

Corporate Social Responsibilities towards the Community during the Covid-19 Pandemic: The Case of Vietnam

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Abstract

This research aims to shed light on corporate social responsibility (CSR) towards the community in the context of Covid -19 pandemic. This study argues that while many businesses fulfil their mission and commitment to the community; nevertheless, a large number of businesses have not actively implemented social responsibility because this responsibility has not been legalized in Vietnam. From the research results, the author proposes main recommendations to improve further the effectiveness of corporate social responsibility activities in the years to come.

Keywords: Corporate social responsibility (CSR), Community, Covid-19 Pandemic.

Introduction

Enterprises play a significant role in economic development and are increasingly interested in solving social problems. This is a shift that tends to be clear and adaptive to the context of the new era, with the requirements for adapting to global standards. There may still be barriers that make it difficult for social organizations and businesses to access each other. Still, they are also working towards common goals and values to solve social challenges.

McKinsey (2007)'s survey showed that 84% of senior executives think contributing to community's social goals should be done in parallel with increasing shareholder value. Only 16% think profit is the only goal. Reputation Institute (2017) indicate that up to 91.4% of customers decide to buy products from brands associated with corporate social responsibility (CSR). And 84.3% of customers said they would still trust socially responsible businesses even during an economic crisis. The above figures implicitly confirm that CSR significantly influences the image/reputation of businesses. If the activities towards corporate social responsibility are consistent with reality and bring practical effects, they will certainly create a good effect and have great positive media spread.

In the context of the Covid-19 pandemic (CP) that has activated community initiatives, responsibilities, and solidarity, the safety or development of each individual is closely linked to the safety of the whole community. A business cannot succeed alone when failures surround it. Due to the complicated developments of CP, many localities in Vietnam have had to implement social distancing regulations to prevent and curb the CP, so many businesses have temporarily stopped working and rotating, downsizing production and business, reducing personnel, *etc.* This is also when businesses need to pioneer in implementing their social responsibility more than ever. Corporate social responsibility needs to be reflected in the company's sustainable development orientation and the cooperation of businesses in the community. Enterprises cannot stand aside in coordinating with stakeholders to perform community responsibilities jointly. Corporate social responsibility should not only be seen by businesses as an additional contribution to the community but also as a strategy to develop and meet the needs of customers in the new era. A transformative economy requires businesses not only to sell products and services but also values and responsibilities.

With the above arguments, it is very important to analyze the status of corporate social responsibility activities to the community in Vietnam amid the century pandemic spread.

This qualitative study aims to evaluate the current status of corporate social responsibility in the context of the Covid-19 pandemic and provide main policy implications to improve further the effectiveness of corporate social responsibility activities in the years to come.

1. Key conceptual issues of corporate social responsibility

Throughout the history of research and development, CSR has many concepts of its nature, characteristics and benefits from different perspectives, viewpoints, and development level of the subjects. For example, Bowen (1953, p. 6) states: "The social responsibilities of businessmen are obligations consistent with the goals and values of the society that entrepreneurs must fulfill when pursuing policies and making decisions for their business activities. own business" This concept emphasizes that enterprises do not negatively affect others and the responsibility of enterprises for the rights and interests of stakeholders. This concept has continued to be developed by many

scholars since then, and depending on different cases, perspectives, and conditions, each organization, business, and government has other concepts of CSR (Dahlsrud, 2008; Chang and Yeh, 2016). The concept of CSR is the subject of considerable debate among researchers depending on how the concepts are defined: responsibility, society, and enterprise. For instance, who is the business responsible for, what is the responsibility for, and the degree of social responsibility that the business must perform? For this regard, Keith Davis (1973) argued “CSR is the concern and response of business to issues that go beyond satisfying legal, economic and technological requirements”.

Carroll (1999) clarified that “CSR encompasses the economic, legal, ethical and philanthropic expectations of society towards organizations at a given time”. With components following the pyramid model of CSR: economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility. He suggested ensuring the interests of customers, employees, suppliers, investors, and the community... in all four aspects. This definition is considered the most comprehensive and widely accepted definition (Mandhachitara and Poolthong, 2011).

