
The Relationship between Corporate Social Responsibility and Prestige Brand of Enterprises in the Service Industry

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Abstract

The results of this scientific research were carried out to analyze the factors of corporate social responsibility affecting the brand prestige of Vietnamese enterprises in the service industry. Research results show that there are five factor groups that affect brand prestige: economic responsibility, legal responsibility, ethical responsibility, charitable responsibility and environmental responsibility. This is a new study as the recognition and implementation of corporate social responsibility in the service industry is a fresh concern in Vietnam. The results of this research not only help raise the awareness of businesses in the service industry, the community but also the whole society of Vietnam on corporate social responsibility. Groups of solutions for enterprises are proposed to fulfill their responsibilities, to enhance the brand prestige of enterprises in the service industry and to contribute to Vietnam's socio-economic developing sustainably as well.

Key words: corporate social responsibility, business ethics, business strategy, enterprises, sustainable development, Viet Nam

INTRODUCTION:

According to the World Bank (2001) "Corporate Social Responsibility is the commitment of business to contribute to economic sustainable development, working with workers, their families, the local

community and society at large to improve their quality of life, in ways that are both beneficial to the business and useful for development." Corporate social responsibility is in the following aspects: contributing to the social community, protecting the environment, fulfilling the responsibilities of the provider, ensuring the safety and benefits for the consumers; having good relationship with employees, ensuring benefits for shareholders and employees in the enterprise.

Definitely, when enterprises apply good social responsibility, practical effects have been brought out in their products and businesses which strengthen trust in customers, create internal connection within enterprises and attract highly skilled workers simultaneously. In business history, many enterprises overcame bankrupt risk thanks to sharing of the consumer community. Corporate social responsibility should be considered as one of their top business strategies rather than mandatory regulations or charitable activities.

A study of Vietnamese Institute of Social Sciences and Labor conducted on 24 companies in the leather and textiles sector in Vietnam (2015) showed that by implementing social responsibility programs, the turnover of enterprises increased 25 %, productivity also increased, salaries increased from 34.2 million up to 35.8 million per worker per year; export ratio increased from 94% to 97%. However, corporate social responsibility has been interested by Vietnamese society. Executing social responsibility of enterprises used to be extremely limited. So many businesses have even devastated the environment, manufactured and distributed many low and toxic products of low quality. Many enterprises have violated law on salaries, insurance, industrial safety and welfare of employees. Such as in the banking sector, banks lend to projects that seriously pollute the environment because banks do not evaluate and examine the feasibility and benefits of projects and prestige of enterprises before lending. In addition, these frequent occurrences have been causing concerns for the whole society of Vietnam.

Many real lessons have been proved that if enterprises do not comply with social responsibility, they will not be able to enter the world market, then narrow themselves. Being in comprehensive integration, conforming corporate social responsibility commitments of Vietnamese enterprises seems not to be properly concerned which is

worrying. Therefore, the social responsibility of Vietnamese enterprises is one of the most alarmed issues. Utilizing good corporate social responsibility will not only help businesses do their jobs better but also solve their strategic and core issues related to business and socio-economic issues at the macro level of a country.

LITERATURE REVIEW

Corporate Social Responsibility (CSR) is a commitment of the enterprises to business ethics, adding to sustainable economic development, improving life quality of employees, as well as local community and society. Experts state that if businesses profit from the customers is great and quick, it is inevitable for businesses to have sharing responsibility with workers and vulnerable communities (Jean Pascal Gond, Assâad El Akremi, Valérie Swaen, 2017). Various activities are to raise social responsibility awareness of entrepreneurs such as propaganda and call on people not to harm ones' rights and interests; to call for corporate responsibility to reimburse social damages from business (Sancllemente, J.C.T, 2017). These quickly engage many people, many social positions, scientists and researches later.

Researchers argue that corporate social responsibility is to ensure task performance involving benefits, to minimize harms to their parties including shareholders, consumers, and families of workers and communities in which business is located and to carry out production or business operations (Audrey Hsu, Kevin Koh, Sophia Liu and Yen H. Tong, 2017; Adina Dornean and Dumitru-Cristian Oanea, 2018). The liability for shareholders is a commitment related to the right and asset using range; to ensure honesty, transparency in the information, in the income that shareholders deserve (Pavlos A. Vlachos, Nikolaos G. Panagopoulos, Daniel G. Bachrach and Frederick P. Morgeson, 2017); the responsibility for consumers is to use the goods and services in accordance with what the enterprises has committed, etc. (Sancllemente et al., 2017). Shiva Ilkhanizadeh & Osman M. Karatepe (2017) also agreed with this view and also emphasized, "Corporate social responsibility includes the social expectations on the economy, the law, the environment, the principles and the charity of organizations "(Manish Gupta, 2017).

