularly, CSR practices at GC3 dealt with the issues of society’s concerns and interest (living wages, employee welfare and family) which are also key issues in the garment industries of developing countries. Moreover, informal systems of social norms, cultural values and political ideologies were also reflected in its practices. For example, these included various informal arrangements for family-related leaves, culturally-important holidays and bonuses, family-like work relationships, social expectations regarding jobs and living wages. This lends support to Tran and Jeppesen (2016) argument about the prevailing forms of informal CSR in the developing-country context.

The case findings indicated that customer pressure and leader’s perception and values were the major sources of influence on GC3’s CSR approaches. In fact, the CSR practices adopted by GC3 including compliance with local laws, work conditions, environment management, OHS, fire prevention, human rights were the core part of the customer CoCs or social compliance
programmes. Customer requirements, on the one hand, pressured the company to comply with relevant regulations of the local government. On the other hand, they directed the effort and level of commitment regarding environmental and labour issues. The case of GC3 joins extant literature on the influence of international customers on CSR engagement (Christmann & Taylor, 2006). Moreover, the leader’s values, socioeconomic background and working experience can explain GC3’s employee-oriented approach. In fact, despite being a relatively large company (500 employees) within three years of operation, GC3 was managed in a similar way to a family business with the top manager informally making most of the decisions, and who initiated and maintained a corporate culture with employees as the centrality. This indicates that the perception and personal values of managers may contribute to the creation and maintenance of CSR cultures in their organisations.

6.3.4 Case Summary

GC3 is a young and private garment company with 500 employees and export-oriented production. Its rapid growth in revenue in recent years was not coupled with a more formalised structure. Instead, it was still much like a family business under the control of the business owner-manager. CSR practices at GC3 represent a typical characterisation of an SME with a focus on employees. The findings were based on the analysis of three in-depth interviews with three senior managers at GC3.

First, GC3 took an accommodative posture to labour issues. In addition to labour policies in accordance with regulations (implicit and formal CSR), GC3 also developed various informal arrangements and initiatives to address such issues as living wages, employee entitlements, training and development, and employee wellbeing. The case findings also provided evidence of the manager’s commitment, employee participation and internal communication on labour issues. However, these labour practices were not formalised or managed by a specialised unit. Instead, there was only one staff member in charge of labour-related issues. Most of the decisions were made by the manager and communicated verbally to relevant middle managers. This lends support to the prevalence of informal practices in the garment industry.

Second, participants also noted the motivation to improve productivity and business efficiency by the adoption of various labour practices. Since garment companies often must deal with production challenges in peak seasons, labour practices were improved to maintain employee morale and enhance productivity.

Third, unlike labour issues, GC3 adopted a defensive strategy in the environment and social aspects. Environment management was only at the minimum legal requirement with symbolic adoption. Likewise, social activities were philanthropic contributions on request. The
participants mentioned that GC3’s main motive to embrace social and environmental practices was to appear legitimate to customers and local authorities. This finding suggests the decisive role of the manager in shaping CSR practices in private companies. The manager’s ethical values and perceptions of critical stakeholders were observed to direct CSR efforts.

Though larger than an SME regarding the number of employees, GC3 exhibited SME features regarding CSR engagement. CSR was characterised by the employee centrality shaped by top management values and perceptions of instrumental stakeholder groups.

### 6.4 Cross-Case Analysis

The previous three sections provided single-case analyses and discussion of CSR practices. This section focuses on the cross-case analyses to identify similarities and differences regarding the mechanisms identified. The organisational characteristics of the three garment companies are outlined in Table 6.4.

**Table 6.4: Cross-case Comparison: Company Profile**

<table>
<thead>
<tr>
<th>Items</th>
<th>GC1</th>
<th>GC2</th>
<th>GC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership type</td>
<td>SOE (70%)</td>
<td>51% Singapore firm; 49% Vietnamese private firm</td>
<td>Local investors</td>
</tr>
<tr>
<td>Headquarter/Ownership</td>
<td>State owner</td>
<td>Institutional and individuals</td>
<td>Individuals</td>
</tr>
<tr>
<td>Years of operation</td>
<td>50</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>Location</td>
<td>Central Vietnam</td>
<td>South Vietnam</td>
<td>North Vietnam</td>
</tr>
<tr>
<td>Revenue (million US$)</td>
<td>100</td>
<td>130</td>
<td>3</td>
</tr>
<tr>
<td>Size (total employees)</td>
<td>10000</td>
<td>9000</td>
<td>500</td>
</tr>
<tr>
<td>Products</td>
<td>Suit and shirts</td>
<td>Activewear</td>
<td>Fashion clothes</td>
</tr>
<tr>
<td>CEO</td>
<td>Vietnamese, Party member</td>
<td>Vietnamese, young female graduate from Australia</td>
<td>Vietnamese, ex-SOE manager in garment industry</td>
</tr>
<tr>
<td>Core stakeholder groups identified</td>
<td>Customers and employees</td>
<td>Customers and employees</td>
<td>Customers and employees</td>
</tr>
<tr>
<td>Financial performance</td>
<td>Profits making</td>
<td>Profit making</td>
<td>Profit making</td>
</tr>
</tbody>
</table>
The following subsections provide comparisons of CSR practices in the garment industry as shown by the three cases GC1, GC2 and GC3 regarding social, environmental and labour activities. Figure 6.7 provides an NVivo thematic analysis that elaborately depicts the antecedents, strategies and performances of the garment case studies based on the conceptual lens described in Chapter Two.

Figure 6.7: CSR Practices in the Garment Industry: Thematic Analysis Model

The analysis of the three cases as represented in Figure 6.8 reveals that the companies did not adopt the same approach to various aspects of CSR. Therefore, the cross-case analysis was conducted regarding the respective aspects of the environment, labour and social practices. The following subsections provide a discussion of the strategic postures across the three cases in consideration of strategic dimensions (management awareness, commitment, performance objectives) and tactical dimensions (reporting, stakeholder management, structure and coordination of activities). Particularly, a cross-case comparison of strategic postures in labour, social and environmental categories, as depicted in Figure 6.8 indicate noticeable similarities in that most attention was given to labour rather than social issues. However, there are some differences in each CSR category across case explicated by the following discussion.
6.4.1 Environmental practices: Practices, Strategies, Performance and Influencing Factors

The following subsection provides a discussion of the similarities and differences in environmental practices across the three garment case studies (as indicated by Figure 6.8) in terms practices, strategies and performance resulting from various organisational characteristics.

6.4.1.1 Strategies and Performance

As shown in Figure 6.8, there are significant differences in environmental strategies across the three cases. Figure 6.9 and Table 6.5 provide more information on the environmental strategic postures and across the three cases.
While the SOE (GC1) took a proactive stance, the FOE (GC2) adopted an accommodative approach, and the POE (GC3) followed a defensive strategy. It was found that the SOE performed much better than the FOE and POE companies in all three aspects of awareness and attitudes, strategic dimensions and operational dimensions. Particularly, GC1 developed a high-level of environmental responsiveness in that environmental management practices were embedded in its operations and corporate culture with the active involvement of its internal stakeholders (employees and managers). It also developed an environmental management system (planning, organising and controlling) across the company, allocated sufficient resources and set up a unit for implementation. In the FOE case of GC2, environmental management featured an accommodative approach with strict compliance with local regulations and international buyer CoCs, yet with more focus on legal requirements (implicit CSR).

Moreover, its management showed some commitment to compliance objectives and had a compliance committee to monitor environmental activities. Conversely, unlike the institutionally-owned companies (GC1 and GC2) substantial adoption of environmental management practices, GC3 demonstrated a symbolic approach to environmental management with a limited view of that management function, lack of management support and commitment. GC3 managers considered compliance with legal regulations and legal disclosure requirement through certification from local authorities were key objectives. Regarding the performance dimension, they only had a designated staff member in charge of environmental compliance and limited participation by relevant stakeholders (including employees). However, a common feature of the three case studies is that they all had limited reporting practices, mostly legal disclosure requirements, and attached more importance to business efficiency through cost control rather than developing more environmentally-proactive initiatives. This can be explained by the fact that local regulations do not provide for corporate disclosure on environmental performance by unlisted companies and the local managers’ instrumental approach to the environment.
Table 6.5 : Cross-case Comparison: Strategies and Performance of Environmental Practices

<table>
<thead>
<tr>
<th>Items</th>
<th>GC1</th>
<th>GC2</th>
<th>GC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Posture</td>
<td>Proactive</td>
<td>Accommodative</td>
<td>Defensive/Symbolic</td>
</tr>
<tr>
<td>Type/form</td>
<td>Explicit/formal</td>
<td>Implicit/Formal</td>
<td>Implicit/Formal</td>
</tr>
<tr>
<td>CSR awareness</td>
<td>Awareness of CSR-related advantages</td>
<td>Awareness of CSR-related advantages</td>
<td>Window dressing</td>
</tr>
<tr>
<td>Top management support</td>
<td>Sound commitment</td>
<td>Commitment</td>
<td>Piecemeal involvement</td>
</tr>
<tr>
<td>Performance objectives</td>
<td>International standards</td>
<td>Regulatory requirements</td>
<td>Regulatory requirements</td>
</tr>
<tr>
<td>Communication</td>
<td>Internal communication; legal disclosure</td>
<td>Legal disclosure</td>
<td>Legal disclosure</td>
</tr>
<tr>
<td>Stakeholder relationships</td>
<td>Collaborative</td>
<td>Unilateral</td>
<td>Unilateral</td>
</tr>
<tr>
<td>Structuring of initiatives</td>
<td>Programmes</td>
<td>Functional; Policies</td>
<td>Functional Activities</td>
</tr>
</tbody>
</table>

The variations in environmental strategies and performance across the three cases could be explained by looking at key drivers, organisational motivations and influencing factors as elaborated by the following subsection and Table 6.6 below.

6.4.1.2 Key Drivers and Influencing Factors

As indicated by Table 6.6, it was common across the three garment cases that regulatory pressures, international customer pressures and top manager perceptions were defined as drivers of local CSR practices in environmental management, which is consistent with extant literature (Massoud, Fayad, El-Fadel, & Kamleh, 2010; Seuring & Müller, 2008).
Specifically, it was consistently indicated by the three cases that the combined effect of external pressures could shape local companies’ CSR approaches. For example, on the one hand, compliance with environmental regulations was cited as a must-do by all the three companies to gain legitimacy for their survival and avoid sanctions. On the other hand, the cases also revealed that compliance with regulations was not solely a result of enforcement and threat of sanction but also the perceived salience of international customers. This can be explained by the fact that, even though local environmental regulations were made stricter with revised provisions, the legal enforcement system was not working efficiently (Do, Huang & McMurray, 2016), leaving the law-enforcing role to the international customers demanded compliance with local laws.

However, the differences in environmental practices, strategies and performances can be attributed to key motivations, managerial perceptions, the influence of their ownership types, slack resources and stages of business development.

First, the three cases exhibited different motivations to environmental management. In case of the SOE, GC1, in addition to the need to gain legitimacy and a licence to operate from its stakeholders (the State and customers), gaining a more competitive advantage and visibility by international buyers were key motivations for its proactive environmental practices. Moreover, the interviewed managers had a strong business case and a high-level of commitment to

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**Table 6.6: Cross-case Comparison: Antecedents to Environmental Practices**

<table>
<thead>
<tr>
<th>Items</th>
<th>GC1</th>
<th>GC2</th>
<th>GC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Posture</td>
<td>Proactive</td>
<td>Accommodative</td>
<td>Defensive</td>
</tr>
<tr>
<td>Key motivations</td>
<td>Legitimacy,</td>
<td>Legitimacy,</td>
<td>Legitimacy</td>
</tr>
<tr>
<td></td>
<td>business</td>
<td>business</td>
<td></td>
</tr>
<tr>
<td></td>
<td>efficiency,</td>
<td>efficiency</td>
<td></td>
</tr>
<tr>
<td></td>
<td>competitiveness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulatory pressure</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Stakeholder (owner) pressure</td>
<td>Significant</td>
<td>Significant</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Customer pressure</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Slack resources</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Stage of business development</td>
<td>Growth</td>
<td>Growth</td>
<td>Development</td>
</tr>
<tr>
<td>Manager perceptions</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
</tbody>
</table>
environmental management through an explicit and substantial approach in response to issues of societal interest (like an efficient use of resources and beyond-compliance initiatives to minimise externalities). However, in the case of GC2, the motive to obtain internal legitimacy from its corporate parent by abiding with compliance values and external legitimacy from international buyers seemed to explain its accommodative approach that featured strict compliance with local regulations. Conversely, GC3 only adopted symbolic practices as means to appear legitimate to customers.

Second, the cross-case comparison (Table 6.6) also indicates that the ownership structure, size, slack resources and stage of business development could explain the distinctions in environmental practices by the garment companies. As compared with GC1 and GC2, GC3 was smaller in size, owned by individuals without any corporate governance structure and had resources constraints in its early development stage. Furthermore, its environmental performance level was modest with certification of compliance with local regulations but without an environmental system in place, thus suggesting decoupling practices. Conversely, in the other two large companies under the governance structure of corporate parents, their environmental practices were observed to be more substantial in terms of investment, resource allocation, reporting and structure, as discussed in the previous sections. Moreover, while GC3 was in its early stage of development and had limited financial and nonfinancial resources for CSR, the other two companies were in their growth stage and had more inclination to invest in environmental initiatives.

6.4.2 Labour Practices: Strategies, Performance and Influencing Factors

6.4.2.1 Strategies and Performance

The cross-case analysis reveals some similarities and differences in labour practices, strategies, and performances. As indicated by Figure 6.8 above all three cases accorded most attention and focus to labour issues and performed well beyond legal requirements Table 6.7 and Figure 6.10 demonstrate various aspects of labour practices.
They suggest that all garment case studies adopted informal and implicit practices in response to social norms; demonstrated a clear commitment to internal human-resource functions; and maintained internal communication and participation of employees via the trade union. An implicit type of CSR was observed in all companies including informal arrangements like living wages, employee entitlements, employee financial and nonfinancial support, bonuses and family-related leaves. Also, they also exhibited a growing awareness of the importance of employees to business success and positive management support.

Table 6.7: Cross-case Comparison: Strategies and Performance of Labour Practices

<table>
<thead>
<tr>
<th>Items</th>
<th>GC1</th>
<th>GC2</th>
<th>GC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Posture</td>
<td>Proactive</td>
<td>Accommodative</td>
<td>Accommodative</td>
</tr>
<tr>
<td>Forms and Focus</td>
<td>Implicit; Explicit/Strategic</td>
<td>Implicit/Informal</td>
<td>Implicit/Informal</td>
</tr>
<tr>
<td>CSR awareness</td>
<td>Sustainable development</td>
<td>Instrumental value of employees</td>
<td>Instrumental value of employees</td>
</tr>
<tr>
<td>Top management support</td>
<td>Sound commitment</td>
<td>Commitment</td>
<td>Commitment</td>
</tr>
<tr>
<td>Performance objectives</td>
<td>Social expectations</td>
<td>Social norms &amp; regulatory requirements</td>
<td>Social norms &amp; regulatory requirements</td>
</tr>
<tr>
<td>Communication</td>
<td>Mostly internal; limited external</td>
<td>Internal</td>
<td>Internal</td>
</tr>
<tr>
<td>Stakeholders relationship</td>
<td>Employee participation, trade union</td>
<td>Interactive via trade union</td>
<td>Interactive via trade union</td>
</tr>
<tr>
<td>Structuring of initiatives</td>
<td>Functional System</td>
<td>Functional ; Policies</td>
<td>Functional ; Policies</td>
</tr>
</tbody>
</table>

Figure 6.10: Cross-case Comparison: Strategies and Performance of Labour Activities
However, the cross-case analysis shows several differences between SOE and non-SOE companies and between large and institutionally-owned companies (GC1 and GC2) with SME and the individually-owned company (GC3), as depicted in Figure 6.10. For example, SOE GC1 embraced a proactive strategy in the labour category, showed greater commitment with strategic human-resource planning and corporate values of human capital in sustainable development, and adopted various explicit labour initiatives to cater to social and cultural norms and employee expectations. Conversely, the non-SOEs, GC2 and GC3, adopted an accommodative approach without integrating labour issues in company strategic planning, and performance objectives were mainly responsive to local legal requirements and social norms. Similarly, the large and institutionally-owned companies (GC1 and GC2) appeared to have more structured labour activities than the privately-owned GC3. For example, the former were successful in initiating the active participation of employees in building a corporate culture that fostered OHS and efficient use of resources, as well as a functional division to look after labour issues in collaboration with the trade union; whereas, in case of GC3, there was limited employee participation and structure to implement labour initiatives.

6.4.2.2 Key Drivers and Influencing Factors

The commonalities in labour practices could be explained by the fact that the three cases were subject to the influence of similar factors, as summarised in Table 6.8.
Table 6.8: Cross-case Comparison: Antecedents to Labour Practices

<table>
<thead>
<tr>
<th>Item</th>
<th>GC1</th>
<th>GC2</th>
<th>GC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Posture</td>
<td>Proactive</td>
<td>Accommodative</td>
<td>Accommodative</td>
</tr>
<tr>
<td>Key motivations</td>
<td>Legitimacy; business efficiency; competitiveness</td>
<td>Legitimacy; business efficiency</td>
<td>Legitimacy; business efficiency</td>
</tr>
<tr>
<td>Regulations</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Social norms and political legacy</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Stakeholder pressures</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Company strategy and values</td>
<td>Significant</td>
<td>Insignificant</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Manager perceptions &amp; values</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Stage of business development</td>
<td>Significant</td>
<td>Insignificant</td>
<td>Significant</td>
</tr>
</tbody>
</table>

This shows that institutional factors (regulatory pressure, social norms and political ideology), customer pressures and leader perceptions were cited as the significant factors that shaped corporate labour practices across the three cases. On the one hand, this lends support to the current discourse on the influence of international customers in pushing companies to demonstrate compliance with local regulations to be part of the global-supply chain (Yu, 2008). On the other hand, the three cases highlighted the new findings on the influence of the political ideology in shaping CSR practices. Particularly, the socialist ideology and the political agenda were found to determine manager conceptualisation of the responsibilities of business to the society as well as priority issues when addressing the CSR agenda.