Some world organizations provided their own CSR definition. For instance, World Economic Council for Sustainable Development (2000) stated “CSR is a business commitment to contribute to sustainable economic development, which is taken with employees, families, local communities and society at large to enhance the quality of life, in ways that are good for both business and good for development.”

In a nutshell, although there are many statements related to CSR, in general, CSR is understood as the commitment of businesses, not only to improving the quality of life for employees but also bringing benefits to employees, community and society. CSR is integrated and included in the business strategy, becoming a decisive factor for the existence and development of the business.

2. Business benefits of corporate social responsibility

When businesses implement CSR, it brings benefits to themselves and all stakeholders such as customers, shareholders, employees, community, suppliers, partners... Especially, CSR brings benefits to the business itself as follows:

Increase revenue, and the number of contracts: When businesses implement CSR, they will attract more customers, retain existing customers, and can participate more deeply in the supply/value chain with global companies, expand market share, and increase revenue. In the context of global integration, multinational corporations often have strict corporate social responsibility requirements. These requirements have become must-have standards in business such as SA8000, WRAP, ISO14000, *etc.* When businesses want to gain more international contracts and increase their proportion in big markets like the EU, Japan, and the US, they need implement CSR.

Building the reputation and prestige of the business: CSR plays an important role in creating the reputation and credibility of the business. Indeed, suppose the communication and reporting on CSR of the enterprise are effective. In that case, the business's reputation will enhance, thereby increasing its competitive advantage and attracting more loyal customers. This is an effective tool to build reputation and credibility for businesses. In particular, the effective

implementation of CSR helps businesses create trust and credibility with stakeholders, namely company employees, investors, partners, communities, customers, *etc.* Maintaining the sustainable development of the business: When the competition is getting fiercer, customer requirements are increasing, and society has an increasingly stringent view of businesses. This condition creates additional pressure on businesses. Sustainability must always adhere to the standards of protection of the natural environment, the working environment, gender equality, occupational safety, labor rights, staff training and development, and contribution to the development of the community.

Attracting talents: High-quality human resources determine the productivity, quality of products and services as well as the success of the business. Enterprises that implement CSR well will have a better position in the labor market and demonstrate a clear commitment to standards and society, making it easier for the company to attract and retain high-skilled employees (Turban and Greening, 1997). Businesses that pay reasonable and fair wages, give employees training and promotion opportunities, recognize employees' creativity, pay full health insurance, and have a friendly working environment will have a higher probability to attract and retain talented people.

3. CSR implementation of Vietnamese enterprises during the Covid - 19 Pandemic

Since the beginning of 2020, Vietnam has experienced four outbreaks of Covid-19. The size, location, and extent of spread through each wave tend to be more complex. Figure 1 shows that in 2020, at the beginning of the Covid-19 epidemic, Vietnam had 1737 cases, 102 cases of recovery, and 35 deaths. In 2021, the world Covid-19 pandemic continued to be complicated by the occurrence of a new strain (Omicron). In the country, the fourth wave of Covid-19 broke out at the end of April 2021 with the Delta strain that has the most rapid spread, dangerous and complicated developments in many localities, especially in key economic localities such as Hanoi, Bac Ninh, Bac Giang, Da Nang, Ho Chi Minh City, Binh Duong, Dong Nai, Long An, and Can Tho. This breakout has seriously affected people's life, and safety and economic growth. Specifically, in 2021, Vietnam had 2,795,333 cases, of which 2,762,758 cases have been cured and 32,575 deaths.