Corporate Social Responsibility is a concept formed from various factors such as business ethics, charitable corporate, sustainability, and environmental responsibility. For laborers, enterprises need to fully and strictly comply with law provisions on labor use and labor safety, to build friendly and good relations within the enterprises (Pedro Ferreira & Elizabeth Real de Oliveira, 2014). Community responsibility is the responsibility to contribute to the improvement, and development of community life, especially in the localities where enterprises operate, to provide the sustainable development of the socio-economy of their countries (Olesya Venger and Nadia Pomirleanu, 2017; Martin, F., & Icek, A, 1973; Anderson, V, Ndalamba, KK, and Caldwell, C, 2017). Thus, corporate social responsibility includes "economic responsibility," "legal responsibility", "environmental responsibility," "ethical responsibility," and "charitable responsibility".

“Corporate social responsibility” term is more widely understood, which is the corporate social responsibility to the mankind (Prakash & Sethi, 1975). When an enterprise determines its social responsibility, it does raise its level consistent with the regulation, values and social expectations nowadays (Muhammad Asrar-ul- Haq, K. Peter Kuchinke, & Anam Iqbal, 2017). In fact, since the 1970s many businesses around the world have begun to carry out these tasks by sponsoring and participating in events and programs for the international community as the birth of programs such as "World Conservation Strategy" (1980), "Our Common Future" (1987), "Care for the Earth" (1991) etc ... These activities quickly inspired several next generation of businesses which responded strongly. Businesses do what is called "giving" but actually "receiving" a lot (Maria-Teresa Bosch-Badia, Joan Montllor-Serrats and Maria-Antonia Tarrazon-Rodon, 2017; Jing Yang and Kelly Basile, 2018). Cooperate Social responsibility has become the culture of enterprises, has been also a tool to build the brand name and the motto for many entrepreneurs and founders.

Based on the results of authors and the opinions of experts, it can be concluded that corporate social responsibility factors affect the prestige brand of enterprises in Vietnam and the following key groups: "Economic Responsibility," "Legal Responsibility," "Ethical Responsibility" "Charitable Responsibility," and "Environmental Responsibility".

RESEARCH MODEL

Ethical Responsibility and prestige brand of enterprises

Ethical responsibility is all the commitments of legal value as well as illegal value of the business to customers, consumers, employees and shareholders. For customers, these are the promises of service quality and safety; for workers and shareholders, it is democratic, transparent, open and fair. According to the experts, the higher the ethical business has, the greater the trust of customers is.

Hypothesis 1: "Ethics Responsibility" is closely related to prestige brand of enterprises.

Environmental Responsibility and prestige brand of enterprises

Environmental responsibility is a set of institutions regulating responsibility of individuals or groups to comply with the laws of the government in carrying environmental protection policies; in managing and using the natural resources effectively and sustainably; preserving nature and biodiversity; actively preventing natural disasters and responding to climate change. (Article 63 of Vietnam Constitution, 2005)

Hypothesis 2: "Environmental Responsibility" is closely related to prestige brand of enterprises.

Legal responsibility and prestige brand of enterprises

Legal responsibility is a set of institutions that has special relationship between the government (through competent authorities) and those who violate or are at risk of violation. The government has the right to apply coercive measures assigned in sanctions against law and subject to break the rules and this subject must bear the material and spiritual consequences due to his acts. (Vietnam Law, 2005)

Hypothesis 3: "Legal Responsibility" is closely related to prestige brand of enterprises.

Charitable responsibility and prestige brand of enterprises

Charitable Responsibility is a collection of supportive activities of an organization to individuals or community that are difficult or vulnerable in society through activities and forms such as collecting, donating with money, items, time or humanitarian relief, poverty

reduction, health care, or mental support, such as comfort and encouragement (John Herry, 2011). According to economists, raising the budget for these activities will help improve brand image in customers' minds, increase turnover and develop market share in a corresponding proportion.