A new theme that emerged from the analysis of the garment cases is the influence of the CEO’s social background on the CSR approach. More than half the participants interviewed believed that the CEO’s social background (their personal life experience, political background and cultural values) influenced their personal values, beliefs and perceptions of CSR. In this regard, GC3’s M2 stated that the CEO who moved up from the position of a worker did identify himself with employees and considered it a priority to improve work-life quality.
The variations in labour practices, strategies and performance can be attributed to organisational motivations and characteristics (ownership, resources, and stage of development) explicated in the following sections.

First, the differences in strategic postures to labour issues can be attributed to the organisational motivation and top management perceptions. While GC1’s key motive in labour practices was to improve business efficiency, visibility to international customer and competitive advantage, GC2 and GC3’s engagement in labour initiatives was mostly to obtain social legitimacy and productivity. This explains why GC1 adopted a proactive posture to labour practices with the management philosophy of ‘doing what we can’ to take care of employees by staying responsive to their real-life needs, whereas GC2 and GC3 focused more on living wages and other employee entitlements.

Second, as demonstrated in Table 6.8, it was the organisational factors (ownership, resources and development stages) that helped explain the distinctions in labour practices in the cases studied. Table 6.8 also indicates that labour practices were mainly influenced by company ownership type, resources and stages of business development. For example, case GC3, in an early stage of development, showed that most of its labour practices were not formalised and included informal arrangements (living wages, non-performance bonuses, employee sport, recreation and holiday entitlement and family-related leaves) to support the financial needs of employees and their families, while not much attention was paid to employee development. However, GC1 and GC2, given their established market position and positive financial performance had slack resources to extend more benefits to employees (family insurance policies and maternal care programmes) and addressed more issues of social interest (employee social life, career growth and development). In other words, the findings from these three cases suggest that stages of business development and financial performance in each stage can moderate funding for labour initiatives.

Overall, SOE companies exhibit a better performance of labour practices regarding organisational support and commitment, resource allocation and positive stakeholder relations with high-levels of employee communication and participation as well as a strong employee-centred corporate culture and international benchmarking. However, the POE’s labour practices featured informal initiatives with poor functionality of the trade union since most decisions on labour issues were made by top management without a proper negotiation between management and the union. Moreover, the latter was supposed to be an independent body to protect employee rights and interests. This case reflects Yu (2008, p. 513) discussion about the reality in developing-country contexts where employee-elected trade union operated more like a ‘company union’ rather than an autonomous organisation representing worker interests.
6.4.3 Social Practices: Strategies, Performance and Influencing Factors

6.4.3.1 Strategies and Performance

Common to all the garment industry cases is that social activities were given the least attention, as indicated in Figure 6.8 above. A further cross-case comparison of the strategic posture and performance of social practices is presented in Table 6.9 and depicted in Figure 6.11. It is shown that all three cases demonstrated a defensive posture to social issues, manifested in their conceptualisation, management support and their reporting practices.

Table 6.9: Cross-case Comparison: Strategies and Performance of Social Practices

<table>
<thead>
<tr>
<th>Items</th>
<th>GC1</th>
<th>GC2</th>
<th>GC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Posture</td>
<td>Accommodative</td>
<td>Defensive</td>
<td>Defensive</td>
</tr>
<tr>
<td>Forms/Focus</td>
<td>Implicit &amp; Informal</td>
<td>Implicit &amp; Informal</td>
<td>Implicit &amp; Informal</td>
</tr>
<tr>
<td>CSR awareness</td>
<td>CSR as cultural norm</td>
<td>CSR as cultural norm</td>
<td>CSR as cultural norm</td>
</tr>
<tr>
<td>Top management support</td>
<td>Fair commitment</td>
<td>Fair involvement</td>
<td>Fair involvement</td>
</tr>
<tr>
<td>Performance objectives</td>
<td>Social norms and institutional requests</td>
<td>Social norms and institutional requests</td>
<td>Social norms and institutional requests</td>
</tr>
<tr>
<td>Transparency &amp; reporting</td>
<td>Limited disclosure</td>
<td>Limited disclosure</td>
<td>Limited disclosure</td>
</tr>
<tr>
<td>Stakeholders relationship</td>
<td>Unilateral</td>
<td>Unilateral/</td>
<td>Unilateral</td>
</tr>
<tr>
<td>Structuring of initiatives</td>
<td>Activities</td>
<td>Activities</td>
<td>Activities</td>
</tr>
</tbody>
</table>
It is common in all three cases that local authorities or organisations initiated donations, and companies responded to such requests to the extent their resources permitted. This reactive approach was also observed in other developing countries (Srisuphaolarn, 2013). Particularly, all of the cases exhibited some form of implicit CSR through philanthropic contributions to disadvantaged groups (the poor, the weak, the vulnerable), in line with State guidelines on improving social welfare. Particularly, there is no evidence of the explicit CSR by the three companies in the way they used voluntary programmes and strategies to address social issues by combining social and business values. Most reported social activities were responses to social issues (poverty, disability, vulnerability) in the form of monetary contributions or in-kind and were initiated by local NGOs or local government bodies. Moreover, they did not take ownership of social initiatives or have external reporting on social activities. Overall, they were responsive to institutional requests from local government or NGOs to contribute to social initiatives.

6.4.3.2 Key Drivers and Influencing Factors

The commonalities of social practices could be attributed to the influence of social and cultural norms and the leader perceptions which were defined as factors that shaped the focus and forms of social activities across the three cases. This confirms previous studies on the institutional influence on social initiatives (Bowen, Newenham-Kahindi, & Herremans, 2010; Marquis, Glynn, & Davis, 2007). All the three cases showed how they responded to pressures to conform to social norms of lending support to disadvantaged groups and contribute to local social welfare. Also, the findings from the three cases also suggest that the level of commitment to social initiatives were largely dependent on the top manager perceptions to care for critical stakeholders. As in cases GC1 and GC3, top management referred to their top priority as the
‘close community’, which comprised their employees and families, when explaining why responsibility to the society/community was secondary and received less attention. Similarly, social practices at GC2 can be associated with management perceptions of social practices as an ethical duty to care for employee first, then fulfil other social obligations and expectations. Moreover, there are no legal or institutional regulations that govern social activities (Bilowol & Doan, 2015) and the local community was not defined as critical to company survival and success.

However, there is some noticeable distinction between SOE (GC1) and non-SEOs (GC2 and GC3). Specifically, the SOE company had funds and regular philanthropic activities while the other companies’ social activities were on an ad-hoc basis. This difference can be explained regarding motivation for social engagement. While GC1 started to realise that engagement in social activities could earn recognition and preference from local authorities and Western customers who were ‘CSR-savvy’, the other two companies did not see benefits arising from such donations, but as merely a response to social expectations.

Moreover, the level of commitment in corporate community programmes was observed to be influenced by various stages of company business development and slack resources also discussed in the single-case sections above. For example, GC1 which was in growth stage had more funds for social activities while GC1 in its early growth stages had resource constraints.

Table 6.10  : Cross-case Comparison: Antecedents to Social Issues

<table>
<thead>
<tr>
<th>Items</th>
<th>GC1</th>
<th>GC2</th>
<th>GC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Posture</td>
<td>Accommodative</td>
<td>Defensive</td>
<td>Defensive</td>
</tr>
<tr>
<td>Forms/Focus</td>
<td>Implicit &amp; Informal</td>
<td>Implicit &amp; Informal</td>
<td>Implicit &amp; Informal</td>
</tr>
<tr>
<td>Key motivations</td>
<td>Social legitimacy;</td>
<td>Social legitimacy</td>
<td>Social legitimacy</td>
</tr>
<tr>
<td></td>
<td>commercial benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social norms</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Company strategy &amp; values</td>
<td>Insignificant</td>
<td>Insignificant</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Stages of development</td>
<td>Significant</td>
<td>Significant</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Manager perceptions &amp; values</td>
<td>Significant</td>
<td>Significant</td>
<td>Significant</td>
</tr>
</tbody>
</table>
Overall, the findings from these three cases indicate that SOE performed better than the foreign and the privately-owned companies in that it had more management support, committed resources and developed policies for social activities, as depicted in Table 6.10. However, the three companies were similar in how they set performance objectives, reporting and coordination of social activities. This finding suggests that social activities in the garment industry feature ad-hoc and discretionary approaches to social activities with low levels of formalisation and limited reporting.

6.5 Cross-case Discussion

The cross-case analysis shows that common to all cases, more attention has been paid to internally-focused CSR (labour category) than externally-focused (social) CSR. This employee-oriented CSR approach could be attributed to the manager perceptions of the instrumental value of proactive labour strategies to employee engagement and commitment which leads to improved organisational efficiency and performance. The extant literature has validated the relationship between employee engagement and commitment with organisational effectiveness, which is of great interest to employers (Harter, Schmidt, & Hayes, 2002; Vandenberghhe, Bentein, & Stinglhamber, 2004). Moreover, recent studies also suggest evidence of how CSR, especially labour practices, enhance employee engagement (Lin, 2010; Smith & Langford, 2011). Furthermore, this approach also reflects the normative pressure to adopt good labour practices in the context of the garment industry in developing-country contexts. First, rampant misconducts relating to human rights, working conditions, wages and compensation has recently put the industry under the scrutiny of NGOs, civil society and social and mass media (Brown, 2017). Moreover, labour practices also suggest the influence of government stakeholder CSR conceptualisation with a clear focus on labour and the political ideology of long-held socialist practices (Tran & Jeppesen, 2016). Particularly, while the companies took a more proactive approach to labour, they were quite defensive and reactive in environmental and social issues. Moreover, all companies studied go beyond what is required in the labour code and appear to be responsive to employee issues. This finding lends support to evolving CSR practices in developing countries (McNamara, Carapinha, Pitt-Catsouphes, Valcour, & Lobel, 2017). Nevertheless, the findings are inconsistent with the body of literature on the primary concerns of labour practices in developing-country garment industries (White et al., 2017), especially among SMEs. These distinctions could be explained by institutional and stakeholder pressures relating to size and ownership type as well as management perceptions are important in driving proactively. The findings can also be attributed partly to the cases selected, which is one of the limitations of this thesis discussed in Chapter 8.
International buyers were identified as a significant driver of CSR engagement in the Vietnamese garment industry. This reinforces Yin and Zhang’s (2012) argument that in developing countries, international customers are the salient stakeholder group which pressure companies adopt CSR initiatives. Given the comprehensive legal systems but inefficient enforcement mechanisms in the Vietnamese institutional environment, pressure from global buyers was found to trigger social compliance by garment companies to gain social legitimacy and access to international markets. This collaborates Lee (2011) position on the interaction of different forces in shaping CSR initiatives. All interviewed executives from the companies studied stressed the pressure of social compliance from international buyers through their imposed CoCs which provided for compliance with locally applicable regulations and global customers’ environmental and labour requirements. Moreover, the cases also extended the discussion on the influence of international buyers through CoCs on the development of internal processes and capabilities in CSR implementation. As evidenced by cases GC1 and GC2, the buyers’ CoCs served as the guidelines for system building and formalisation and improvement of labour and environmental management processes and procedures due to their relevance and specificity. This is in line with recent discourse on how international buyers work with suppliers to improve CSR practices (Dickson & Chang, 2015). It is acknowledged that recent studies evidence the failure of CoCs in a developing-country context (Brown, 2017; Hoang & Jones, 2012) and a concern that managers may be too focused on symbolic practices to meet minimal requirements and certification rather than substantial CSR adoption (Tenbrunsel, Wade-Benzoni, Messick, & Bazerman, 2000). Cases GC1 and 2 suggest substantial CSR engagement is primarily associated with managements’ ethical values and perceptions of the business case for CSR engagement as well as significant involvement and support from international buyers in addition to multi-stakeholder commitment, as recommended by Hoang and Jones (2012).

The findings reveal that managers had a narrow perception of the role of business in society, which then helps explain their modest engagement in social activities. In this regard, Pedersen (2010) holds that understanding what managers actually perceive about business roles and the possible gap between company CSR behaviours and stakeholders. In all three cases, the interviewed executives mentioned their first and foremost responsibility was to the ‘closer community’, which refers to the employees and their families before the general community. In other words, taking care of the employees and their family members in financial and nonfinancial terms are the priority over social issues. This finding provides empirical evidence to support Schwartz (2007, p. 713) discussion on moral values with benevolence as concern for ‘those who are close to us, those with whom we frequently interact and/or identify’ (benevolent CSR) and universalism as a concern for all of humankind (universalist CSR). The benevolent
CSR perception could help explain why garment companies adopted internally-focused CSR with internal communication and limited externally-focused CSR initiatives, low responsiveness to, and ownership of social activities as discussed above. Given the nature of CSR practices in the garment industry, CSR critics may relate it to the position that current CSR is weak regarding the social impact companies are expected to produce, and the extent of their engagement in addressing social issues like poverty and climate change. However, it can be argued that with limited resources, capability and the absence of enabling mechanisms, there is a limit to what good companies can do and do well (Bobby Banerjee, 2014).

6.6 Summary of Cross-case Analysis and Findings

The cross-case analysis provided a discussion on the similarities and differences in antecedents, strategies and performance of CSR practices across three garment companies. While all cases demonstrated most attention to labour issues and least attention to social issues, there is variation in the level of engagement in environmental activities across ownership types due to institutional and stakeholder pressures and manager values and perceptions.

In the environment aspect, the SOE case, GC1 had a proactive strategy in the environmental category, the FOE, GC2, showed an accommodative approach with strict compliance with legal requirements, whereas the POE, GC3, only took a defensive posture with symbolic compliance. The distinction in environmental strategies and practices could be attributed to the manager perceptions and levels of stakeholder pressure, mostly from international buyers and corporate parents. It was also found that gaining legitimacy and licence to operate appears to be the key motives for compliance performance while improving business efficiency and competitiveness was driving a more proactive stance beyond legal requirements.

In the labour aspect, similar strategies (mostly beyond compliance) and labour practices (both implicit and explicit) reflect the combined effect of formal and informal institutions, customer pressures and manager perceptions. However, the cross-case analysis also indicated some difference in internal capability for execution of labour activities between the SOE, FOE and POE cases. While the former two had formalised labour policies and developed internal HR functions, the private company maintained an informal structure for labour practices.

The modest performance in social activities was observed in all garment companies. Philanthropic contributions upon request were common among these companies and were not communicated externally. This type of implicit and silent practice suggests an imprint of national cultural values. Furthermore, it also reflects limited stakeholder pressure and top management perceptions.
This chapter identified several influencing factors on CSR performance. They include stages of business development, slack resources, and ownership types.
CHAPTER SEVEN

CROSS-INDUSTRY ANALYSIS AND FINDINGS

7.0 Introduction

This chapter has two objectives. First, it addresses the primary research question and sub-questions of the thesis based on the integration and summary of the analyses of the six case studies. Second, it explicates the similarities and differences in CSR practices, strategies and motivations between the two industries and thus focuses on the impact of industry characteristics, including industry structure, lifecycle, and macro-environment on CSR practices. The thesis findings and analyses were based on data collected from the thirty-nine (39) interviews with twenty-eight (28) senior managers of six companies and supplemented with secondary data from the companies’ reports, official websites and interviews with the industry experts including UNIDO CSR delegate, the ex-chairman of VITAS and senior managers from Better Work (a collaboration between the ILO and IFC) and VBCSD.

Figure 7.1 below presents the theme map of CSR practices in the two industries generated from the NVivo 10 analysis with colour coding for similarities and differences. Overall, while the industries share some commonalities in labour and environmental practices and strategies and influencing factors on CSR performance, there are variations in social strategies and implementation as well as perceived important stakeholders. The following sections elaborate these points.
The analyses of the six cases address the first sub-research question of this thesis: What are the current CSR practices and strategies adopted by Vietnamese garment and food companies. It reveals different practices (implicit and either or explicit CSR) and strategic postures (defensive, accommodative or proactive) and internal implementation capabilities by the companies studied in three CSR aspects (labour, environment and society). Specifically, the findings identify that the companies both industries share principal similarities in environmental and labour categories but not in the social category.

In the labour aspect, all six companies studied appeared similar because they all go beyond legal compliance as they moved from doing ‘what is required by law’ (implicit and formal CSR) to ‘doing what is right’ in response to social norms and expectations (implicit and informal CSR and explicit CSR). Table 7.1 provides a summary of CSR strategies and performance in the labour category across cases and between industries.

