The Relationship between the Social Responsibility and Brand Value of Business: A Study in Vietnam

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Abstract:

   The results of scientific research aimed to analyze the elements of social responsibility of the business affecting Vietnamese business brand value. The study results showed that there are 5 affecting factor groups as follows: Economic Responsibility, Legal Responsibility, Ethical Responsibility, Charitable Responsibility, Environmental Responsibility. The results of this study have made the following objectives: First, to identify the factors that impact Vietnamese business brand value; Second, to determine the priority order of the impact level on the factors to Vietnamese business brand value; Third, to propose solutions to enhance Vietnamese business brand value.

Key words: Business Ethics, Corporate Social Responsibility, Sustainable development, economic development, business strategy, Viet Nam.

INTRODUCTION:

Corporate social responsibility is the commitments of business to contribute to sustainable development, collaboration with

workers, families, local communities and society to improve the quality the lives of the stakeholders, so that it can benefits for both businesses, and the overall development of the whole society (World Trade Bank Organization, 2009). In the trend of world economic integration, Vietnam has not only have many development opportunities, but also faced enormous challenges such as environmental pollution, injustice and inequality in the businesses, tax evasion, lack of ethics in business, unfair competition environment, unsafe working environment for employees etc. All these issues have required enterprises' responsibilities to resolve and contribute building a sustainable world, which do not pay a heavy price for environment and society.

In Vietnam, the social responsibility of business is still quite new problems. However, in many advanced countries in the world, corporate social responsibility is no longer a strange problem that has become the culture, the brand value of businesses. Many enterprises are aware that if social responsibilities are well implemented, they will be appreciated by society, which is seen as having an international certificate, a valid visa easily to reach difficult markets. In contrast, any business does not make good social responsibility; there are not many opportunities to access market. Many studies have been demonstrated that any enterprise which performs social responsibility well, their benefits do not only decrease, but also increase a lot. Therefore, raising responsibility awareness of Vietnamese businesses to the society in integration competition process is an important issue and urgent today and in the future.

LITERATURE REVIEW

Corporate social responsibility is a broad concept which has been studied by many scholars. Corporate social responsibility

is to ensure performing the tasks related to the benefits and minimize the damage to the stakeholders including shareholders, consumers, families of workers and community where the business occupies and implementing activities, production and sales, etc (H. R. Bowen, 1953). Shareholders are responsible for binding the commitments relating to the rights and use scope of entrusted assets; ensure honesty and transparency in information that shareholders deserve; Responsibility for consumers is to use goods, and service in line with what businesses have committed (Aland Noo, 2010). Corporate social responsibility includes social expectations about economic, law, environment, ethics and charity for organizations at a certain time (Archie. B Carroll, 1979)

Thus, corporate social responsibility consists of "economic responsibility", "legal responsibility", "environmental responsibility", "moral responsibility" and "charitable responsibility". Corporate social responsibility is the attention and response of businesses with issues beyond the satisfaction of regulatory, economic and technological requirements. Under the development of technical sciences and technologies, the profitability of the company revenues from customers are more quickly, inevitably so that they have to be responsible to share benefits with the communities that are more to injury (Keith Davis, 2012). Corporate social responsibility is a concept including many different concepts such as business ethics, corporate philanthropy, corporate citizenship, sustainability and environmental responsibility. For the workers and employees, businesses need to comply with the provisions of the law, on the issue of employment, labor safety, building friendly relations, well within the enterprise fully and strictly. Responsibility to the community is responsible for contributing to improve, enhance and develop community life where businesses operate is the nearest; adding to the sustainable development of the cultural environmental - economic - national

society (Hann L.T. 2002, Matten and Moon, 2014). Besides, the term of Corporate social responsibility is also greater understandood, which is Corporate social responsibility to the development of mankind (Prakash and Sethi, 1975). Since the 70s of the twentieth century, many businesses around the world have implemented social responsibility by sponsoring programs for the environment and for the development community as "World Conservation Strategy" (1980), "Our common Future" (1987), "Caring for the earth" (1991) etc. These programs have quickly inspired many organizations and individuals strongly which are responded later. Businesses "give" but in fact they "receive", they even get back more what they give (Tran Phi Hoang, et al., 2015). Thus, factors of Corporate social responsibility affects impact Vietnamese business brand value focusing primarily on the following factors: "Economic Responsibility", "Legal Responsibility", " Ethical responsibility", "charitable responsibility", and "environmental responsibility".