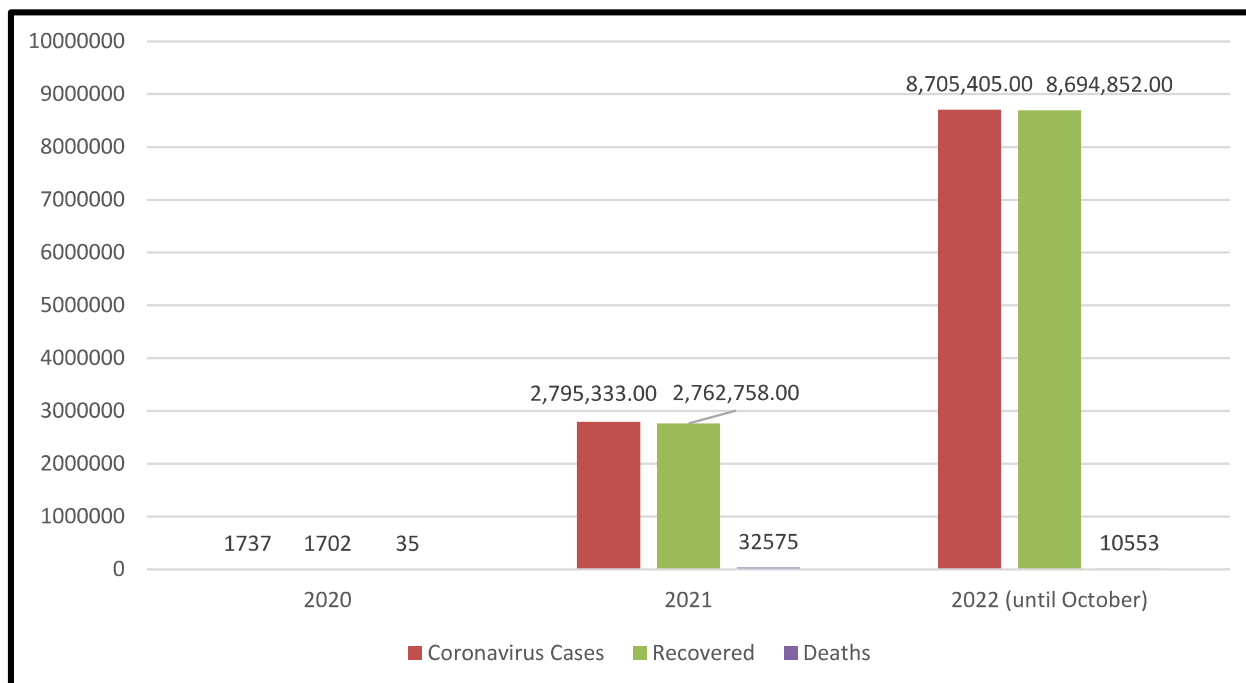
From the beginning of 2022, in the world, the Covid-19 epidemic is still complicated, unpredictable, and difficult to predict with the occurrence of many new strains. As of the end of October 2022, Vietnam had 8,705,405 cases, of which 8,694,852 were cured and 10,553 died (see Figure 1).

In the current Covid-19-hit socio-economic context with many tough changes, CSR is becoming an integral part of business strategies, helping many businesses build a good image, reputation in the eyes of partners, customers and trust among employees. CSR helps build the foundation for the sustainable development of businesses and creates intangible value, such as helping to mobilize capital for investment.

The covid-19 pandemic is also a time when many businesses fulfil their mission and commitment to the community through activities associated with social responsibility. Many businesses with a sense of social responsibility have shown their responsible role by actively participating with the government in the fight against Covid-19. It is important noting that Vietnam has well set up social development organizations based on the experience of businesses. Accordingly, Vietnamese businesses have been able to set up councils, including public-private partnerships, to find social development strategies. Specifically, in the urgent need of Covid

vaccines, the government of Vietnam took the initiative to establish the Vaccine Fund with active participation of many businesses, social organizations and individuals

Figure 1: Total Coronavirus infected, fatal, recovered cases in Vietnam in the period of 2020-2022, person



Source: <https://www.worldometers>.

In the difficult epidemic situation, many enterprises have struggled to maintain production with few employees. Despite the fact that production orders decreased, production and exports were slower, many businesses still made enormous efforts to accompany the locality to fight the pandemic. Many businesses voluntarily provided land, trade centers and factories free of cost to build field hospitals, contributing with human, and material resource, with their own products - from ambulances, medicine, to foodstuff, milk, drinking water, *etc.* with the spirit of wholeheartedly for the frontline against the epidemic, wholeheartedly for the health of the community.