Figure 7.1: CSR Practices: Cross-industry Comparison

7.1 CSR Practices, Strategies and Performance across the Industries
Table 7.1 : Labour Strategies and Performance across Cases and Industries

<table>
<thead>
<tr>
<th>Items</th>
<th>FC1</th>
<th>FC2</th>
<th>FC3</th>
<th>GC1</th>
<th>GC2</th>
<th>GC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Posture</td>
<td>Proactive</td>
<td>Accommodative</td>
<td>Accommodative</td>
<td>Proactive</td>
<td>Accommodative</td>
<td>Accommodative</td>
</tr>
<tr>
<td>Forms and Focus</td>
<td>Explicit; Formal</td>
<td>Implicit/Informal</td>
<td>Implicit/Informal</td>
<td>Implicit; Explicit &amp; Informal</td>
<td>Implicit &amp; Informal</td>
<td></td>
</tr>
<tr>
<td>CSR awareness</td>
<td>Sustainable development</td>
<td>Instrumental value of employees</td>
<td>Instrumental value of employees</td>
<td>Sustainable development</td>
<td>Instrumental value of employees</td>
<td>Instrumental value of employees</td>
</tr>
<tr>
<td>Top management support</td>
<td>Sound commitment</td>
<td>Fair commitment</td>
<td>Fair commitment</td>
<td>Sound commitment &amp; Commitment</td>
<td>Commitment</td>
<td></td>
</tr>
<tr>
<td>Performance objectives</td>
<td>International benchmarking</td>
<td>Social norms &amp; regulatory requirements</td>
<td>Social norms &amp; regulatory requirements</td>
<td>Social expectations</td>
<td>Social norms &amp; regulatory requirements</td>
<td>Social norms &amp; regulatory requirements</td>
</tr>
<tr>
<td>Communication</td>
<td>Mostly internal</td>
<td>Internal</td>
<td>Internal</td>
<td>Mostly internal; limited external</td>
<td>Internal</td>
<td>Internal</td>
</tr>
<tr>
<td>Stakeholders engagement</td>
<td>Collaborative</td>
<td>Interactive via trade union</td>
<td>Interactive via trade union</td>
<td>Employee participation, trade union</td>
<td>Interactive via trade union</td>
<td>Interactive via trade union</td>
</tr>
<tr>
<td>Structuring of CSR initiatives</td>
<td>System</td>
<td>Functional</td>
<td>Functional</td>
<td>System</td>
<td>Functional ; Policies</td>
<td>Functional ; Policies</td>
</tr>
</tbody>
</table>

Specifically, four of the local companies (FC2, FC3, GC2, GC3) took an accommodative approach with informal arrangements and practices in response to strong social norms and concerns such as wages, employee entitlements, insurance schemes and family support (implicit CSR) and several labour initiatives relating to working conditions and employee skill development (explicit CSR). Also, even though the four cases showed strong management support, internal communication and reports, the role of trade unions, and employee participation were not evidenced. Notably, there was evidence of two proactive companies (GC1 and FC1) who showed strong top management support through strategic planning for human development and empowerment, extensive communication and employee participation, and engagement in various explicit CSR practices that addressed social expectations like initiatives to improve employee wellbeing, ownership and empowerment.

Similarly, in the environment category, four case companies across the two industries developed a limited approach to meet minimum legal requirements. Table 7.2 provides a summary of CSR strategies and performance in the environment category across cases and industry. Four companies (FC2, FC3, GC2 and GC3) adopted defensive strategies and a legal compliance approach. These companies showed a limited awareness of environmental management functions; management support limited to waste management or the environmental impact from their operations and legal disclosure requirements to gain legitimacy and avoid penalties. Also, their practices represented an implicit and formal approach to the environment. However, there was also a sign of good environmental practices by FC1 and GC1. These two companies’ proactive strategies in environmental management were manifested by strategic planning and top management support for environmental initiatives aimed at value creation, business efficiency and competitive advantage. Their environmental programmes involved efficient usage of
resources, waste treatment and minimisation of environmental impact, with good internal communication and involvement of employees and development of control systems. In the case of FC1, its environmental initiatives were extended beyond internal operations to the local community with programmes to raise environmental knowledge and practices.

These findings are consistent with the observations of the interviewed experts on CSR trends, as expressed by UNIDO CSR delegates, ‘Regarding the prevalent CSR practices, I would say the majority of the local companies are doing at the compliance level’. On the similar note, the VBCSD official commented that ‘most of the firms are at the accepted level, more regarding responsible business practices’.

Table 7.2: Environmental Strategies and Performance across Cases and Industries.

<table>
<thead>
<tr>
<th>Items</th>
<th>FC1</th>
<th>FC2</th>
<th>FC3</th>
<th>GC1</th>
<th>GC2</th>
<th>GC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Posture</td>
<td>Proactive</td>
<td>Defensive</td>
<td>Defensive (loose coupling)</td>
<td>Proactive</td>
<td>Accommodative</td>
<td>Defensive/Symbolic</td>
</tr>
<tr>
<td>Form</td>
<td>Explicit; Formal; Strategic</td>
<td>Implicit &amp; Formal</td>
<td>Implicit &amp; Formal</td>
<td>Explicit &amp; Formal</td>
<td>Implicit/Formal</td>
<td>Implicit/Formal</td>
</tr>
<tr>
<td>CSR awareness</td>
<td>Sustainable development, competitiveness</td>
<td>Environment related to product attributes</td>
<td>Limited awareness of CSR related advantages</td>
<td>Awareness of CSR related advantages</td>
<td>Window dressing</td>
<td></td>
</tr>
<tr>
<td>Top management support</td>
<td>Sound commitment</td>
<td>Fair commitment</td>
<td>Involvement in theory</td>
<td>Sound commitment</td>
<td>Commitment</td>
<td>Piecemeal involvement</td>
</tr>
<tr>
<td>Performance objectives</td>
<td>Sustainable business leverage</td>
<td>Regulatory requirements</td>
<td>Regulatory requirements</td>
<td>International standards</td>
<td>Regulatory requirements</td>
<td>Regulatory requirements</td>
</tr>
<tr>
<td>Communication</td>
<td>External &amp; internal communication</td>
<td>Legal disclosure</td>
<td>Legal disclosure</td>
<td>Internal communication; legal disclosure</td>
<td>Legal disclosure</td>
<td>Legal disclosure</td>
</tr>
<tr>
<td>Stakeholders engagement</td>
<td>Collaborative</td>
<td>Unilateral</td>
<td>Unilateral</td>
<td>Collaborative</td>
<td>Unilateral</td>
<td>Unilateral</td>
</tr>
<tr>
<td>Structuring of CSR initiatives</td>
<td>Business model</td>
<td>Functional</td>
<td>Functional</td>
<td>Programs</td>
<td>Functional; Policies</td>
<td>Functional Activities</td>
</tr>
</tbody>
</table>

Concerning the third CSR aspect of social practice, there were remarkable differences in CSR practices and strategies between the two industries. Table 7.3 provides a summary of CSR strategies and performance in social category across cases and industry. While the food companies exhibited either a proactive strategy (FC1 and FC2) or accommodative strategy (FC3) to social issues through community engagement programmes, the garment firms showed limited response and reactive stance to social issues. Particularly, the two proactive adopters had strong top management commitment and strategic alignment, extensive communication and stakeholder involvement in social programmes. However, the other companies, especially in the garment sector took a defensive posture with little ownership of social activities, mostly featuring philanthropic contributions in response to requests from local organisations. Also, there was no separate division to take charge of social activities or external communication on these social issues.
Overall, the analysis of CSR strategies and performance in the two industries reveal that the strategic posture and organisational performance of CSR are quite similar in the labour and environmental categories yet different in the social aspect.

7.2 Antecedents of CSR: Motivations and Influencing Factors

This section aims to answer the second sub-research questions of the thesis: ‘What are the motivations at institutional, organisational and individual levels for Vietnamese companies to adopt CSR practices?’ and explicates differences between the two industries. It also discusses the similarities and differences regarding antecedents for CSR between the industries.

7.2.1 Institutional Pressure

This section examines the institutional pressures on the adoption of CSR by the six local companies. Figure 7.2 shows the thematic analysis model for institutional pressures on the uptake of CSR, whereby the three themes of regulatory pressures, social pressures and competitive pressures were investigated.
Figure 7.2: Institutional Pressures: Thematic Analysis Model

The matrix coding from the NVivo as shown in Table 7.4 revealed three main themes emerging from the interviews with the executive managers of the six companies studied.

Table 7.4: Institutional Pressure on CSR Adoption Using NVivo Matrix Coding

<table>
<thead>
<tr>
<th></th>
<th>Garment industry (15 sources)</th>
<th>Food industry (25 sources)</th>
<th>All cases (39 sources)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional pressure</td>
<td>Citing references</td>
<td>Citing sources (%)</td>
<td>Citing references</td>
</tr>
<tr>
<td>Competitive pressures</td>
<td>36</td>
<td>7 (47%)</td>
<td>31</td>
</tr>
<tr>
<td>Regulatory pressures</td>
<td>50</td>
<td>14 (93%)</td>
<td>61</td>
</tr>
<tr>
<td>Social pressures</td>
<td>30</td>
<td>10 (67%)</td>
<td>50</td>
</tr>
</tbody>
</table>

It is clear that regulatory pressures were identified as the determining factor for the initial adoption of CSR practices in both industries. The analyses showed that most participants interviewed perceived coercive isomorphic pressure from regulatory bodies that could initially direct company engagement in CSR. They mentioned several applicable laws of the Labour Code, Trade Union Law, Social Insurance Laws and Vietnamese Standards as the regulating framework for current business activities. Moreover, compliance with the local laws was cited by the participants to gain legitimacy and licence to operate. It is clear both industries were subject
to similar legal frameworks, except that the food industry had to comply with additional legislation on product responsibility.

Also, a new theme emerging from the analysis suggests that regulatory pressure only triggered a defensive approach and served as the driving factor for initial adoption rather than the development of CSR practices over time. As indicated in all cases, the companies tended to adopt implicit CSR in the light of the regulatory pressures, yet mentioned other factors associated with higher CSR engagement, as per the following example:

\[
\text{While State regulations form the minimum requirement, it is the company strategies and direction that shapes practices aimed at motivating employees, taking care of their real-life needs and the social trends of a progressive society. (GC1 M1).}
\]

The findings on the role of regulation from interviews with the managers in both industries are consistent with industry expert views. In this regard, the ex-chairman of the Vietnam Garment Association stated:

\[
\text{The key component of CSR is about labour and all labour issues are well provided for in the Labour Code of Vietnam. Of course, the State laws govern all business practices in labour and likewise the environment. Compliance with applicable regulations is a must, but not the destination for many CSR-embracing companies. (EXP2)}
\]

In both industries, competitive pressures were only cited by less than half the participants, which suggests that competitive pressure has some influence on CSR practices but not the driving force. Specifically, some participants from the garment companies mentioned that learning best practices from other companies could enhance CSR visibility and thus gain access to resources and customers. Similarly, several food managers mentioned that competitor CSR practices might provide some reference point in drafting their CSR initiatives, but none mentioned this was the primary pressure for CSR uptake.

Similarly, social pressures were cited as a determinant factor by most of the interviewed managers in both industries. The six case analyses provided consistent evidence of company responses to strong political and cultural expectations and social norms about living wages, employee welfare and philanthropic contributions. Particularly, the interviewed executive managers mentioned the need to observe ‘unwritten rules’ by adopting informal arrangements to support employees. Social pressure was heightened as the result of broad coverage of labour issues in the media and prioritised by the working agendas of State and social organisations. In addition to social expectations of business responsibilities toward employees, the food companies exhibited higher levels of social pressure and motivation to gain social legitimacy and
support. Particularly, managers from large food companies (FC1 and FC2) highlighted the rising power of social media in influencing public opinion. This subtle variation can be attributed to different market orientations between the two industries. While the food industry focused more on the domestic market and paid more attention to the local community and the public, the garment industry was primarily export-oriented. On a similar note, the UNIDO CSR expert also commented on the role of the internet and social media on CSR uptake, ‘I don’t see much role of the traditional mass media on CSR, but admit that the internet and social media have gradually changed the role of the public in pushing companies to take on responsible business practices’. (EXP1)

Overall while regulations and competition exert similar pressures on the CSR practices by companies in both industries, there is some variation regarding social pressure, which could shape different social practices between the food and garment industries. Apart from institutional pressures, the analyses of the six cases also reveal other driving factors at the organisational and individual levels, elaborated in the following sections.

### 7.2.2 Organisation-level Factors

This subsection examines organisation-level factors influencing the adoption of CSR in the garment and food industries and identifies similar or different CSR drivers and influencers across industries. Figure 7.3 represents a thematic analysis model of common organisational themes that impacted CSR engagement. The following discussions focus on the main organisational factors that drive CSR engagement (stakeholder pressures, corporate values and corporate strategies) and other influencing factors.

**Figure 7.3**: Organisation-level Determinants of CSR Adoption: Thematic Analysis Model

**Stakeholder pressure**

The analyses of the six cases indicate the influences of different significant stakeholders in the two industries. Table 7.5 provides a summary of the three main themes and subthemes identified
in interviews with the executive managers of the six companies using the matrix coding from the NVivo analysis.

The common findings between the two industries are that the vast majority of participants identified that key stakeholders were a major driving force for CSR adoption and improvement. Particularly, customers and employees were perceived salient stakeholders as a result of their instrumental value to operational efficiency and company performance. For example, all interviewed managers highlighted the indispensable roles of employees and the centrality of this stakeholder group in their CSR actions and programmes. Also, in the case of FOEs (FC1 and GC2), corporate parents significantly influenced subsidiaries’ CSR engagement. Apart from these commonalities, there is a clear distinction between critical stakeholders as defined by the two industries.

Table 7.5 : Stakeholder Pressures on CSR Adoption

<table>
<thead>
<tr>
<th>Institutional pressure</th>
<th>Garment industry (15 sources)</th>
<th>Food industry (25 sources)</th>
<th>All cases (39 sources)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Citing references</td>
<td>Citing sources (%)</td>
<td>Citing references</td>
</tr>
<tr>
<td>Customers</td>
<td>47</td>
<td>15 (100%)</td>
<td>25</td>
</tr>
<tr>
<td>Employees</td>
<td>19</td>
<td>13 (87%)</td>
<td>41</td>
</tr>
<tr>
<td>Governments</td>
<td>11</td>
<td>5 (33%)</td>
<td>37</td>
</tr>
<tr>
<td>Local community</td>
<td>5</td>
<td>3 (20%)</td>
<td>18</td>
</tr>
<tr>
<td>Corporate parent</td>
<td>7</td>
<td>6 (40%)</td>
<td>19</td>
</tr>
<tr>
<td>Media</td>
<td>5</td>
<td>5 (36%)</td>
<td>22</td>
</tr>
</tbody>
</table>

In the garment industry, international customers were identified as critical stakeholders in enforcing legal compliance and driving the adoption of CSR initiatives. Specifically, all interviewed garment managers highlighted economic vulnerability about the failure of international buyer social compliance, as explained GC2’s M1, ‘In the garment industry when you have to face the reality of survival, you won’t get orders if you don’t embrace it.’ Also, it was noted that international buyers compliance requirements facilitated the company execution of CSR practices, particularly in the areas of working environment and OHS. This is because the customer CoCs which cover the same issues prescribed in local laws but appear to be stricter,
more specific and more appropriate, hence providing clearer instructions for better implementation:

\[
\text{In fact, initially, we could only have developed this [amount of] documentation, but then, each time the customer came with a number of requirements to be met, we had to respond to them by developing policies and procedures to implement what they proposed. That is how the company rules, regulations and policies have been formulated. (GC1 M1)}
\]

This finding is consistent with the industry expert views on the decisive effect of international buyers on CSR uptake among the local companies, as explained the VITAS ex-chairman, ‘as garment companies enter the global-supply chain, pressure from international buyers is undoubtedly direct and significant’. (EXP2)

Overall, there was an indication of external pressures from international buyers to amplify the pressure to comply with local regulation and in driving companies to be more engaged in CSR and the formalisation of CSR policies. While the influence of international buyers on CSR uptake in the garment industry has been established in the literature (Nasrullah & Rahim, 2014), a new theme emerging from the case studies was the role of international buyers in facilitating CSR implementation by garment companies in developing countries.

Conversely, in the food industry, although customers were defined as important stakeholders, they did not have direct pressure on CSR uptake due to their characteristics (individual consumers with little power). Instead, governments and the local community appear to be more influential in shaping CSR strategies. As shown in Table 6.14, about three-quarters of cited sources identified the significance of governments and local communities to company CSR performance. For example, interviewed executives from FC1 and FC2 mentioned their companies’ motivation to manage stakeholder relations with governments and local authorities as a way to get social legitimacy and improve competitiveness since these powerful stakeholders could grant access to resources or facilitate access to market through favourable policies and enhanced reputation.

The perceived influence of media is higher in the food industry than the garment industry. This can be attributed to the impact of the former on the society and the public. As the main buyers for the garment industry are international and the impact of the garment industry on the public is small, they receive less media attention.

**Company-specific factors**

The analyses of the garment and food cases reveal similar findings on the role of corporate values and strategies in shaping proactive approaches to CSR. Specifically, there is consistent
evidence on the determining effects of corporate values and strategies on proactive CSR practices across the two industries.

Corporate values underpinning corporate mission and vision statements were cited by more than half of the participants from the six case studies as a driving factor of CSR engagement. Since values have been embedded in the corporate culture or represented by the corporate identity, they tend to guide management decision making. For example, in the cases of FC1 and FC2, social responsibility or social values have been long integrated into company visions, and therefore, direct CSR decisions. Similarly, GC1 has long been influenced by socialist ideology, and employee-oriented values were identified as the driving factor of GC1’s CSR engagement, particularly labour practices.