RESEARCH MODEL
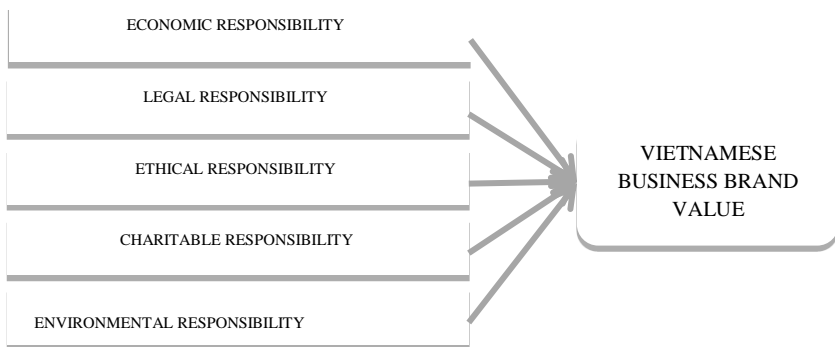
Figure 1- Research model for the relationship between the social responsibility and brand value of business

Economic responsibility is a very broad category. In the study of corporate social responsibility of Marketing 2.0, Philip

Kotler (2010) identified, Corporate Social Responsibility about Economy is optimization expenditures - revenues, the unnecessary cost-cutting or implementation of investing plans focused on optimizing the profitability of enterprises, while ensuring satisfy the needs and interests of the individuals concerned.

Hypothesis 1: There is relationship between "Economic Responsibility" and "Brand value of business".

Legal responsibility is a special kind of relationship between the State (through the competent authorities) and entities violated or at risk of violation, of which the state has the right to carry out enforcement measures institutional.They are naturally punishment stipulated in the legal sanctions for units violated law actors and they must pay the consequences of physical, mental caused by their behaviors (Laws of Vietnam, 2005)

Hypothesis 2: There is relationship between "Legal Responsibility" and "Brand value of business".

Ethical responsibility is the entire ethical commitments with neither legal validity nor the validity of the business to the customers, the consumers which theycan use goods, service quality, safety right to what enterprises promises; for the employees, the implementation of democratic, fair and transparent. (Jimmy, L.A, 2012). From the scientific perspective, the "Ethics is a science research on the nature of the right - and wrong, the philosophy of right - and wrong, rules or standards governing behavior of member of a profession or a particular field. " (American Heritage Dictionary, 2013).

Hypothesis 3: There is relationship between "Ethical Responsibility" and "Brand value of business".

Charitable responsibility is a set of institutions of action supporting the enterprises, organizations to individual or difficult or weak collective community through the activities and forms of donation such as cash, items, time or humanitarian relief, poverty reduction, health care or support actions for example spiritual consolation, encouragement, etc (John Herry, 2011).

Hypothesis 4: There is relationship between "Charitable Responsibility" and "Brand value of business".

Environmental responsibility is the responsibility of each individual or group living and working in the territory, or a certain range of space that must obey the laws and regulations of the local State in implementing policies for environmental protection. (Fukushimi, 2001). Environmental responsibility is an instiution defined responsibilities of each individual or group that comply with the laws of the State in implementing policies for environmental protection; managing, effectively and sustainably using natural resources; natural conservation, biodiversity; proactive disaster prevention, coping with climate change. (Article 63, Constitution VN, 2005)

Hypothesis 5: There is relationship between "Environmental Responsibility" and "Brand value of business".

METHODS OF RESEARCH

The two major research methods, qualitative and quantitative research are focused, specifically; the research process has three stages.

Stage 1, Based on theory and the related results mentioned the above, qualitative research method was used for group discussing and leading experts consultating to select the variables and observed variable groups.

Stage 2, Based on the grouping of factors affecting Vietnamese business brand value, the researcher designed survey questionnaires to collect the opinions of 306 expert customers in Ho Chi Minh City. The research model includes 05 scales, 25 observed variables (questionnaires), using 5- point Likert scale, Distance value = (Maximum - Minimum) / n = (5 - 1) / 5 = 0.8: 1. Completely disagree; 2. Disagree; 3. No opinion / Normal; 4. Agree; 5. Totally agree. Survey results were entered SPSS 20.0 and Cronbach's Alpha coefficient was used to test reliability of the scale. In this study, sampling and convenience method were used. According to Hair et al., (2006), the formula for calculating sample size is $n = \sum_{j=1}^{m} kPj$. In which m is the scale and Pj is the number of observed variables of the scale. The proportion of the sample compared to 1 analysis variable (k) is 5/1 or 10/1. Thus, the number of samples is larger than "total observed variables" of scale times "5" and less than "total observed variables" of the scale times "10". However, according to Lee Nguyen (2011), depending on the object of study and research goals, increasing sample size will increase the reliability of data.