It is noteworthy that a number of large corporations have contributed large amounts of money, such as Van Think Phat Group contributing VND 1,450 billion (Bang Tam, 2021), Vingroup donating VND 480 billion, and Viettel: VND 450 billion (Minh Quyen, 2021). Some conglomerates such as Vingroup, have previously donated a large number of ventilators to medical facilities, however, shortly after the epidemic broken out in early 2020, Vingroup immediately supported VND 100 billion to purchase medical equipment (Phuong Linh, 2020). Vietnam Dairy Products Joint Stock Company (Vinamilk) is another activist in donating the community in the combat against the Covid-19. With many practical community programs for a healthy Vietnam, this conglomerate has contributed VND 10 billion to procurement of the COVID-19 vaccine for children and 1 million glasses of milk for disadvantaged children. Owing to the merits, this business group has been honored at the highest position in many categories of prestigious

international awards such as The Global CSR Awards 2021 (The Global CSR Awards) and the Asia Excellence and Sustainable Enterprise Awards 2021 (ACES Awards) (Minh Thi, 2021).

As for propaganda against the COVID-19 epidemic, since it occurred Vietnam, Tiktok was one of the first companies to coordinate with related parties to build campaigns to spread and transmit useful information and messages, beneficial to the community. Tiktok also has had policies to support social organizations by providing green ticks, training, and circulating the posted content of the organizations widely. This activist has also selected campaigns to support society such as protecting the environment, protecting children, to enhance awareness and spread positive messages (Government Newspaper, 2021).

The Covid-19 pandemic not only affects the work, but also the working conditions of employees. Office workers have to work remotely, sales and delivery workers have to work in difficult and dangerous conditions due to social distancing. Employees of shopping malls have to quit their jobs due to the closures during social distancing. Therefore, CSR for employees is more focused and enhanced. Many businesses and corporations support employees through support funds and company unions, such as J&T Express built the "J&T care support fund" to help employees and their families during this difficult period. (Newspaper, 2021). SeABank also established a Covid prevention fund, which is a fund contributed by both partner banks and employees, supporting nearly VND 100 billion for the community and employees VND 2 billion (Chau Cao, 2021).

Along with solutions to take care of employees and retain partners, many businesses such as Hoan My Hospital, FV Hospital, Vingroup, *etc.* actively carry out social responsibilities to the community such as donating equipment, vehicles, and food for the pandemic prevention and control; provided service discounts for customers. The government made a 100%- reduction of clean water bills for poor and near-poor households, concentrated isolation areas and field hospitals, 10%- reduction of domestic clean water bills for households, rent reductions premises for small traders, selling goods to stabilize prices for people. Besides, the free supermarket chain supplying essential goods during the epidemic season, donating products to isolation centers, hospitals, *etc.* consent of other businesses and organizations to join hands to implement.

4. Shortcomings and limitations in implementing CSR during Covid-19

When the situation of the covid-19 pandemic is complicated, the Government urgently needs the cooperation from businesses to be more concretely expressed by actions instead of just words. Many businesses in Vietnam have not seriously performed their legal obligations and social responsibilities, such as fraudulent activities in business, financial statements, not listing prices, or selling prices higher than regulations, fail to ensure labor safety, produce and trade in poor quality goods, intentionally pollute the environment. For example, taking advantage of the state's tax incentives for unprocessed seafood products, Quang Dung Food Co., Ltd issued false invoices and evaded taxes of nearly VND 15 billion (Le Minh, 2022). Toan Phat Joint Stock Company does not issue a value-added invoice when trading goods to avoid more than VND 8 billion of tax bill (Tran Cuong, 2022). Some businesses even have taken advantage of the pandemic to increase prices and sell poor-quality products to the market. For example, the Duc Anh company, which mainly trades in medical equipment and supplies, took advantage of the increased demand for Covid-19 pandemic-prevention clothing and organized the production and sale of large quantities of the clothing, fake medical protection, there for earn illegal profit (Thu Huong, 2021). Taking

advantage of the urgent need for COVID-19 test kits of localities across the country, General Director of Viet A Technology Joint Stock Company skyrocketed the price of the COVID-19 test kit (Than Hoang, 2021).