Corporate strategy is another well-defined factor that drives companies to embark on a more proactive strategy to CSR. About three-fifths of the participants mentioned the role of corporate strategies in shaping CSR practices to help companies improve their competitiveness or to gain a competitive advantage. This is well-evidenced by the cases of FC1, FC2 and GC1. For example, FC1’s executive managers highlighted that corporate strategies in each stage of business development entailed different CSR approaches, as commented by FC1’s M2:

*Corporate strategies, as I can see, can be the most influential factor on CSR pro-activeness. While in our first stage of business establishment, CSR was basically compliance with the applicable laws, the second stage of market development involved CSR directed to enhancing operational efficiency and public awareness and support through cause-related marketing; the current stage is more about working hand-in-hand with the local community to address social issues.* (FC1 M2).

### 7.2.3 Individual Factors

This section examines individual factors influencing adoption of CSR across the two industries. Figure 7.4 shows the thematic analysis model for the top management factors that influenced CSR adoption and reveals five themes: top manager educational background, working experience, social background, ethical values and perceptions.
An investigation of individual factors through the integration of findings from the six cases and the application of NVivo matrix coding revealed similar findings on individual factors influencing CSR approaches in the two industries. Table 7.6 provides a summary of the five main themes identified in the interviews by using NVivo matrix coding.

Table 7.6: Individual Factors Influencing CSR Adoption

<table>
<thead>
<tr>
<th>Individual factors influencing CSR</th>
<th>Garment industry (15 sources)</th>
<th>Food Industry (25 sources)</th>
<th>All cases (39 sources)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citing references</td>
<td>Citing sources (%)</td>
<td>Citing references</td>
<td>Citing sources (%)</td>
</tr>
<tr>
<td>Educational background</td>
<td>6</td>
<td>5 (33%)</td>
<td>6</td>
</tr>
<tr>
<td>Manager’s ethical values</td>
<td>20</td>
<td>12 (80%)</td>
<td>22</td>
</tr>
<tr>
<td>Managerial perceptions</td>
<td>19</td>
<td>14 (93%)</td>
<td>23</td>
</tr>
<tr>
<td>Personal social background</td>
<td>9</td>
<td>8 (67%)</td>
<td>5</td>
</tr>
<tr>
<td>Working experience</td>
<td>6</td>
<td>6 (40%)</td>
<td>7</td>
</tr>
</tbody>
</table>

An important and consistent finding from the cross-industry analysis is that top management perceptions and ethical values emerged as the most cited factor influencing CSR strategies. Most participants stressed that it was the CEO’s perception of CSR-related benefits and their ethical values that shaped CSR approaches. Workforce stability, business effectiveness and efficiency, market opportunities, competitive advantage, and positive corporate image were cited as the
results of CSR engagement. In this respect, GC1 M2 stated, ‘Everything [CSR initiatives and programmes] must derive from the CEO’s perception as to what could bring actual benefits, values and enhance company reputation. ... Without embracing CSR, there would be no [GC1] today’. Similarly, there is also evidence from cases GC2, GC3, FC2, and FC3 across the two industries that the management perceptions of the importance of CSR issues could render substantial or symbolic CSR engagement. For example, GC3, whose managers associated environmental management with compliance certificates, only adopted a symbolic approach while FC2 made a more substantial investment in environmental management as it linked the environmental function with product features.

Also, about three-quarters of interviewed executives cited moral values as a key factor shaping their CSR orientation. For instance, GC3’s M1 highlighted that it was the leader’s conscience and morality that could improve interpersonal relationships and affect how they perceived CSR, ‘CSR must derive from the top management’s moral values. Without such values, CSR was a myth’. Similarly, top managers’ ethical values in cases FC2 and FC3 also provided evidence of this view, as expressed by FC2’s M3, ‘FC2’s CEO’s strong ethical values and social impact literally drive all social initiatives’.

All interviewed experts confirmed the findings on the decisive role of top management. For example, the VBCSD chairman highlighted the importance of the top management’s ethical values in guiding responsible business practices. On a similar note, UNIDO’s CSR delegate commented that ‘Managers are the key to CSR execution. There are many Doi moi (Economic Reform) billionaires who have seized the good opportunity and made a fortune from the transitional reform process. Yet, it is not easy to change their values and perceptions. The push for CSR engagement largely comes from them as they are the ones who decide how far the company will go on the CSR path’.

An unexpected finding from the case studies is that the CEO’s educational background and working experience seems to be insignificant in influencing the company’s CSR approach. In this respect, GC1’s M3 mentioned that educational degrees would not be a determining factor as people of the same generation as their CEO did not have good access to relevant educational degrees and often learnt on-the-job. Similarly, although several interviewed managers (GC1 M2, GC1 M3, and FC1 M1 and M2) stated that their experience in working with international buyers and multinational corporations allowed them to learn about CSR and the world’s best practice; the others indicated that they learnt about CSR from different media and industry associations.
7.3 Other Influencing Factors on CSR Performance

The cross-industry analysis shows consistency regarding internal factors that influence CSR performance. Particularly, while resources, size, ownership type and stage of business development were identified as influencing factors on CSR performance in both industries, the characteristics of external stakeholders were cited to have influenced CSR execution in the food industry. Table 7.7 provides a summary of factors influencing CSR performance across both industries.

Table 7.7: Factors Influencing CSR Performance

<table>
<thead>
<tr>
<th>Company-specific determinants</th>
<th>Garment industry (15 sources)</th>
<th>Food industry (25 sources)</th>
<th>All cases (39 sources)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Citing references</td>
<td>Citing sources (%)</td>
<td>Citing references</td>
</tr>
<tr>
<td>Financial resources</td>
<td>14</td>
<td>13 (87%)</td>
<td>25</td>
</tr>
<tr>
<td>Human resources</td>
<td>10</td>
<td>10 (67%)</td>
<td>19</td>
</tr>
<tr>
<td>Ownership influence</td>
<td>7</td>
<td>7 (47%)</td>
<td>18</td>
</tr>
<tr>
<td>Stage of business development</td>
<td>10</td>
<td>10 (67%)</td>
<td>23</td>
</tr>
<tr>
<td>Organisational size</td>
<td>13</td>
<td>11 (73%)</td>
<td>20</td>
</tr>
<tr>
<td>Stakeholder characteristics</td>
<td>3</td>
<td>3 (20%)</td>
<td>22</td>
</tr>
</tbody>
</table>

First, size and resources were found to impact CSR implementation. For example, three-fourths of garment managers mentioned the challenge to look after a workforce of thousands of employees and their families due to resource constraints. Specifically, financial resources were identified by all participants as one of the key factors impacting the CSR issues they could address, as explicitly stated by one manager ‘Everything you want to do involves cost. Without money, you could hardly do anything’ (GC1 M1). In this aspect, many participants stressed that resource-allocation decisions and constraints directed what and how they could do regarding different stakeholders. In addition to financial resources, nonfinancial resources (human capital...
and social capital) were also mentioned as influencing factors in both industries. FC2’s M4 stated that ‘We know that there is much more we should do to improve employee wellbeing. But with limited resources both human and non-human resources, our CSR performance is still modest’. On the same note, the UNIDO CSR expert commented that ‘You may observe some big companies with resources have adopted CSR quite actively, yet for most of the SMEs, with limited resources and capabilities, just complying with the laws has already been a challenge, not to say any CSR activities beyond legal requirements’. Also, the findings also suggest the importance of social capital (from political support) and organisational capabilities in the successful execution of social initiatives.

Second, the analyses of both industries indicate that ownership type influences CSR performance. Specifically, business owners who hold different sets of values and motivations and various levels of control impact CSR performance accordingly. For example, the cases of GC3 and FC3, two private companies, reveal minimal pressure from individual owners or foreign partners to adopt more substantial environmental practices. In fact, they did not maintain strict compliance with the regulations. Similarly, FC1 and GC2 are both FOEs but displayed different CSR profiles consistent with corporate-parent values. While FC1 took a proactive approach, GC2 remained at the compliance level. This finding was consistent with interviewed CSR experts. The BetterWork CSR auditor explained:

Not all MNCs are similar in terms of CSR performance. During my 10 years’ working experience, I have observed a number of garment companies owned by Koreans who were purely profit oriented. They did not even care about the human rights of employees. Sacking pregnant or HIV employees or those who went on strike were not rare cases at all. (EXP3)

A new theme emerging from the analysis as an influencing factor on CSR implementation is the developmental life cycle. It was revealed by both industries that each stage of the company’s life cycle meant different priorities top managers considered in resource-allocation decisions; since all CSR initiatives and programmes require both financial and nonfinancial resource-allocation. For example, GC3’s M2 explained their approach to CSR, ‘CSR is, first of all about doing good for your people, that is your employees in your internal organisation before you should go out and help others. As a recently-established company, we first have to struggle to survive and provide job security to our employees’. On the same note, FC2’s M3 also explained their defensive approach to environmental management about the company’s priority at its early development stage, ‘At our early stage of business development, the top management’s priority goes to the product and market development as well as brand awareness development. That’s
why our environmental management is still at compliance level.’ In this regard, an interviewed CSR expert also mentioned that the business development stage was an important influence:

*The majority of garment companies were still early in their business cycle, struggling to develop their internal capabilities to secure orders. Low productivity, weak production capacity and the fear of late-delivery penalty lead to longer working hours than stipulated or failure to comply with labour regulations. When they are occupied with economic survival, CSR is not thought of or done in a symbolic way.* (EXP3)

The key differences between the two industries are the influence of external stakeholders on CSR implementation which was only identified in the food industry. Since food companies were more engaged in social activities with the involvement of external stakeholders, their characteristics were reported to have a significant impact on the success of social initiatives. For instance, the engagement, commitment and leadership of community stakeholders were reported as challenges to FC1’s execution of social projects. The following quote re-emphasised FC1’s view that there need to be leaders with heads and heart to deal with CSR and social issues.

*All in all, it largely depends on the leader. Not all the time are our social initiatives considered and appreciated. For instance, even in our ‘home’ province’, we could not approach the Chairman of People’s Committee. I could meet him for a drink but not for a serious talk that is not to say that he would listen to our ideas as in the other province. At the national level, we have even signed an agreement on the development of a sustainable dairy farming zone with the Ministry of Agriculture. Sadly, such agreement was signed maybe to make us happy and only for us to keep and nothing was turned into a minister-level policy or guidelines for implementation. I present that agreement to various provinces, but none except one listened to us. How sad it is!* (FC1 M2).

### 7.4 Industry Performance of CSR and Industry Characteristics

This section provides a summary of the main similarities and differences between the two industries. These findings help to answer the fourth research sub-question: What are differences in CSR motivations and practices between the garment and food industries? Overall, the two industries shared commonalities in the prioritisation of CSR issues, had similar labour practices and strategies and performance dimensions. However, they differ in social strategies and performance and critical stakeholder prioritisation as a result of industry characteristics.

First, the analysis of CSR in both industries, as indicated in the previous chapters (five, six and seven), show that a company tend to prioritise CSR issues differently. This is demonstrated in that the company adopts different strategies to different CSR aspects (labour, environment and
social issues) and has different strategies and practices in different CSR issues (labour, environmental and society). For example, both food and garment companies (like FC2, FC3, GC2 and GC3) took an accommodative strategy to labour issues, but only a defensive strategy toward to environmental management. Furthermore, it can be seen that companies in both industries appear to perform better in labour rather than environmental aspects. They adopted an accommodative strategy with implicit and explicit labour practices in accordance with codified rules and social norms, and the society’s expectations, while most took a defensive approach to environmental management, focusing of compliance with applicable regulations. This suggests the influence of manager perception, institutional pressures and resource availability.

Also, the two industries showed similarities in CSR performance. Specifically, the cases demonstrated limited internal capability for CSR execution. They did not have formal structures with CSR executives, a dedicated CSR unit or develop a systematic measurement of all CSR programmes. Instead, CSR issues were integrated into traditional functional activities like quality assurance, marketing, HR management and environmental units. Moreover, more importance was attached to internal communication than external communication. Particularly, five of the six companies did not have CSR external reports and only one FOE, FC1, had one CSR section included in its aggregate report for the corporate-parent’s CSR report.

Furthermore, there was also a similar trend of CSR development in the two industries, featuring a shift of focus from implicit to explicit CSR, and from informal to formal and strategic practices. For example, in the cases of FC1 and GC1, these proactive companies adopted international certifications (ISO 9001:2008 and ISO 14001:2004). They also adopted explicit CSR practices with a number of voluntary activities such as energy-saving schemes, cancer detection initiatives, employee ownership and empowerment programmes, as well as strategic initiatives aimed at creating shared values for the company and the local community (e.g., Responsible Farming Practices, Sustainable Dairy Development). Moreover, they also developed a strong culture, internal procedures, systems and employee involvement. Particularly, FC1 established a business model that facilitated more sustainable environmental and social programmes.

The main differences between the two industries lie in strategic postures and performance of social activities. As mentioned in the previous discussion, the food companies tended to take a more proactive strategy to social issues as opposed to a defensive approach by the garment companies which featured commonly-reported charitable activities of monetary contributions rather than an effort to contribute to community engagement programmes as observed in the food industry. Additionally, there is a clear distinction in the conceptualisation and
implementation of social issues. While food managers attached more importance and commitment to social programmes with extensive engagement with external stakeholders and strategic alignment and formal structuring of social projects, the garment companies did not have a formal internal function for philanthropic activities. This can be attributed to the motives for social engagement. As discussed in the single-case analyses, while gaining legitimacy was the motivation for philanthropic activities in the garment industry, food companies were engaged in more proactive in social activities to get social support and approval from governments, community and the public. Moreover, the distinction can also be explained regarding industry characteristics and the perceived pressure of critical stakeholders.

First, the difference in social performances can be attributed to the nature and characteristics of the industries. First, the garment and food industries have different market orientations. While the former is oriented to foreign market through exports, the latter is inward-oriented and focuses on domestic markets. Therefore, the food companies paid more attention to building critical stakeholder approval for access to resources, public support and developing a customer base through social initiatives. However, the garment companies were more motivated to get legitimacy by complying with international customer requirements. Moreover, the industry characteristics (completion and industry cycle) had some impact on the industries CSR practices. Specifically, the food industry, particularly the dairy industry, is in its rapid growth phase of more than 25% a year and has strong and concentrated competition (LPBResearch, 2016a). Therefore, big dairy companies tend to focus more on strategies to build market share and deal with major industry players. However, this is not the case with the garment industry. The competition is not as fierce because the industry is fragmented with about 6,000 competitors, the majority of which are domestic companies (LPBResearch, 2016b). Even though the export revenue from the industry is increasing, and the industry is still in the early growth stages as domestic companies operate in low-value operations of the value chain and have poor productivity. As a result, they are still struggling to build their production capability to execute customer orders and have interest in engaging in social activities.

Second, the distinctions between the two industries can also be attributed to the perceived pressure of critical stakeholders. For example, due to public scrutiny and the nature of the domestic market focus, the food industry faces more pressure from the government, local community and media and social networks than the garment industry. As a result, perceived salient stakeholder groups were cited as sources of influence on CSR uptake. On the other hand, export-oriented garment companies cited international buyers as significant stakeholder groups that drove their CSR uptake. Hence, while the food companies attach more importance and priority to community support programmes, companies in the garment industry paid most of
their attention to compliance with the customer’s requirements regarding the employee policy, work environment and environmental regulation. Table 7.8 provides a summary of the cross-industry comparison of the six companies.

Table 7.8: Comparative Summary of the Garment and Food Companies

<table>
<thead>
<tr>
<th>Category</th>
<th>Garment Industry</th>
<th>Food Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market focus</td>
<td>Export market</td>
<td>Local market</td>
</tr>
<tr>
<td>Environmental Impact</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Institutional Influence</td>
<td>Strong regulatory pressure</td>
<td>Significant regulatory pressure</td>
</tr>
<tr>
<td></td>
<td>Competitive pressure</td>
<td>Competitive and Social pressure</td>
</tr>
<tr>
<td>Company-specific factors</td>
<td>Ownership, Resources, Strategy</td>
<td>Ownership, Resources, Strategy</td>
</tr>
<tr>
<td>Stakeholder salience</td>
<td>International buyers</td>
<td>Local government, community, customers</td>
</tr>
<tr>
<td></td>
<td>Employees</td>
<td>Employees</td>
</tr>
<tr>
<td>Leader's impact</td>
<td>Ethical and strategic leadership</td>
<td>Ethical and strategic leadership</td>
</tr>
<tr>
<td>CSR Strategy</td>
<td>Environment: Defensive</td>
<td>Environment: Defensive-Proactive</td>
</tr>
<tr>
<td></td>
<td>Accommodative</td>
<td>Labour: Accommodative-Proactive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social: Accommodative-Proactive</td>
</tr>
<tr>
<td>CSR performance</td>
<td>Proactive labour practices</td>
<td>Proactive labour practices</td>
</tr>
<tr>
<td></td>
<td>Compliance-environment management</td>
<td>Accommodative or proactive practices</td>
</tr>
<tr>
<td></td>
<td>Minimal community engagement programmes</td>
<td>Significant community engagement programmes</td>
</tr>
</tbody>
</table>

7.5 Overall Discussion: Cross Industry and Cross all Cases

This section discusses the findings generated from the analysis of three chapters (five, six and seven), specifically CSR practices, strategies and driving factors as well as factors influencing CSR performance by the six companies the garment and food industries. The discussion is situated in the developing-country context concerning the previous literature reviewed in Chapters Two and Three to reveal and further understand CSR practices, and why and how local companies implement it.
First, the study shows that firms in two industries tend to have different CSR approaches. Food companies appear to pay more attention to externally-focused CSR (society/community initiatives) while garment companies give priority to internally-focused CSR (labour category) in accordance with key stakeholder expectations and requirements. This thesis shows consistent evidence of such patterns of CSR activities across cases in the same industry. While the food companies, particularly FC1 and FC2, took a proactive strategy in addressing social issues with various community engagement programmes and extensive external communications (explicit CSR), the garment companies took a reactive posture with ad-hoc philanthropic contributions to communities with little external communications (implicit CSR). In addition to explicit social policies and programmes, the food companies also developed internal capabilities for CSR execution. As discussed in cases FC1 and FC2, they had strong top management support through strategic planning for social programmes and resource allocation, clear structuring of social activities with a specialised internal division and partnership with external stakeholders (government, NGOs and the public) and several measures of project objectives. However, the garment companies indicated insignificant management commitment to social activities well-evidenced by unstructured charitable activities at managerial discretion. However, they exhibited strong support for labour activities with some formal and informal practices embedded in HR functions with a strong family-like culture and employee involvement, training and communication.