Stage 3, After testing the reliability using Cronbach's alpha coefficient, Exploratory Factor Analysis - EFA was analyzed to shrink and summarize the data of the scale (Hoang Trong Chu and Nguyen Mong Ngoc, 2005 "Quantitative Research SPSS"). This method is based on extraction ratio factor (Eigenvalue), under which only those factors having ration (Eigenvalue) greater than 1 will be kept, those smaller than one will not show information better than origin variable because after standardizing, each original variance is 1. The method of extracting the main components (Principal components) and original method of factor rotation (Varimax Procedure) were used to minimize the number of variables that have large coefficients for the same factor, which increases explaining the factors. The results then were used to analyze

multiple linear regression to test the assumptions of the model, which consider the impact of factors affecting Vietnamese business brand value.

RESEARCH RESULTS

Table 1- Testing the average value for the observed variables

OBSERVED VARIABLES	N	MEAN
Business performance and risk management of Vietnamese enterprises	306	3.27
Vietnamese enterprises have several measures to reduce the costs	306	3.12
The competitive advantage of Vietnamese enterprises	306	3.01
Business promotion of Vietnamese enterprises	306	3.06
Executing local law of Vietnamese enterprises	306.	3.18
Law awareness of Vietnamese enterprises	306	3.39
Encouraging employees to work in accordance with legal regulations	306	3.47
Law dissemination and propagation of Vietnamese enterprises	306	3.44
Implementing right as committed to the consumers of enterprises	306	3.15
Quality products and services of Vietnamese enterprises	306	3.10
The provision of truthful information in ads, referral, counseling	306	3.14
The respect of ethical values and trust in business	306	3.03
Working environment for employees	306	3.17
Businesses treat customers fairly	306	3.21
Business leaders are friendly and cheerful to staff	306	3.21
Enterprises often participate in charity work for the community	306	2.78
Enterprises sponsors many activities to raise awareness in community	306	2.90
Enterprises have more scholarship programs for educational development	306	3.00
Vietnamese enterprises have many activities for environmental protection	306	3.03
Enterprises have clean and green conditions and working environment	306	3.07
Vietnamese enterprises have safe working environment	306	3.22
Enterprises have a friendly working environment with customers	306	3.20
I appreciate Vietnamese business brand value	306	3.16
I will continue to be customers of Vietnamese enterprises	306	3.27
I will introduce relatives to become customers of Vietnamese enterprises	306	3.21

(Source: The researcher's collecting data and SPSS)

The average results of testing scale shows that most of the scales are average values from 2.78 to 3:47. In which "Ethical Responsibility" is quite low compared to the rest of the scales,

the observed variables ranges from 2.78 to 3:21. Thus, customers do not really appreciate "moral responsibility of businesses". The results of this research are right to the situation "corporate social responsibility" of Vietnamese business that communication, journalism, public opinion condemns. This is one of the factors that need to be improved to enhance Vietnamese business brand value.

Table 2 - Reliability testing for scales using Cronbach's Alpha

Variables	Codes	Factors	Cronbach's Alpha
ID	ER	**Economic Responsibility**	0.856
	LR	**Legal Responsibility**	0.805.
	ET	**Ethical Responsibility**	0.879
	CR	**Charitable Responsibility**	0.818
	EN	**Environmental Responsibility**	0.793
DV	GT	**Business Brand Value.**	0.822

(Source: The researcher's collecting data and SPSS)

The test results showed that scales are high precision with Cronbach's alpha coefficient> 0.7 and the correlation coefficients of the total variables measurement factors are standardized to meet the demand (> 0, 3), the scale will be accepted. From this, EFA is the next step.

Table 3 - Exploratory Factor Analysis (EFA)

Component	Initial Eigenvalues		
	Total	**% of Variance**	**Cumulative %**
1	8.119	32.471	32. 471
2	2.395	10.415	42.806
3	3.722	7.439	50.374
4	1.615	7.048	57.422
5	1.238	6.102	62.312

(Source: The researcher's collecting data and SPSS)

Results of EFA in the above table shows the total variance extracted is greater than 50% 62.312%, this means that the deduction factors would explain 62.312% for model, the

remaining 37.688% is explained by other factors. Extraction ratio factor (Eigenvalue) is greater than 1 should be retained.

Table 4 - Factor Analysis - Rotated Component Matrix[a]

Code	Component				
	1	2	3	4	5
ET5	.771				
ET6	.757				
ET7	.733				
ET4	.732				
ET3	.719				
ET2	.697				
ET1	.602				
CR3		.789			
CR1		.772			
CR4		.742			
CR2		.741			
ER4			.799		
ER3			.785		
ER1			.773		
ER2			.752		
LR1				.779	
LR2				.772	
LR3				.722	
LR4				.702	
EN2					.775
EN1					.710
EN4					.668
EN3					.650

The above results show that the model EFA is consistent with the data, calculated into 5 groups of factors and may be used for a multiple regression analysis.