Notably, a number of enterprises in Vietnam do not want to carry out social responsibility for the reason that corporate social responsibility has not been codified, there is no legal framework and guidance on enterprise's obligation to report on the social audit association and social reporting for the community to know and monitor. Therefore, only businesses participating in the global supply chain or required by partners are obligated to carry out corporate social responsibility. Meanwhile, small- and medium-sized enterprises still have many financial difficulties and lack legal obligations, so many businesses understand the social responsibility as a mere contribution of small amounts to their work as spontaneous goodness. Some businesses believe that implementing social responsibility does not bring any benefits to the business, but on the contrary increases their production costs and enhances competitors' competitiveness. In other words, CSR or sustainable development is the story of large corporations with great potential, but for small and medium enterprises, financial pressure and development orientation is still a barrier. Some Vietnamese enterprises are also unaware of the need to introduce regulations and practices to fight against embezzlement and corruption in the production and business process.

In the era of Fourth Industrial Revolution, in order to enhance the role of corporate social responsibility in sustainable economic development and to ensure benefits in harmony with the community and society, it is necessary to have solutions to help businesses better understand their important responsibilities, not only for the benefit of business development but also for social responsibility with the community.

5. Policy implications for Vietnam

Beside the negative consequences, the Covid-19 pandemic forces businesses to change their mindset and perspective on their CSR activities. As such, the implementation of CSR projects should be swift and feasible, so that the support reaches the needy in a timely manner. CSR implementation after the pandemic should be flexible and creative to gain more practical benefits for the community. While the pandemic perspective remains complicated, especially in a number of Vietnam's important partners, the implementation of CSR activities requires implementing organizations, businesses, and individuals to be calmer, more courageous, and know how to make more sacrifices. Enterprises should be prepared for any situations and response actions in the time of pandemic (infections, plans to be blocked due to epidemic reasons...) to have timely solutions and flexibly handle them to achieve their goals.

The decision to carry out SCR can be seen as the first response of an enterprise in risk management and also an opportunity to look back on its steps in the future. If a business is still financially constrained, it must first operate efficiently to survive; the very becoming a "good cell" in the economy is also a useful contribution to society.

The Vietnamese State should promulgate a more detailed legal documents on the role and social responsibility of enterprises to create binding enterprises to comply with the legal framework. It is advisable to regularly organize seminars on social responsibility topics that will help businesses understand more deeply the new provisions of the law and proactively seize opportunities and responsibilities in the context of swift ongoing globalization and the great challenges brought by the covid-19 pandemic. The seminars will also help businesses aware of

that implementing social responsibility does not increase costs. It will create a destination, sharing, and building up the image of "an enterprise with a mind to produce products with heart", creating sympathy for customers, invisible to have shortly a larger number of customers.

It is crucial to strengthen the Party's leadership role in policy orientations. This ensures the international commitments of conventions/treaties, of which Vietnam is a member. At the same time, the governments should create a favorable investment environment (via corporate income tax exemption and reduction, import tax exemption for several commodity sectors, exemption and reduction of land rental and use fees, *etc.*), and accelerates the digital transformation, in line with efficient investment in infrastructure, arterial traffic routes, airports, and routes to border gates and borders, economic zones, industrial parks, *etc.*) to attract capital from multinational enterprises to invest in Vietnam.

There may still be barriers that make it difficult for social organizations and businesses to access each other, but businesses are now working together towards common goals and values to address social challenges. Therefore, it is advisable to encourage social organizations, including small-scale organizations that can actively "lead the change" to approach and cooperate with businesses, including state-owned enterprises, to support operating more sustainably and grow stronger.

Social organizations need to identify the strategic spearhead of their organization so that they can coordinate with businesses with common interests. For businesses, small networks need to realize the importance of cooperation and going together. In particular, it is necessary to build supporting ecosystems, the most important of which is coordinating with the State's social-security policies to facilitate effective social responsibility implementation.

The role of social organizations is also very important in charitable activities because it is a bridge between businesses and those in need of support. Besides, many businesses now want to implement social responsibility programs, but not all businesses have enough resources to do this. At this time, social organizations will play a very important role in coordination and cooperation. And especially for the combination to be long-term and sustainable, the parties need to realize that they should not only focus on short-term support and charity but also need focus on long-term and sustainable programs, solving problems. post-pandemic society.

To bring more benefits to the community, the industries and fields being disrupted under the impact of the Covid-19 pandemic should strictly comply with the obligations and regulations of Vietnam and international treaties, to which Vietnam has signed or is a member.

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