The differences in CSR practices and strategies between the two industries could be attributed to industry characteristics. Given food companies’ focus on the local market, they need positive visibility to build a reputation through social initiatives and customer preferences for company products. However, garment companies deal with global buyers whose decisions are based on social compliance requirements by local suppliers. Hence, proximity to the end-customer is different between the two industries. Moreover, each industry may have special characteristics in relation to internal competencies or external pressures such as government regulations, local consumer orientation and visibility (Griffin & Mahon, 1997a). In this regard, the food industry is oriented to domestic markets (i.e., inward-oriented), whereas those in the garment industry are more oriented to foreign markets through exports or direct investments (i.e., outward-oriented). Hence, the food companies become more visible in the domestic market than those in the garment industry due to their market focus and supply-chain activities. Such variations in market orientation within the same national context become a source of variation in CSR practices. This explains why the outward-oriented garment companies paid more attention to international buyers and much less to the local community and social issues than their food counterparts. Such
findings lend support to Özen and Küskü (2009) position that organisations tend to legitimise themselves by conforming to the institutional pressures to which they are oriented (not necessarily where they are located). It also corroborates Boutin-Dufresne and Sacaris (2004) who argue that firms may be more socially responsible simply by the nature of their activities. Overall, the study suggests the presence of a ‘specialisation’ of social interests by each industry due to its uniqueness (Griffin & Mahon, 1997a) and highlights the need to take industry type into account when studying CSR (Sturdivant & Ginter, 1977).

Second, differences in motivations and strategies regarding CSR engagement between the two industries can be attributed to differences in critical stakeholders and their influence as perceived by companies. The case analyses show that companies defined different critical stakeholder groups and took different CSR strategies to manage stakeholder relationships. While the garment companies identified international buyers as the critical external stakeholder group, the food companies gave priority to the local government and community in consideration of their influence on resource access and economic vulnerability and success. In all three garment companies, international buyers were reported to be powerful stakeholders in controlling critical resources (manufacturing orders) by withholding orders unless local firms meet social compliance requirements for labour and the working environment. As a result, the garment companies tried to gain legitimacy from the global buyers by adopting defensive or accommodative strategies to meet the regulatory and requirements of international buyers. Conversely, the food companies, particularly the large-scale manufacturers, FC1 and FC2, relied heavily on local government and communities for resource access, social legitimacy, and public approval and support for their survival and success. Thus, they were more proactive in social initiatives to legitimise their operations and build their corporate image in local communities. Their proactive strategy also featured strong external communication, strategic planning and organisation alignment of social practices with their business strategy and organisational resources, to gain legitimacy, social support and competitiveness. This finding suggests that organisation strategies are influenced by stakeholders who are perceived salient regarding their power, legitimacy and urgency (Clarkson, 1995; Freeman, 1984; Mitchell, Agle, & Wood, 1997) or the resource dependence relationship between stakeholder and the focal company (Frooman, 1999). They also lend support to Marano and Kostova (2016) who hold that stakeholder relationships of greater economic importance to the company will be more salient and suggest that relational ties can be effectively used for diffusion of CSR practices (Owen-Smith and Powell, 2008). On the one hand, these findings support extant literature regarding the effect of institutional and stakeholder pressures on CSR adoption (Aguinis & Glavas, 2012). On the other
hand, they add a nuanced contribution regarding the identification of critical stakeholders in explaining CSR prioritisation. The study shed some light on the discussion of whether businesses attempt to address all stakeholder expectations and how they make decisions given limited resources (Heli, Li, Takeuchi, & George, 2016).

Third, the interaction of institutional pressures (regulations and social norms), external stakeholder influence and internal factors (company strategy and management perceptions) have a substantial impact on CSR strategies and practices in the weak institutional environment of developing countries. While institutional factors may influence a company’s CSR through distal mechanisms of incentive and coercive legitimacy, ‘external stakeholders can amplify or buffer the institutional forces by acting as mediators (proximate mechanisms)’ (Lee, 2011, p. 281). As elaborated in the case-study analyses of Chapters 5 and 6, all interviewed managers recognised the influence of laws and regulations in company policies and practices, and it was the combined effects of institutional pressures and external stakeholders (government and customers) that pushed local companies to take on a defensive (compliance) and an accommodative posture in labour and environment practices (GC1, GC2, GC3, FC2, FC3). On the one hand, this finding is consistent with current studies on the importance of formal institutions (laws and regulations) to CSR adoption (Campbell, 2007; Vashchenko, 2017). On the other hand, it also indicates a divergence from studies in developed countries, where regulations and government-related factors were the most decisive for CSR engagement (Vashchenko, 2017). Alternatively, the thesis suggests that critical stakeholder pressure plays a vital role in the enforcement of legal compliance in the weak institutional context.

Furthermore, the difference in strategic postures to labour versus environment issues can also be attributed to the combined effect of institutional and stakeholder impact. While local companies tend to adopt an accommodative strategy to labour as the result of institutional pressure and state stakeholders, they tend to adopt a defensive approach to the environment. This is because social pressures from external stakeholders, like State authorities and civil society (professional organisations, media and environmental NGOs), concerning environmental issues are limited in developing countries (Özen & Küskü, 2009). The findings are consistent with previous studies showing that companies in developing countries give more priority to economic issues than the environment (Lang & Ho, 2000; Perry & Singh, 2001),

However, the driving factor for proactive strategies in CSR was related to internal factors (company strategy and management values and perceptions of instrumental CSR), which is well-evidenced by cases FC1, FC2 and GC1. While the findings lend support to previous studies on the influence or regulation of CSR (Campbell, 2007), it is not consistent with findings from a
recent study conducted in Denmark (Vashchenko, 2017) which suggested government-related factors (regulation) had the strongest impact on CSR. Such divergence could be explained by the context of the studies in a developed country with effective regulatory systems. In fact, the current study suggests that in a developing-country context, given a weak institutional environment, compliance with regulatory requirements is more likely to happen if there are strong social norms and stakeholder pressures. Moreover, the findings also highlight that regulatory pressures would not push companies to be more proactive in CSR; instead, corporate strategies and management perception and values tend to determine the proactive business case approach to CSR practices (López-Gamero, Molina-Azorín, & Claver-Cortés, 2010). This contributes to the understanding that certain factors may shape a particular CSR approach.

Fourth, local CSR practices reflect the impact of the current political economy and long-standing social and cultural norms of the socialist legacy. CSR is a Western and business-driven concept recently introduced to Vietnam. Its interpretation has been largely shaped by local social, political and economic institutions long existent and remain context (Gjolberg, 2010). Particularly, the political economy with the notion of employees/workers and social welfare embodied in socialist ideology, the perceived role of businesses as job and income generators and the dynamic of the global-supply-chain influences how business conceptualise and materialise CSR. It was consistently evidenced by all cases that companies across industries took either an accommodative or proactive stance on labour issues. Particularly, it was found common among the studied firms that they accorded significant importance to pay and benefits and upheld long-standing cultural practices like flexible hours, allowances, bonuses and days-off for cultural and family events and holidays as well as positive work relationships and informal arrangements to help employees manage living costs and family obligations. These practices have been referred to as implicit-informal CSR as they represent company responses to social and cultural norms and expectations.

The findings are in line with a study by Tran and Jeppesen (2016) that there are shared understandings and socialist contract under the socialist regime regarding good employee entitlements and wellbeing that influence CSR conceptualisation. Moreover, since Vietnam’s adoption of the market economy with a socialist orientation, the mixed system of market and socialism could have shaped managers’ profit-maximising mind-set with the issues of cost, revenue and job security. As a result, economic motivation may have driven the instrumental approach to CSR by local companies. The study contributes to the discussion of CSR varieties in the developing-country context. Particularly, HR development was an emerging theme in the companies studied as a labour initiative introduced to improve workers’ employability. This is
significant the local context which featured a low-skilled and low-paid workforce in both industries. The findings suggest the critical importance of understanding the in situ context to fully interpret CSR interpretation and practices in developing economies (Jamali & Karam, 2016)

Fifth, variants of CSR expressions in different companies and industries reflect the process of CSR diffusion, translation and adaption at a different level of logic: State, industry, organisational and individual levels. Jamali and Neville (2011) suggest that multiple institutional levels (the national business system, the organisational field), the organisation and organisational actors as subsystem are concurrently salient in complex ways. In particular, not all institutional pressures are the same, but some are more salient for a firm than others (Marano & Kostova, 2016). For example, the buy Vietnamese product campaign promoted by the Vietnamese Government in 2008 after the China’s milk scandal exerted significant pressures on the food companies rather than their garment counterparts. Moreover, organisational contingency factors and context invariably shapes managerial and organisational constraints and contingencies placed on stakeholder relationships in complex ways (Griffin, 2017). As a result, the study showed varied CSR manifestations in the six cases regarding how CSR was conceptualised and materialised in each case.

As discussed previously, at the State level, CSR was interpreted as more implicit and informal labour-centred practices as the result of the national socio- and political economy. However, a closer look at how CSR was translated and adapted in each case indicated that industry and organisational attributes and management perceptions also rendered various translations and adaptations of CSR concepts and its different manifestations, as evidenced in the study. Among the proactive CSR adopters, there was evidence of various levels of CSR integration in business practices. For example, FC1, a long-established player in the dairy market, attempting to re-legitimise its local citizenship, exhibited a shift to a new core element of shared value creation by integrating social initiatives (local-farmer development) into its business model and full integration of CSR in all labour, environmental and social categories. However, FC2 as a new player in the competitive dairy market attempted to build a strong customer base through differentiation featuring an inborn CSR-oriented profile with social missions and practices integrated with business strategies while exhibiting modest performance in environmental and labour categories in the early growth stages. In the case of GC1, its CSR practices featured its recognition of long-standing labour practices as the core element while embracing more explicit CSR to gain more competitiveness in the global market. In the other cases, CSR was translated into a labour-oriented responsibility and adapted to the extent organisation resources, and
managerial perceptions allowed, and therefore, featured more defensive profiles in social and environmental categories.

Differences in CSR behaviour and levels of CSR responsiveness underscored different needs for legitimacy and different economic motivations for engaging in CSR (Young & Makhija, 2013). For instance, foreign-owned or massive-scale food companies like FC1 and FC2 require a high-level of social legitimacy and social responsiveness through social initiatives as ways to help them gain social approval, acceptance and support and mitigate their economic vulnerability. However, garment companies only viewed their social responsibility as labour issues, which helped them to maintain workforce stability and efficiency. Also, in all cases, manager perceptions and values affected CSR decisions and manifestations.

This finding provides empirical evidence to Jamali et al. (2017) discussion on how CSR concepts and practices are translated and adapted in different ways in developing countries. In this regard, Sahlin and Wedlin (2008) maintain that ‘in a context of actors, traditions and institutions, as diffused ideas are translated throughout their circulation, and as they evolve differently in different settings they may not only lead to homogenization but also to variation and stratification’ (p. 219).

Finally, this thesis contributes a more nuanced understanding of discussions addressing factors influencing CSR performance. It continues to support the current literature regarding the influence of size, slack resources and ownership on CSR performance (Aguinis & Glavas, 2012; Li & Zhang, 2010). However, the study showed that rather than size, slack resources and ownership per se, it was visibility, the need for legitimacy in each stage of development and the governance structure and headquarter values related to ownership types that affected the choice of CSR strategies and levels of CSR performance. In the cases of two MNCs (FC1 and GC2) with different CSR profiles in each industry, strong ethical values and governance from the developed-country corporate parent in the former case explained the difference from the latter in which corporate-parent focus left the subsidiary a high degree of autonomy in operational management. Moreover, the ownership structure led to FC1’s higher-level of resource dependence and a greater need for both internal and external legitimacy than GC2, where a corporate parent was responsible for sales, marketing and orders from international buyers. The findings indicate different levels of internal and external legitimacy and highlight the influence of company attributes on CSR behaviours (Yang & Rivers, 2009). They also show that foreign ownership does not matter. It is the corporate governance and values of the parent company that determines variations in CSR practices and performance.
The findings provide empirical evidence for discussion on variations in CSR behaviours between developed and developing-country MNCs. Regarding size and visibility, all five cases (FC1, FC2, GC1 and GC2) were all large companies but had different degrees of visibility and different slack resource availability levels. As a result, they show various levels of commitment to CSR. Particularly, in the case of GC3, which has been in operation for few years and smaller in scale compared to the other four, its labour practices were not yet well-formalised or structured, and environmental practices were still symbolic. Also, the study also revealed that current employee-centred CSR practices in SMEs are largely constrained to resource availability and shaped by manager perceptions and values and institutional factors. This supports current studies on the influences of manager characteristics, resources, the socioeconomic context and lax external stakeholder pressures compared with larger corporations (Lepoutre & Heene, 2006)

7.5 Summary

This chapter focused on providing a better understanding of the antecedents, strategies and performance of CSR by integrating the findings revealed by the two analysis chapters (5 and 6) and the literature review of prior research discussed in earlier chapters to shed light on how the thesis findings corroborate, contradict and extend the current literature on CSR in developing countries. Overall, the study indicated that the companies adopted different strategies and practices to different CSR issues as well as the different focus of CSR engagement between the two industries. However, some similarities were also found in terms of labour and environmental activities

First, the thesis shows that the local companies tend to adopt similar strategic approaches to labour and environmental management. Specifically, they take an accommodative strategy to labour issues with both implicit and explicit practices to address legal compliance pressure, social norms and the expectations of the society and public. However, environmental practices only remain implicit and formal in nature and in conformity to regulations. These CSR profiles reflect the influence of the institutional and stakeholder pressures and the companies’ motives to gain legitimacy and get socially accepted.

Second, companies in both industries may define critical stakeholder differently which then shapes their CSR focus and priorities. While garment companies define international factors as critical groups that drive CSR adoption, their food counterparts identify government and local communities as v groups that determine their focus on social activities. As a result, the former is more likely to take a reactive approach in social issues, mostly offering philanthropic contributions to local communities without external communication and stakeholders, which can be referred to as implicit CSR. On the other hand, food companies appeared more proactive in
social initiatives with external communication and engagement of external stakeholders with internal structures and strategic alignment of social programmes with business operations.

Third, there is evidence of CSR development over time by companies in both industries. Companies like FC1 and GC1 showed a shift of focus from implicit to explicit CSR and from informal to formal and strategic practices. The development of CSR engagement can be attributed to manager conception of CSR-related benefits, corporate values and corporate strategies. In other words, companies tend to adopt proactive CSR to improve its competitiveness and corporate reputation.

Finally, CSR performance was found to be influenced by both internal factors (company size, resources and internal capabilities, ownership types and stage of business development) and external factors (institutional environment and external stakeholder characteristics). The study revealed that large companies are likely to be exposed to more pressure from stakeholders to implement more substantial CSR practices. Also, the availability of resources in both financial and nonfinancial terms can facilitate CSR execution at an organisational level. Furthermore, the internal capabilities and stage of business development could influence the level of commitment and types and forms of CSR activities. Regarding food companies more involved in social issues, the characteristics of external stakeholders can present obstacles or enablers for the implementation of social projects.
CHAPTER EIGHT

CONCLUSION, IMPLICATIONS AND FUTURE RESEARCH AREAS

8.1 Overview

CSR has gained global prominence through discourse, policies and practices in developed and developing countries (Scherer & Palazzo, 2008). The rising interest in CSR can be attributed to heightened business complexity resulting from globalisation, social movements for business transparency and corporate citizenship, and society’s expectations that business assumes their responsibilities to enhance environmental and societal living conditions (Jamali & Mirshak, 2007). The variety and differences of CSR form the core of CSR discourse ‘from a state of mere compliance to a mode of engagement, from harm minimization to value creation’ (Jamali & Mirshak, 2007, p.244). Although significant research has been devoted to CSR over the last three decades, there is a limited body of scholarship into current CSR practices in developing countries especially regarding how CSR is conceptualised, driven and materialised by local businesses.

This thesis aimed to explore the motivations, approaches and implementation of CSR practices in Vietnamese food and garment industries, thereby enhancing our understanding of why and how CSR is implemented in Vietnam. Different national and organisational contexts have a substantial influence on CSR perception, attitude and motivation, which subsequently affect CSR actions and outcomes.

The primary research question for this thesis was: In what ways do Vietnamese garment and food companies adopt CSR practices? The following sub-questions supported the primary research question:

1. What are the CSR strategies and practices adopted by Vietnamese garment and food companies?
2. What are the motivations and key drivers at the institutional, organisational and individual levels for Vietnamese companies to adopt CSR practices?
3. What are the factors influencing the social and environmental performance of these companies?
4. What are differences in CSR motivations, strategies, practices and performances between between the Vietnamese garment and food industries?