Table 5 - Analysis of multiple linear regressions

Model Summary[b]										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.832[a]	.621	*.546*	.456	.621	58.442	5	300	.000	*1.874*

(Source: The researcher's collecting data and SPSS)

The above table shows that the correlation coefficient adjustment: $R^2 = 0.546$ (verification F, sig. <0.05); that means change of 54.6% Y variables are interpreted by five independent variables (Xi). Coefficient Durbin - Watson (d) = 1.874; some observers n = 306, parameter k = 5, the level of significance of 0.01 (99%), the statistical tables Durbin - Watson, dL (less statistical value) = 1.623 and dU (above statistical value) = 1.725. So we have: (dL = 1.623) < (d = 1.874) < [4 - (dU = 1.725) = 2.275] proved the model has no autocorrelation.

Table 6 - ANOVA

ANOVA[a]						
Model		*Sum of Squares*	*df*	*Mean Square*	*F*	*Sig.*
1	Regression	111.914	5	24.484	*63.446*	.000[b]
	Residual	105.930	300	.209		
	Total	217.845	306			

The test results F = 63.446 value and Sig. = 0.000 <0.05 shows the building model is consistent with the data set and the variables included in the model which are related to the dependent variable. Generally, regression analysis with selected reliability of 95%, corresponding to the selected variables with statistical significance level was p <0.01; Results showed that all variables are satisfying demand. Verification of conformity of the model showed multicollinearity does not violate (VIF <10).

Table 7 - Factors affecting Vietnamese business brand value

COEFFICIENTS[a]										
Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*T*	*Sig.*	*Confidence Interval for B*		*Collinearity Statistics*	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(CT)	.301	.299		2.488	.150	-.097	.684		
	X1	.287	.071	*304*	5.169	.000	.146	.334	.557	1.002
	X2	.253	.063	*287*	5.022	.000	.140	.293	.658	1.116

X3	.241	.054	*.205*	4.271	.000	.111	.294	.798	1.207
X4	.183	.046	*.197*	3.095	.000	.064	.257	.755	1.006
X5	.135	.049	*.143*	4.311	.017	.018	.185	.739	1.123

(Source: The researcher's collecting data and SPSS)

Results of regression analysis showed that factors affect Vietnamese business brand value and the degree of priority as follows: Ethical responsibility: ß = 0.304, Environmental Responsibility: ß = 0.287, Economic Responsibility: ß = 0.205, Legal Responsibility: ß = 0.197, Charitable responsibility: ß = 0.143. The regression equation takes the following form: Y = 0.304X1 + 0.287X2 + 0.205X3 + 0.197X4 + 0.143X5. The results of this study concluded the factors of social responsibility of business impact brand value of Vietnamese businesses. Results of this research are the basis of the recommendations proposed solutions to enhance brand value of Vietnamese business.

CONCLUSION

This results shows that there are five factors affecting the brand value of Vietnamese businesses and the influence degree of each factor is different. According to the analysis, five factors are correlated to impact brand value of Vietnamese businesses, in order respectively: ethical responsibility, environmental responsibility, economic responsibility, legal responsibility and charitable responsibility. This is an important basis for enterprises to consider the strategic development of their businesses in the future.

RECOMMENDATIONS

Firstly, Vietnamese enterprises need more activities to raise awareness about the trust in business and mechanisms to ensure the provision of quality products and services as promised. Building the business philosophy and considering it

as a key to enhance their brand value. Besides, they need building good working environment, friendliness, safety, transparency and fairness for workers.

Secondly, working environment should be towards cultural, civilized, modern, clean, green and friendly which is not luxurious issue in Vietnam. It is not only important for employees but also for customers. It is confirmed that if any business has good working environment which makes employees happy and they will attach and be loyal to the company.

Third, Vietnamese enterprises should actively participate in charitable activities, activities to raise public awareness as scholarships, projects to improve the quality of life for poor communities, help the disabled, children, the elderly, etc. to enhance the brand reputation of the company in the customer's mind.

Fourth, Vietnamese enterprises need building and implementing the roadmap for the application of new technologies, new materials, information technology to reduce the time serving the customer directly, which cost less in media, forums and social networks. Doing this not only helps to maximize profits for the enterprise, but also creates added value for customers, minimizes environmental pollution due to outdated technology, increase enterprise brand value.

Fifthly, Vietnamese enterprises need promoting the dissemination and propagation of the law to the whole businesses aware of the law and legal compliance, in addition to encourage, motivate and reward honest employees working with customers and in accordance with law. It does not only show corporate social responsibility but also has a great social significance when Vietnam integrates area and internationally.

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