A qualitative exploratory study with a multiple-case study approach was employed by the thesis to identify what, why and how the companies studied implemented their CSR practices in Vietnam. Purposive sampling was employed with a sample of six companies (three garment and
three food companies) across three major economic regions of Vietnam. A total number of 39 in-depth, semi-structured interviews were conducted with senior managers in six companies, three from each industry. Four additional interviews with CSR experts were conducted. The interviews were supplemented by the collection of secondary data from company websites, internal materials, and field notes. Various strategies were applied to safeguard data integrity to enhance the trustworthiness and creditability of the study. Using a conceptual framework developed from a literature review as interview guides, the researcher investigated three-factor levels (institutional, organisational and individual) that influence adoption of CSR and the underlying mechanisms for implementation. The findings revealed several differences in CSR conceptualisations, influencing factors, the interplay of various stakeholder groups in CSR development, and the dynamics of CSR practices in the local companies studied. Before concluding, the conceptual framework proposed in Chapter Two is revisited and revised based on the analyses and findings presented in the previous three chapters (Figure 8.1). The revised conceptual framework is then used as the basis on which conclusions are drawn.

8.2 Revisiting the Conceptual Framework

This thesis aims to uncover factors influencing CSR practices in a developing-country context and to further understand to what extent various factors or combination of factors may drive a certain strategic posture to CSR issues and how they perform CSR strategies and if appropriate, represent this through an appropriate model. The initial model (Section 2.8) was developed based on Peng’s (2009) Strategy Tripod model, Wood’s (1991) three-level analysis of CSP and overall model in consideration of the importance of a multilevel approach to understanding CSR (Aguinis & Glavas, 2012). The four main theories underpinning the framework include institutional theory, stakeholder theory, RBP and upper-echelon theory.

Based on extant literature and the findings of this thesis, Figure 8.1 shows the revisited conceptual model with a more holistic view of relevant factors influencing CSR strategies in the garment and food industries.
Figure 8.14: The Revised Conceptual Framework

External drivers
- Regulatory pressures
  - Social & cultural norms
- Local governments
- Core stakeholders
- Company strategy, missions & values
- Manager perceptions & values

Internal drivers
- Top management commitment
- CSR awareness
- CSR knowledge & attitudes

Strategic Dimensions
- CSR STRATEGIC POSTURE
  - CSR motivation
  - Performance objectives
  - Communication and reporting

External factors
- Institutional factors
- Industry level factors
- Stakeholder engagement

Internal factors
- Size
- Ownership
- Stage of development
- Resources

External Outcomes/Process
- Benefits for society
- Stakeholder relationships
- Reputation and Employer Attractiveness

Internal Outcomes/Process
- CSR execution capability and structure
- Business efficiency and competitiveness
- Employee satisfaction and commitment
- Policies and programs

CSR PERFORMANCE
This model extends the concepts of CSR driving factors, dimensions of CSR strategy and performance and its influencing factors. The theme of CSR driving factors comprises key external drivers (institutional and stakeholder influence) and internal drivers (company’s values and strategy, and manager’s perceptions and values) that shape certain CSR strategic postures. Specifically, while the external drivers tend to drive a compliance-based defensive approach, the internal factors could trigger an accommodative or proactive posture to CSR. The framework integrates several dimensions to understand CSR strategy: CSR awareness and conceptualization, management commitment, motivation, performance objectives and reporting. Apart from the main CSR drivers, the model also indicates other external and internal factors that have impact on the implementation of CSR practices. The external factors (institutional factors, stakeholder and industry characteristics) as well as internal factors (size, ownership and resources) could trigger an increase or decrease in corporate commitment to CSR in forms of substantial or symbolic CSR practices. In particular, the analysis of influencing factors on CSR performance has contributed two new themes called ‘the stage of business development’ and ‘stakeholder engagement’. Furthermore, the model suggest that CSR performance can be assessed by the investigation of CSR practices (implicit versus explicit, formal versus informal), as well as external and internal outcomes and processes.

8.3 Conclusions

Based on the analyses and discussions presented in Chapters Five, Six, and Seven and the revised conceptual framework in the previous section, several conclusions can be drawn from this thesis. Apart from converging CSR practices, the studied cases exhibited varied CSR strategies and practices, which were explained in relation to stakeholders, company-specific factors and manager attributes. As discussed in Chapters 5 and 6, three strategies of reactive, defensive, accommodative and proactive were identified in the case studies, which were manifested by the types of CSR practices (implicit versus explicit, informal versus formal), internal implementation capabilities and perceived outcomes. The following sections summarise the key conclusions drawn from the thesis.

First, there was a prevalence of implicit CSR practices featuring primarily informal labour initiatives and silent philanthropic contributions by local companies. They represented corporate responses to strong social norms and expectations regarding living wages, employee entitlements and public wellbeing beyond what was legally required. As shown in the single-case analyses in Chapters Five and Six, all cases showed that they embraced informal labour arrangements relating to wages, financial and nonfinancial support and family and culturally-related leave. However, these practices were not communicated externally or explicitly built into management
systems. This CSR variant reflects the impact of pre-existing socio-political factors, particularly the long-standing socialist ideology of worker wellbeing and social welfare. Such findings lend support to the argument that CSR variants must be understood in specific contexts (Argandoña & von Weltzien Hoivik, 2009; Gjølberg, 2010).

Second, key motives for CSR engagement by most local companies in Vietnam can be classified as instrumental and an enlightened self-interest approach. Specifically, common motivations found in the local companies were to gain legitimacy and a social licence to operate and gain social support, business efficiency, competitive advantage, and sustainable development. As the companies moved from development to growth stage, their CSR conceptualisation often focused on a few key instrumental stakeholders like employees, customers and the public who had instrumental value or appeared critical to their survival and success at that stage. This explains why the garment companies (GC1, GC2, and GC3) took precedence in improving employee livelihood and wellbeing over the external community and the food companies (FC2 and FC3) gave priority to labour and social initiatives over environmental management. With limited resources and the economic responsibility to ensure financial health, local companies exhibited different levels of commitment and competing priorities in favour of CSR activities that are associated with their business case. This implies the recognition of the business case is a key element in the promotion of more proactive CSR engagement among local businesses.

Third, a proactive CSR strategy with explicit and formal CSR practices to address social issues, strategic alignment of CSR with corporate strategies, extensive external communication, stakeholder engagement and internal capability development can enhance business performance while, at the same time, create social value. This is referred to in the extant literature as strategic CSR (Filho, Wanderley, Gómez, & Farache, 2010; Jamali, 2007b; Yin & Jamali, 2016a). As explicated in the single-case analyses, proactive CSR adopters (like FC1, FC2 and GC1) typically kept their CSR initiatives aligned with corporate values, integrated them into corporate values, internal structure, core-business operations and extensive communication and engagement with relevant stakeholders to better manage salient stakeholders (government, community and employees). Hence, they could legitimise their corporate identity, enhance corporate reputation and gain social approval and support. Also, there was evidence of their use of CSR in combination with CPA to leverage the efficacy of CSR projects and market competitiveness (as discussed in Case FC2). This finding, hence, adds more empirical evidence on the integration of market and non-market strategies in developing-country contexts to manage critical stakeholders better, enhance corporate citizenship, and thereby, influence their competitive context.
Fourth, CSR engagement by local companies was a dynamic process developed over time as they moved through stages of business development because each stage involved different business priorities and corporate responses to changing institutional pressures and hence, different CSR approaches. The thesis showed that there was a shift of focus from a defensive strategy with legal compliance and implicit and formal CSR practices at the early stage of establishment to a more proactive strategy with explicit CSR practices to address social issues and respond to higher stakeholder pressures and expectations. This lends support to the discussion by Fligstein and McAdam’s (2011) on the importance of developing social skills and strategic action according to the needs of the business environment.

Fifth, the adoption of a defensive strategy in environment management found in most cases was driven by the combined effect of increased regulatory (formal institutions) and stakeholder pressures. These companies were primarily motivated to take this strategic posture to gain legitimacy for their operations. As indicated in the case findings in Chapters 5 and 6, all interviewed executives from FC2, FC3, GC2 and GC3 mentioned legal compliance in environmental management as the key motivation for operational licensing. Particularly, though they recognised stricter legislation that provided a legal basis for the development of company policies, they all cited that international buyers and the public via mass media mandated the execution of environmental regulations. The defensive posture in environment management featured implicit and formal practices to meet codified laws involved only legal disclosure integration in their business functions with a compliance-level commitment from top management and minimal employee training and involvement. The reported outcome of this strategy was risk minimisation from legal infringements and increased legitimacy. These findings demonstrated the role of key stakeholders in promoting CSR in weak institution contexts.

Sixth, manager values and perceptions were found to drive company CSR strategy from defensive to accommodative postures. Since the accommodative approach involves doing more than what is legally required, its voluntary nature leaves managers more freedom to make CSR decisions. On the one hand, this finding is consistent with the body of literature on the influence of top management on CSR engagement (Mazutis, 2013a; Yin et al., 2016). On the other hand, it shows that the CSR decisions to move beyond legal compliance are mainly influenced by how managers perceive the importance of stakeholder and the instrumental values from CSR activities. This strategic posture was observed in the labour and social practices in four out of six cases, featuring a mix of informal practices to meet deeply-held social norms, mostly internally communicated, and other desired social initiatives to addresses societal interests. These implicit and formal practices included charitable donations and informal labour arrangements as well as
explicit CSR activities such as employee skill development and an improved working environment. Also, the accommodative approach involved a higher-level of management commitment regarding resource allocation, internal units or personnel in charge of implementation, mostly internal communication and the involvement of employees.

In addition to these major findings described above, this thesis also identified other key factors that may influence CSR performance that adds more nuanced understanding to the current literature and discussed in what follows.

First, this thesis found that there is some ‘CSR specialisation’ in the garment and food industries. While food companies tended to adopt external CSR with explicit practices and extensive external communication and external stakeholder engagement, especially in social and environmental categories, the garment companies focused on internal CSR with implicit practices and minimal external communication, and more engagement with employees rather than external stakeholder groups. These differences in CSR strategies and practices can be attributed to the nature of the industry regarding stakeholder visibility, proximity to end customers and perceived critical stakeholders, and their influence on corporate operations. This finding suggests the significance of understanding industry features in interpreting CSR priorities.

Second, the size of the business may influence how it adopts CSR practices. This is because the larger the company, the more visible it is to stakeholders, and hence, perceived social legitimacy. For example, the smaller companies studied in this thesis (FC3, GC3) had less stakeholder pressure than their larger counterparts and tended to adopt minimum legal compliance in CSR practices.

Third, this thesis revealed that it is not the type of ownership per se but owner’s characteristics values and governance structure that shapes CSR practices. Different owners (foreign versus local, State versus non-State, institutional versus individual investors) may have different values and perceived roles and positions in society or different governance systems which then affect the quality of CSR practices (Dam & Scholtens, 2012). For example, in the environment category, FOEs like FC1 and GC2, with supervisory boards, adopted substantial CSR while local companies owned by individuals adopted symbolic or decoupled CSR. Moreover, the corporate-parent’s core values were found to influence the extent of CSR practices, which is shown by FC1’s endorsement of a society-business value model as a result of strong ethical values embraced by its headquarters, while GC2’s headquarter compliance values engendered its compliance-level performance. Overall, the thesis illustrated the importance of corporate-parent
values and governance systems at both headquarter and company-level in shaping CSR engagement.

Fourth, this thesis found that the resources and capabilities of the company played a key role in the execution of CSR initiatives. It was evidenced by all cases that resource constraints, like lack of financial and human resources or execution competencies, limited what the companies could do. This engenders the challenge of resource-allocation decisions for different CSR issues in the light of conflicting stakeholder interests. As a result, CSR practices in one company may feature varied strategies and performance levels in the three categories of labour, environment and social activities as indicated by the cases of FC2, FC3, GC2, and GC3, and described in Chapters Five and Six. While companies tended to take an accommodative strategy in the labour category with management support, an organisational division, internal communication and employee involvement, they appeared reactive in social activities with less structured activities and minimal budgets compared to the former.

Overall, albeit different CSR practices, strategies and performance as indicated by the various cases, the study lends support to current discourse on the role of corporations in tackling contemporary social and environmental problems, which often cannot be sufficiently solved by national governments (Matten and Crane, 2005; Scherer and Palazzo, 2008). It also highlights the relevance of context-based CSR conceptualisation and lends support to Sahlin and Wedlin (2008, p. 219)’s argument on the editing theory which postulates that the diffused ideas of CSR are ‘translated throughout their circulation, and as they evolve differently in different settings they may not only lead to homogenization but also to variation and stratification’.

8.4 Contributions and Implications

This thesis makes several substantive theoretical contributions to the literature on CSR in developing countries and provides practical implications for the Vietnamese Government, key CSR stakeholders and business executives.

8.4.1 Theoretical Contributions

The major theoretical contribution of this thesis is that it provides an integrative theoretical model to explain Vietnamese CSR performance (See Figure 8.1). The model is built on extant literature with a holistic view of influencing factors at institutional, organisational and individual levels that shape and drive CSR strategies and performance. On the one hand, it addresses the call for multilevel CSR research (Aguinis & Glavas, 2012) to gain a deeper understanding of CSR mechanisms. On the other hand, this approach helps to shed light on the complex institutional antecedents and multiple actors that determine nuanced forms of CSR practices in
developing-country contexts (Jamali & Karam, 2016). Also, concerning the current literature, this thesis also adds evidence of the transition from implicit to explicit types of CSR by companies in developing countries resulting from globalisation (Strand, 2013; Tengblad and Ohlsson, 2010) or as a strategic tool for enhancing corporate reputation and public trust in corporations (Ursin, Myskja, & Carson, 2016).

The second important contribution to CSR literature is the incorporation of institutional theories (Peng, Wang & Jiang, 2008; Scott, 2013) and stakeholder theories (Donaldson & Preston, 1995; Mitchell et al., 1997) in understanding the driving factors of CSR engagement. Through the lens of both institutional and salient stakeholders, the findings of this thesis provide useful insights into the combined effects of external institutional and stakeholder pressures on CSR practices in Vietnam. On the one hand, the thesis provides empirical evidence on these combined effects on CSR adoption. On the other hand, it also contributes to discussions by Lee (2011) by highlighting the interaction of internal and external drivers to explain CSR strategies and performance by Vietnamese garment and food companies.

Another theoretical contribution is that the thesis sheds new light on dynamic mechanisms that can influence the performance of CSR practices. For example, the performance of CSR practices was influenced by several factors such as company financial resources or social capital of the company to deal with institutional pressures or its specific stage of business development as well as local government leader values and agenda priorities.

The thesis suggests an innovative approach to measuring CSR performance that investigates outcomes and the processes involved. In other words, CSR performance does not solely rely on the aggregate index of CSR activities, policies and programmes but can be examined through various aspects of corporate CSR: knowledge and attitudes, strategic dimensions as well as tactical and operational aspects. This changes the focus away from how CSR performance affects the company toward how the company’s CSR performance affects stakeholders and society (Wood, 2010).

The thesis proposes the development of a 2x2 typology of CSR (Table 8.1). On the one hand, implicit CSR is investigated through formal and informal practices, with the former being corporate practices and policies enacted in conformity with codified and legally enforceable laws and written rules, and the latter being customary practices adopted in response to cultural, social norms and expectations, often deeply embedded in society. Such expectations and social norms have restrictive nature since non-adherence and contravening expectations could lead to social sanctions (Checkel, 2001). Moreover, the influence of strong social norms and social contracts on implicit CSR is important to CSR understanding especially in weak institution contexts where
social institutions and social contracts prevail (Yin, 2009). On the other hand, explicit CSR is explored regarding formal (or strategic) CSR and informal (or discretionary) explicit CSR. The former represents practices integrated into the organisations’ strategy, daily practices and routines (Aguinis & Glavas, 2013), and structured and embedded into formal management systems and involve the development of procedures and management tools to cater the stakeholders’ interests. The latter, informal or discretionary explicit CSR refers to voluntary practices based on an organisations’ discretion, often peripheral to their strategy, core competence and daily operations and routines and promoted without the support of well-structured management systems (Russo & Tencati, 2009).
Table 8.1: A Typology of CSR Practices

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<tr>
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<th><strong>Formal</strong></th>
<th><strong>Informal</strong></th>
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<tr>
<td><strong>Explicit</strong></td>
<td>(Also strategic). Firm-driven practices and policies integrated into strategy, daily practices and routines</td>
<td>(Also discretonal) Voluntary practices based on manager discretion and often peripheral to strategy, core competence and daily operations and routines</td>
</tr>
<tr>
<td></td>
<td>Well-structured, formalised or institutionalised or formally-established with explicit management systems</td>
<td>Activities are promoted without well-structured management system or not formalised</td>
</tr>
<tr>
<td><strong>Implicit</strong></td>
<td>Practices that are often mandatory—codified/written rules</td>
<td>Practices are customary in conformity with unwritten, deeply-entrenched social norms and values</td>
</tr>
<tr>
<td></td>
<td>Enforceable due to legal sanctions</td>
<td>Restrictive nature due to noncompliance and social sanctioning</td>
</tr>
</tbody>
</table>

8.4.2 Practical Implications

The thesis findings have several implications for CSR stakeholders and business executives in relation to CSR conceptualisation, strategies and performance.

**Implications for public policymakers**

First, the State Party government should take the leading role in developing a more CSR-enabling environment. As revealed by the thesis, regulatory pressure is identified as the determining factor for CSR defensive strategies by local companies. Hence, improvements in legal instruments through enhancing specificity for implementation and developing more efficient enforcement mechanisms could induce responsible business practices and higher compliance rates. Furthermore, the government, in coordination with local and international NGOs needs to promote a more comprehensive understanding of CSR and its business case by providing training, workshops and information portals to enhance CSR awareness and guide execution at the organisational level.

As a starting point, the government should work with relevant ministries to promote informal CSR practices in labour areas as they are well-aligned with traditions, and cultural values inculcated into the local context. Moreover, there should be more guidance on developing internal capabilities by developing appropriate structures, enabling the role of trade unions and encouraging better communication and employee participation.
It is suggested that the government may take the lead role in multi-partnership social projects. Particularly, it needs to ensure the transparency of these programmes by developing a governance structure. In this way, it can improve trust and engagement by businesses in the execution of philanthropic and community initiatives. Also, the government should encourage the inclusion of CSR-related subjects and business ethics into formal training and education which could help nurture ethical values and a sense of social responsibility among future business leaders.

Implications for managers

There are several implications for business executives in relation to CSR performance from attitudinal, strategic and operational perspectives.

First, it is vital that business managers have a right mindset and attitude to CSR and a good knowledge of the business case of CSR engagement. As indicated by all case studies, manager values and perceptions played a significant role in CSR adoption, particularly when beyond the level of compliance required. Also, common perceptions of CSR were found to be primarily associated with responsibilities to employees and customers. Hence, this thesis suggests that managers, first and foremost, need to have a well-rounded concept of CSR that includes corporate responsibility toward the environment and the local community.

In addition to implicit CSR practices, Vietnamese companies need to adopt an explicit CSR approach through various social/community programmes to address social issues. They may consider developing corporate values that are aligned with business objectives and the values and expectations of important stakeholders. This may coherently steer organisational CSR activities, thus enhancing the efficiency and effectiveness of CSR programmes. Successful CSR execution, therefore, may help improve corporate image and reputation contribute to sustainable businesses growth.

Second, it is suggested that companies develop a more formal and strategic approach to leverage CSR performance. Local companies tended to adopt different CSR strategies in various stages of business development, as evidenced in the study, with a focus on philanthropic activities, CSR practices to improve operational efficiency while minimising environmental impacts or creating shared values for both businesses and society. However, it would be more effective if they had a strategic alignment by developing performance objectives, top management commitment and both internal and external communication. Integrating CSR planning in strategic planning with clear goals, either financial or nonfinancial, business or social, would steer organisational efforts and activities and maintain a coherent and focused CSR approach. Furthermore, clear internal and external communication could enlist more support and engagement from different internal
and external stakeholders, thereby enhancing the effectiveness and efficiency of CSR-related programmes. The garment companies studied did not attach much importance to external communication. However, research has shown that companies with positive public recognition may gain preferential treatment from potential employees, customers and local authorities.

Third, on the one hand, the thesis lends support to the extant literature on the importance of resources, especially financial resources to CSR performance. On the other hand, it also suggests that managers should consider the engagement of both internal and external stakeholders as means to complement resource constraints. As evidenced by the successful CSR execution of FC1 and FC2, company ownership of CSR programmes, with the involvement of the employee, and financial and nonfinancial contributions from various external competent bodies and the public can help improve the efficacy of CSR initiatives.

Fourth, enhancing internal capabilities are critical for successful CSR execution. As employees are key actors in all CSR initiatives, CSR communication and training could generate employee commitment and empower employees to lead CSR activities, specifically in philanthropic and community projects. Furthermore, companies need to have a clear organisational structure with the involvement of top management to coordinate various programmes to ensure on-going communication and prevent barriers to CSR execution, and thereby, shape a coherent CSR vision and values.

Fifth, it is important to develop specific measurements to gauge the performance of CSR initiatives. Since local companies may have a different CSR focus not directly related to financial performance, they can work out relevant metrics to evaluate CSR projects, whether philanthropic activities, operational efficiency/environmental initiatives or social goals. The measurement systems would inform managers of the effectiveness of CSR programmes and indicate changes required.

Implications for other key stakeholders

NGOs still play a key role in promoting CSR engagement by businesses. NGOs may work with other technical organisations to develop capacity-building programmes and provide technical assistance to domestic businesses, particularly garment and textile companies. This could help improve production efficiency and capability for CSR execution. In addition to CSR education programmes for export-oriented businesses, it is suggested that such programmes should be extended to businesses serving the domestic market.

Given limited CSR conceptualisation by the public and businesses, it is essential to develop a comprehensive understanding of CSR by engaging the media. With the increasing popularity of
both traditional mass and social media, raising CSR awareness among customers, the local community and public could push businesses to embrace CSR operationally. The thesis findings have shown the increasing influence of media, especially social media in directing corporate attention to CSR. The literature indicates that businesses tend to be more active in CSR adoption when they perceive significant stakeholder pressure. Hence, shaping public awareness and opinion of CSR-related issues is a way to push businesses to act in a more responsibly. In particular, promoting CSR awareness and preference for an ethical or responsible company can generate direct pressure on local companies to be proactive in their CSR activities. This is supported by the current literature (Etter, Colleoni, Illia, Meggiorin, & D’Eugenio, 2018; Skilton & Purdy, 2017).

The success of social programmes requires the commitment, leadership and capability of all internal and external stakeholders. It was found in several cases that lack of CSR understanding, leadership skills and management commitment may render social programmes ineffective. Thus, provincial authorities and relevant stakeholders need to develop a right mindset and capability to coordinate projects in cooperation with business.

8.5 Limitations

Albeit this thesis has made several theoretical and practical contributions, it inevitably has several limitations inherent to all studies (Marshall & Rossman, 2014). First, the unit of analysis in this thesis was restricted to companies known to be active in CSR in the garment and food industries. While this characterisation exhibits general patterns of CSR approaches elaborated by the thesis, its sample selection is certainly not fully representative of businesses in other industries or CSR landscapes in Vietnam. Moreover, this approach may not shed light on the motivations for CSR non-engagement by local companies which was not the focus of this thesis.

Second, as this thesis adopts qualitative case studies, it cannot measure the strength of factors influencing CSR strategies and performance and their relations. However, the objective of this thesis was to reveal factors that explain a certain strategic posture to CSR. Furthermore, the employment of thematic analyses using NVivo in analysing qualitative data allowed the researcher to identify which factors were most likely to shape CSR strategies.

Third, the findings on relevant factors influencing CSR engagement identified in this thesis were mostly based on the participants’ beliefs and views, which may be biased or subject to self-presentation. Nevertheless, the employment of triangulation between findings from interviews with company participants, industry experts and government officials and other research methods (document analysis and field notes) would help minimise the effects of biases. This is because various sources and the richness of information allowed the researcher to verify
participant views and positions, and to improve the viewpoint on an issue. Additionally, the thesis also employed several strategies to maintain the veracity of the data and avoid biased interpretations that may have resulted from the researcher’s based on knowledge and perspectives, as discussed in Chapter 4.

Finally, the thesis employed a cross-sectional approach even though two case studies involved some longitudinal and historical dimensions in developing an understanding of CSR practices over time. However, it is expected that a longitudinal study could provide an in-depth understanding of how CSR practices, motivations and influencing factors evolved.

8.6 Directions for Future Research

This section provides a discussion of several key areas for future research in consideration of the extant literature and scope of the thesis.

Firstly, this thesis did not accord full attention to all contingent company-specific factors that may influence CSR strategies and performance, such as leadership dynamics. It is, therefore, significant to develop a more systematic assessment of the internal and external antecedents to CSR engagement in future research through employing a more in-depth large-sample for empirical study.

Secondly, the relevant factors influencing CSR engagement and coupling in this thesis may be used as a guide for future research on CSR non-engagement or decoupling regarding antecedents and motivations at a different level of analysis (institutional, stakeholder and individual).

Thirdly, following the United Nations’ adoption of 17 Sustainable Development Goals (SDGs), there is opportunity for future research to shed light into the contribution of MNCs to the SDGs. Despite a growing section of the literature on the SDGs and MNCs’ adoption of several of the 17 SDGs (Witte & Dilyard, 2017), future studies could investigate how MNCs move beyond CSR initiatives to integrate the SDGs in their corporate strategies or how the 17 SDGs could be used to measure sustainability performance of MNCs.

Finally, the application of a quantitative approach in future CSR studies using the factors identified in this thesis that shape certain strategic approaches to CSR could provide CSR insights in other industries. This is because the employment of a quantitative approach could measure the relative weight of importance of each factor through the use several multiple-criteria techniques. Moreover, the integrative framework developed in this thesis can be replicated and validated in other developing-country contexts. In this regard, the generalisation of the framework and empirical evidence from quantitative studies, could, therefore, make an important contribution to the body of knowledge on the dynamics of CSR strategies.
8.7 Summary

Research on CSR and CSR strategies has gained increasing prominence in developing and emerging economies. The thesis revealed the prevalence of implicit-informal CSR practices with among local companies. It also showed that local companies had instrumental motives for their CSR uptake. These findings lend support to the argument that self-enlightenment, rather than altruism, is the working assumption of most firms participating in CSR (Husted, 2003).

However, there has been evidence of a shift from implicit to explicit CSR resulting from global forces, stakeholder pressure and corporate strategy. Specifically, explicit and formal CSR was characterised by strategic alignment, stakeholder engagement and communication embedded in explicit management systems.

It is noted that rather than a single a factor, the combined effect of several external factors (institutional and stakeholder pressures) tend to shape defensive and accommodative strategies. Further, the thesis highlighted that the internal drivers (corporate values and strategies and management perceptions) appear to drive a more proactive approach to CSR. Moreover, ownership types, stages of development, resource availability and stakeholder characteristics impact CSR performance. Practically, stakeholder dialogue and engagement with business, NGOs and public sectors are crucial for sustainable social projects as they enhance the creditability, efficacy and viability of social programmes in developing countries. This thesis is expected to lay the groundwork for other researchers in exploring this topic further, whether in Vietnam or other contexts. The revisited conceptual model of the thesis may provide theoretical and practical implications for different stakeholder groups in a joint effort to further promote CSR practices among local businesses.
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# APPENDICES

## Appendix 1: Summary of CSR Antecedents in Developed Country Context

<table>
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<tr>
<th>Variables</th>
<th>Sample size</th>
<th>Valid return rate</th>
<th>Region</th>
<th>Relationship with CSR</th>
<th>Authors</th>
<th>Publishing years</th>
<th>References</th>
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<td><strong>Institutional level</strong></td>
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**Organisational level**

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**Individual level**

|------------------------|-----|-----|----|-----------------------|----------------------|-----|----------------------------------------------------------|
## Appendix 2: Summary of Antecedents of CSR in developing country contexts

### Institutional level of analysis

- Geopolitical landscape: colonial capitalism (Iyer 2009);
- Role of international and national civil society organisations (Robertson 2009);
- Influence of international standards (Blasco and Zølner 2010; Jamali and Neville 2011; Knudsen 2013; Montgomery and Maggio 2009; Yu 2008);
- Political system and governance (See 2009; Griesse 2007c; Ip 2009; Jamali and Neville 2011; Rahim and Alam 2014; Raufflet 2009);
- Financial system, economics and the business operating environment (Xu and Yang 2010; Castell‘o and Galang 2014; Chapple and Moon 2005);
- Stakeholder expectations concerning responsible practices (Tsoi 2010);
- Influence of religion, ideology and related institutions (Beekun and Badawi 2005; Gustavson 2011; Ip 2009; Rees and Miazhevic 2009).

### Organisational level

- Firm’s ownership: State-owned vs. non-state-owned and privatization (Fryxell and Lo 2003; Gao 2011; Li and Zhang 2010; Ye and Zhang 2011; Zhang et al. 2014); MNE vs. domestic/subsidiaries (Castell‘o and Galang 2014; Mijatovic and Stokic 2010; Muller and Kolk 2015);
- Firm size, operating scale and financial characteristics (Castell‘o and Galang 2014; Choi et al. 2013; Jamali et al. 2009a; Zhang et al. 2009); Governance practices (de Jesus Lameira and Ness 2007) Board of directors (Lindgreen et al. 2009);
- Corporate history, values and culture for CSR (Muller and Kolk 2015; Ozen and K"usku 2009; Husted et al. 2010);
- Stakeholder pressure (Ceha 2013; Eweje 2006; Griesse 2007a; Jamali and Keshishian 2009; Lindgreen et al. 2010; Lund-Thomsen and Lindgreen 2014; Lund-Thomsen and Nadvi 2010b; Mena et al. 2010; Nwankwo et al. 2007; Yin et al. 2013);
- Firm’s strategy (Cruz et al. 2015; Zhang et al. 2010; Lindgreen et al. 2010; Sandhu et al. 2012);
- Firm’s level of industry competition (Muller and Kolk 2010);
- Firm’s resource availability/ performance/ CSR spending (Julian and Ofori-dankwa 2013; Li et al. 2013; Verma and Kumar 2014);
<table>
<thead>
<tr>
<th>Individual level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal cultural values and/or beliefs (Chun 2009; Duarte 2010; Erondu et al. 2004; Rodrigo and Arenas 2008; Shafer et al. 2007; Turker 2009; Vivier 2013)</td>
</tr>
<tr>
<td>Personal religions orientations (Brammer et al. 2007; Mandurah et al. 2012)</td>
</tr>
<tr>
<td>Awareness of CSR (Alas and Tafel 2008; Erondu et al. 2004; Lam 2009; Tian et al. 2011)</td>
</tr>
<tr>
<td>Stewardship of a particular leader (Mohan 2001; Wheeler et al. 2002)</td>
</tr>
</tbody>
</table>
## Appendix 3: List of respondent interviews

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Ownership</th>
<th>No. of interviews (Phase 2)</th>
<th>Follow ups (Phase 3 -now)</th>
<th>Position</th>
<th>Gender</th>
<th>Interview time</th>
<th>Interview duration</th>
<th>Case Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Expert 1 (Garment Association)</td>
<td></td>
<td>1</td>
<td></td>
<td>Ex Chairperson of the Association</td>
<td>Female</td>
<td>2/4/2015</td>
<td>1 hour</td>
<td>EXP1</td>
</tr>
<tr>
<td>CSR expert 2 (UNIDO-CSR delegate)</td>
<td></td>
<td>1</td>
<td></td>
<td>CSR Vietnam chief delegate</td>
<td>Male</td>
<td>7/4/2015</td>
<td>1 hour</td>
<td>EXP2</td>
</tr>
<tr>
<td>CSR expert 3 (Better Work Vietnam)</td>
<td></td>
<td>1</td>
<td></td>
<td>Audit Manager</td>
<td>Male</td>
<td>18/04/15</td>
<td>1.5 hours</td>
<td>EXP3</td>
</tr>
<tr>
<td>Garment Company 1 (Joint Stock; Unlisted; State-owned)</td>
<td></td>
<td>1</td>
<td>1</td>
<td>Deputy General Director</td>
<td>Male</td>
<td>13/05/15</td>
<td>2 hours</td>
<td>GC1 M1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Deputy General Director</td>
<td>Female</td>
<td>15/05/15</td>
<td>1.5 hours</td>
<td>GC1 M2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>CSR manager</td>
<td>Female</td>
<td>14/05/15</td>
<td>1 hour</td>
<td>GC1 M3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>HRM Manager</td>
<td>Female</td>
<td>16/05/15</td>
<td>1 hour</td>
<td>GC1 M4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Trade Union</td>
<td>Female</td>
<td>19/05/15</td>
<td>1 hour</td>
<td>GC1 M5</td>
</tr>
<tr>
<td>Garment Company 2 (Joint Venture; foreign)</td>
<td></td>
<td>1</td>
<td>1</td>
<td>General Manager</td>
<td>Female</td>
<td>17/06/15</td>
<td>2 hours</td>
<td>GC2 M1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Social Compliance Department</td>
<td>Male</td>
<td>18/06/15</td>
<td>1 hour</td>
<td>GC2 M2</td>
</tr>
<tr>
<td>Company Name</td>
<td>Ownership Type</td>
<td>1</td>
<td>Position Name</td>
<td>Gender</td>
<td>Date</td>
<td>Duration</td>
<td>Code</td>
<td>Manager ID</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------------------------</td>
<td>---</td>
<td>-----------------------------------</td>
<td>--------</td>
<td>------------</td>
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<td>------------</td>
</tr>
<tr>
<td>Garment Company 3</td>
<td>Joint Stock; unlisted; privately-owned</td>
<td>1</td>
<td>HR manager</td>
<td>Female</td>
<td>18/06/15</td>
<td>1 hour</td>
<td>GC2</td>
<td>M3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>General Administration Manager</td>
<td>Female</td>
<td>21/06/15</td>
<td>1 hour</td>
<td>GC2</td>
<td>M4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>General Director</td>
<td>Male</td>
<td>22/06/15</td>
<td>1,5 hours</td>
<td>GC3</td>
<td>M1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Social Compliance Head</td>
<td>Male</td>
<td>23/06/15</td>
<td>2 hours</td>
<td>GC3</td>
<td>M2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>HR Head</td>
<td>Female</td>
<td>24/06/15</td>
<td>1 hour</td>
<td>GC3</td>
<td>M3</td>
</tr>
<tr>
<td>Food Company 1</td>
<td>Foreign-owned</td>
<td>1</td>
<td>Deputy General Manager</td>
<td>Males</td>
<td>18/7/15</td>
<td>2 hours</td>
<td>FC1</td>
<td>M1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Corporate Affair Manager</td>
<td>Male</td>
<td>24/9/15</td>
<td>1 hour</td>
<td>FC1</td>
<td>M2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Production Manager</td>
<td>Male</td>
<td>12/10/2015</td>
<td>1 hour</td>
<td>FC1</td>
<td>M3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Legal Department Manager</td>
<td>Male</td>
<td>3/12/2016</td>
<td>1 hour</td>
<td>FC1</td>
<td>M4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Human Resource Manager</td>
<td>Female</td>
<td>19/08/15</td>
<td>1,5 hours</td>
<td>FC1</td>
<td>M5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Dairy Farming Development</td>
<td>Male</td>
<td>20/03/16</td>
<td>2 hours</td>
<td>FC1</td>
<td>M6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Education Promotion Program</td>
<td>Female</td>
<td>22/7/15</td>
<td>1 hour</td>
<td>FC1</td>
<td>M7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Marketing Manager</td>
<td>Male</td>
<td>7/01/2015</td>
<td>1 hour</td>
<td>FC1</td>
<td>M8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Deputy General Manager</td>
<td></td>
<td>9/05/2015</td>
<td>1 hour</td>
<td>FC1</td>
<td>M9</td>
</tr>
<tr>
<td>Company</td>
<td>Nature</td>
<td>Interviews</td>
<td>Hours</td>
<td>Date</td>
<td>Position</td>
<td>Gender</td>
<td>Notes</td>
<td></td>
</tr>
<tr>
<td>------------------</td>
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<td>--------------</td>
<td></td>
</tr>
<tr>
<td>Food Company 2</td>
<td>Privately-owned</td>
<td>3</td>
<td></td>
<td></td>
<td>Deputy General Manager</td>
<td>Male</td>
<td>1/6/2015 1.5 hours FC2 M1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td>Marketing Manager</td>
<td>Female</td>
<td>2/6/2015 1 hour FC2 M2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PR Manager</td>
<td>Female</td>
<td>3/6/2015 1.5 hours FC2 M3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1 HRM Manager</td>
<td>Male</td>
<td>6/6/2015 1 hour FC2 M4</td>
<td></td>
</tr>
<tr>
<td>Food Company 3</td>
<td>Joint Stock; unlisted; privately-owned</td>
<td>3</td>
<td></td>
<td></td>
<td>Deputy General Head</td>
<td>Male</td>
<td>9/6/2015 1.5 hours FC3 M1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td>HR Manager</td>
<td>Female</td>
<td>10/5/2015 1 hour FC3 M2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Marketing Manager</td>
<td>Male</td>
<td>12/6/2015 1 hour FC3 M3</td>
<td></td>
</tr>
<tr>
<td><strong>Total by phase</strong></td>
<td></td>
<td><strong>28</strong></td>
<td><strong>11</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total (up to now)</strong></td>
<td></td>
<td><strong>39 company interviews plus three expert interviews</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 4: Ethics Approval

RMIT UNIVERSITY

Notice of Approval

Date: 23 January 2015
Project number: 19081
Project title: A study of CSR in the Vietnamese garment and food industries: Antecedents, strategies and performance
Risk classification: Low risk
Principal Investigator: Dr Charlie Huang
Student Investigator: Mrs Thi Ha Lan Do
Other Investigator: Professor George Cairns

Project Approved: From: 23 January 2015 To: 3 March 2018

Terms of approval:

Responsibilities of the principal investigator
It is the responsibility of the principal investigator to ensure that all other investigators and staff on a project are aware of the terms of approval and to ensure that the project is conducted as approved by BCHEAN. Approval is only valid while the investigator holds a position at RMIT University.

1. Amendments
   Approval must be sought from BCHEAN to amend any aspect of a project including approved documents. To apply for an amendment submit a request for amendment form to the BCHEAN secretary. This form is available on the Human Research Ethics Committee (HREC) website.
   Amendments must not be implemented without first gaining approval from BCHEAN.

2. Adverse events
   You should notify BCHEAN immediately of any serious or unexpected adverse events on participants or unforeseen events affecting the ethical acceptability of the project.

3. Participant Information and Consent Form (PICF)
   The PICF must be distributed to all research participants, where relevant, and the consent form is to be retained and stored by the investigator. The PICF must contain the RMIT University logo and a complaints clause including the above project number.

4. Annual reports
   Continued approval of this project is dependent on the submission of an annual report.

5. Final report
   A final report must be provided at the conclusion of the project. BCHEAN must be notified if the project is discontinued before the expected date of completion.

6. Monitoring
   Projects may be subject to an audit or any other form of monitoring by BCHEAN at any time.

7. Retention and storage of data
   The investigator is responsible for the storage and retention of original data pertaining to a project for a minimum period of five years.

Regards,

RMIT BCHEAN
### Appendix 5: Dimensions of CSR Measurement

<table>
<thead>
<tr>
<th>KNOWLEDGE AND ATTITUDEAL DIMENSIONS</th>
<th>DIMENSIONS OF CSR MEASUREMENT</th>
<th>TACTICAL AND OPERATIONAL DIMENSIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR awareness</td>
<td>Rationale behind CSR initiatives</td>
<td>CSR strategic posture</td>
</tr>
<tr>
<td>Active opposition to CSR broader than financial benefits</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Window dressing and/or lack of awareness or ignorance about CSR issues</td>
<td>Limitation of potentially harming and uncontrolled criticism</td>
<td>Piecemeal involvement</td>
</tr>
<tr>
<td>Growing awareness of CSR-related troubles to be avoided</td>
<td>Compliance objectives</td>
<td>Involvement in theory / professed</td>
</tr>
<tr>
<td>Growing awareness of CSR-related advantages to be gained</td>
<td>License to operate</td>
<td>Fair involvement / supportive</td>
</tr>
<tr>
<td>Knowledgeable CSR awareness</td>
<td>Competitive advantage</td>
<td>Commitment</td>
</tr>
<tr>
<td>Leadership objectives on CSR-related issues</td>
<td>Value proposition</td>
<td>Sound commitment</td>
</tr>
<tr>
<td>CSR as an internalised management ideology</td>
<td>Enlarged finality - Societal change</td>
<td>Devotion</td>
</tr>
</tbody>
</table>
### Appendix 6: CSR-related International and National Framework

<table>
<thead>
<tr>
<th>International Conventions</th>
<th>The Vienna Convention for the Protection of the Ozone Layer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)</td>
</tr>
<tr>
<td></td>
<td>The Basel Convention on the Trans-Boundary Movement of Hazardous Wastes and Their Disposal</td>
</tr>
<tr>
<td>International Standards</td>
<td>Quality Management System ISO 9000, TQM, 5S, Kaizen, 7 Tools, SPC.</td>
</tr>
<tr>
<td></td>
<td>QUACERT (Vietnam),</td>
</tr>
<tr>
<td></td>
<td>BVC (United Kingdom),</td>
</tr>
<tr>
<td></td>
<td>TQCSI (Australia)</td>
</tr>
<tr>
<td></td>
<td>Food Safety and Hygiene Management System ISO 22000, HACCP, BRC.</td>
</tr>
<tr>
<td></td>
<td>Environmental Management System ISO 14000.</td>
</tr>
<tr>
<td></td>
<td>Social Responsibility Systems SA 8000.</td>
</tr>
<tr>
<td></td>
<td>Occupational Health and Safety Management System OHSAS 18000.</td>
</tr>
<tr>
<td>Vietnam’s Agenda 21 (2004)</td>
<td>1) Maintaining rapid &amp; sustainable economic growth</td>
</tr>
<tr>
<td></td>
<td>2) Transforming production &amp; consumption patterns towards environmentally friendly direction</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>3)</td>
<td>Implementing clean industrialisation</td>
</tr>
<tr>
<td>4)</td>
<td>Agriculture &amp; rural development</td>
</tr>
<tr>
<td>5)</td>
<td>Development of regions and localities</td>
</tr>
<tr>
<td>6)</td>
<td>Eliminating hunger, poverty and speeding up social equity</td>
</tr>
<tr>
<td>7)</td>
<td>Creating jobs and reducing population growth</td>
</tr>
<tr>
<td>8)</td>
<td>Orienting urbanisation and population migration</td>
</tr>
<tr>
<td>9)</td>
<td>Improving education quality</td>
</tr>
<tr>
<td>10)</td>
<td>Developing health care services, working condition</td>
</tr>
<tr>
<td>11)</td>
<td>Prevention of land degradation and effective use of resource</td>
</tr>
<tr>
<td>12)</td>
<td>Sustainable utilisation of water resource</td>
</tr>
<tr>
<td>13)</td>
<td>Appropriate exploitation of mineral resources</td>
</tr>
<tr>
<td>14)</td>
<td>Protection of marine coastal</td>
</tr>
<tr>
<td>15)</td>
<td>Protection of forest</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>16) Air pollution control</td>
<td></td>
</tr>
<tr>
<td>17) Solid and toxic waste management</td>
<td></td>
</tr>
<tr>
<td>18) Biodiversity conservation</td>
<td></td>
</tr>
<tr>
<td>19) Measure for mitigating climate change and natural disasters</td>
<td></td>
</tr>
</tbody>
</table>

**Selected Laws relating to CSR**

- **Law on Environmental Protection**, approved on 23/06/2014, with effect from 01/01/2015, revised from the Law on Environmental Protection 52/2005/QH11.


### Appendix 7: Selected key legal documents on labour issues

#### General provisions

<table>
<thead>
<tr>
<th>Document</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Union Law – 1990 dated 30/6/1990</td>
<td>Defining functions, rights and responsibilities of the Trade Union</td>
</tr>
<tr>
<td>Enterprise Law - No. 60/2005 / QH11 November 29, 2005</td>
<td>Provisions on the establishment, organisation of management and the operation of the liability company shares, joint stock companies and partnerships and private enterprises</td>
</tr>
<tr>
<td>Law on Social Insurance - No. 71/2006 / QH11 June 29, 2006.</td>
<td>Regulations on social insurance regimes and policies; the rights and responsibilities of the workers, agencies, organisations and individuals involved social insurance; social insurance organisations; social insurance fund; Procedures for implementation social security and state management of security social security.</td>
</tr>
<tr>
<td>Law on Health Insurance - No. 25/2008/QH12</td>
<td>Provide for health insurance regimes and policies, including subjects, premiums, responsibilities and modes of health insurance premium payment; health insurance card; coverage of health insurance;</td>
</tr>
<tr>
<td>Vocational Training Law - No. 76/2006 / QH11 November 29, 2006</td>
<td>The organisation and operation of vocational training institutions, rights and obligations of organisations and individuals engaged in vocational training activities.</td>
</tr>
</tbody>
</table>

#### Jobs and apprenticeship

<table>
<thead>
<tr>
<th>Decree</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decree No. 39/2003 / ND-CP April 18, 2003</td>
<td>Detailing and guiding the implementation of one Article of the Labour Code on employment.</td>
</tr>
<tr>
<td>Decree No. 139/2006 / ND-CP November 20, 2006</td>
<td>Detailing and guiding the implementation of one Article of Labour Code and Law education on vocational training.</td>
</tr>
</tbody>
</table>
### Specific provisions

#### The labour contract
- **Decree No. 44/2002 / ND-CP**
  - May 9, 2003
  - Detailing and guiding the implementation of one Article of the Labour Code on labour contracts
- **Decree No. 94/2005 / ND-CP**
  - July 15, 2005
  - Resolve rights of workers in Enterprises and cooperatives going bankrupt

#### Wages
- **Decree No. 114/2002 / ND-CP**
  - December 31, 2002
  - Detailing and guiding the implementation of a number of articles of the Labour Code on wages.
- **Circular No. 12/2002 / TTLTBXH**
  - May 20, 2003
  - Guiding the implementation of a number of articles of the Decree No. 114/2002 / ND-CP dated December 31, 2002 on the salary of the employees working in State-owned companies
- **Circular 4/2003/TTBLDTBXH**
  - May 20, 2003
  - Guiding the implementation of a number of articles of the Decree No. 114/2002 / ND-CP dated December 31, 2002 on wages for employees working in foreign-invested companies and international organisations
- **Decree No. 86/2007 / ND-Cp**
  - May 28, 2007
  - Regulation on labour management and wages in a limited liability company & State owned 100% of charter capital.
- **Decree No. 206/2004 / ND-CP**
  - December 14, 2004
  - Regulations on the management of labour, wages and incomes in state companies

#### Work hours and rest periods
  - Detailing and guiding the implementation of the Article of the Labour Code on working hours and rest periods
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Labour Discipline Regulations</strong></td>
<td></td>
</tr>
<tr>
<td>Decree No. 41 / CP dated July 7, 1995 &amp; Decree No. 33/2003 / ND-CP dated 2 April 2003</td>
<td>Detailing and guiding the implementation of one Article of the Labour Code on labour disciplinary regulations and responsibility regarding equipment</td>
</tr>
<tr>
<td><strong>Occupational Health and Safety</strong></td>
<td></td>
</tr>
<tr>
<td>Decree No. 06 / CP 20/1/1995 and Decree 110/2002 / ND-CP dated December 27, 2002</td>
<td>Detailing a number of articles of the Code Labour on occupational safety and health</td>
</tr>
<tr>
<td><strong>Dialogue at workplace and collective bargaining agreement</strong></td>
<td></td>
</tr>
<tr>
<td>Decree No. 87 / ND-CP dated July 28, 2007 Government</td>
<td>Regulation on the exercise of democracy in limited liability companies</td>
</tr>
<tr>
<td>Inter-Circular number 32/2007 / TTLT - BLDTB &amp; XH-TLLLDVN</td>
<td>Guiding the organisation of employee conference in joint stock companies and limited liability company to promote the direct democratic rights of workers,</td>
</tr>
<tr>
<td><strong>Settlement of labour disputes and strikes</strong></td>
<td></td>
</tr>
<tr>
<td>Decree No. 133/2007 / ND-CP August 08, 2007</td>
<td>Detailing and guiding the implementation of one Article of the Law amending and supplementing a number of articles of the Labour Code on settlement of labour dispute.</td>
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<td>Decree No. 04/2005 / ND-CP January 11, 2005</td>
<td>Detailing and guiding the implementation of one Article of the Labour Code on labour complaints and disputes</td>
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**On social insurance and health insurance**

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<th>Social insurance law</th>
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<td>Law on Health Insurance</td>
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| Decree No. 31/2006 / ND-CP March 29, 2006 | Organisation and operation of the labour inspectorate Invalids and Social. |

**Organisational and operations of Trade Union**

| Trade Union Law - 1990 / QH08 June 30, 1990 | Defining functions, rights and responsibilities of the Union |
| Decree No. 133 / HDBT of April 20, 1991 | Guiding the implementation of the Trade Union Law |
| Decree No. 133 / HDBT of April 20, 1991 | Powers and responsibilities of the union in various type of organisations. |
| Decree No. 96/2006 / ND-CP September 14, 2006 | Guiding the implementation of Article 153 of the Labour Code the establishment of a trade union. |
| Inter-circular number 01.2007 / TTLT-TLLLDVNB/LDBXH April 20, 2007 | Guiding the implementation of a number of articles of the Decree No. 96/2006 / ND-CP on executive board of unofficial union at enterprises |
30 October 2014

To whom it may concern,

I am writing in my capacity as the Manager of Enterprise Development Foundation (EDF), Vietnam Chamber of Commerce and Industry (VCCI) to confirm hereby that we fully support Ms. Thi Ha Lan DO, PhD student at RMIT Melbourne, Australia to do her field trip with Vietnamese firms as we believe her research on Corporate Social Responsibility strategies by Vietnamese firms would be of significant inputs for policy making towards sustainable development in Vietnam. We would, in our best capacity, assist her in accessing relevant firms and their key managerial personnel in the database for 2012 CSR Award organised by VCCI for conducting interviews.

Should you require any further information regarding the interview, please contact the researcher.

Yours sincerely,

Manager
Enterprise Development Foundation (EDF)
Vietnam Chamber of Commerce and Industry (VCCI)
9 Dao Duy Anh, Hanoi, Vietnam
Appendix 9: Interview Guide

Screening Questions
How long have you been working for this company?
Can you tell me about the scope of business activities?
What is your position?
What are the roles and responsibilities you have in this organization?

Interview Guide Questions
1. How do you define ‘corporate social responsibility’?
2. How important is it to your business?
3. What are significant State and industry-specific regulations that govern company’s business activities?
4. What role do the media take regarding your firm’s adoption of CSR initiatives?
5. What are the most important stakeholder groups (investors, shareholders, customers, suppliers, local authorities and community) and how do they push the firms to formulate and implement CSR initiatives?
6. Have other industry players’ CSR practices/NGOs influence the firm’s approach to CSR?
7. What aspects of company specifics (financial performance, resource slack, company capabilities, international experience, structure, strategic planning and corporate culture) have significant influence on the adoption of CSR strategy?
8. What aspects of managerial attributes (personal values and beliefs, educational background and work experience) have played a decisive part in the choice of CSR strategy?
9. What are the management strategic postures (reactive versus pro-active) towards CSR?
10. In your experience to what extent has the top management shown support, involvement and commitment to management issues?
11. What are the current organisational structures (in terms of decision-making, reporting and performance management) for the execution of CSR programs?
12. What CSR communication approach has the company adopted?

13. What are the company policies regarding employee education and training on OHS, environment, human rights and trade unions?

14. What aspects of performance (policies, processes and outcomes) have you seen improved?

15. How well has the company dealt with its important stakeholder groups?

16. Can you elaborate on the environmental performance?

17. Could you be more specific as to what are the labour-related outcomes?

18. Does the firm’s CSR strategy result in a measureable (financial, reputational, market and customer) outcomes?

19. Overall, are you satisfied with your company’s CSR performance?

20. What do you think are major challenges in executing and implementing CSR initiatives and strategies?