Hypothesis 4: "Charitable Responsibility" is closely related to prestige brand of enterprises.

Economic responsibility and prestige brand of enterprises

Economic responsibility is a broad category. Philip Kotler (2010) argued that corporate social responsibility on economy is a process of optimizing revenues and expenditures by eliminating unnecessary costs or implementing investment plans to elevating profit of business; however satisfying needs and interests of individuals and community related must be ensured.

Hypothesis 5: "Economic Responsibility" is closely related to prestige brand of enterprises.

RESEARCH METHODS

In this study, three phases was conducted:

Phase 1, consulting with experts and discussing in group is to improve the scale and design of the questionnaire.

Phase 2, testing reliability of the scales with Cronbach's Alpha Factor Analysis and Exploratory Factor Analysis. According to Hair and co-workers (2006) the sample size must be at least $\geq m \times 5$, where m is the number of observed variables. Thus, with 26 observed variables in this study, the sample size must be at least ≥ 130 . However, to ensure high reliability, the sample size is increased. The subjects of investigation include directors, deputy directors, or authorized agents to take part in the managing tasks, leading and running the enterprise, having experience in working and understanding business situation of the enterprise. All data collected from the questionnaire were coded, processed by using SPSS and AMOS. According to Nguyen Dinh Tho (2011), observed variables have a coefficient of correlation greater than 0.3 and a Cronbach's Alpha coefficient is greater than 0.6 to ensure reliability of the scale. The purpose of EFA is to minimize and summarize the data. This method is based on the factorial extraction (Eigenvalue), factor analysis is appropriate and

the observed variables in the whole are correlated when the total deviation is $> 50\%$, the KMO coefficient is in the range of 0.5 to 1, Sig coefficient. $\leq 5\%$, factor loading of all observed variables are > 0.5 ; The weight difference $\lambda_iA - \lambda_iB$ is > 0.3 .

Phase 3: Two tasks performed during this phase are CFA assertive factor analysis and structural modeling (SEM) analysis.

RESEARCH RESULTS & DISCUSSION

Results of the reliability test of the scale

Table 1. Results of measuring scale

Code	Scales of measurement	Cronbach's Alpha
A	Economic Responsibility	0,824
B	Legal Responsibility	0,798
C	Ethical Responsibility	0,894
D	Charitable Responsibility	0,847
E	Environmental Responsibility	0,702

The results of the scale test show that the scale is very high with Cronbach's Alpha > 0.7 and that the coefficients of the total variables of this factor are equal ($> 0, 3$), all scales are acceptable. And from that point, Exploratory Factor Analysis is carried out in the next step.

Exploratory Factor Analysis (EFA)

Table 2. The results of exploratory factor analysis

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	7.468	32.470	32.470
2	2.395	10.415	42.885
3	1.722	7.487	50.372
4	1.619	7.039	57.411
5	1.381	6.003	63.414

An analysis of prestige brand of enterprises in the service industry consists of five factors. The results of factor analysis show that the total variance deviation is $63,414\% > 50\%$, which means that drawn factors account for $63,414\%$ of the model, while the remaining $36,586\%$ is explained by other factors; therefore the scale is acceptable. The extraction factor (Eigenvalue) is greater than 1 and

should be retained. The coefficient $KMO = 0.835$ is in the range of $0.5 \leq KMO \leq 1$, factor analysis is appropriate. Test Bartlett with $Sig. = .000$, indicating high level of significance. The factor loading values of all these observation variables are greater than 0.5 and are accepted.

Confirmatory Factor Analysis CFA

The purpose of CFA confirmatory factor analysis is to clarify: (1) Unidirectionality; (2) Reliability of the scale; (3) Convergence value; (4) Distinct value. According to Hair et al., (1998), a study model is considered to be suitable for market data if the Chi-square test has $P\text{-value} > 5\%$; $CMIN / df \leq 2$, in some cases $CMIN / df$ may be ≤ 3 (Nguyen Dinh Tho, 2011); $GFI, TLI, CFI \geq 0.9$. However, according to recent researchers, GFI and TLI are acceptable when greater than 0.8; $RMSEA \leq 0.08$. Apart from the above norms, the test results must also ensure the synthetic reliability of > 0.6 ; the extraction error must be greater than 0.5.

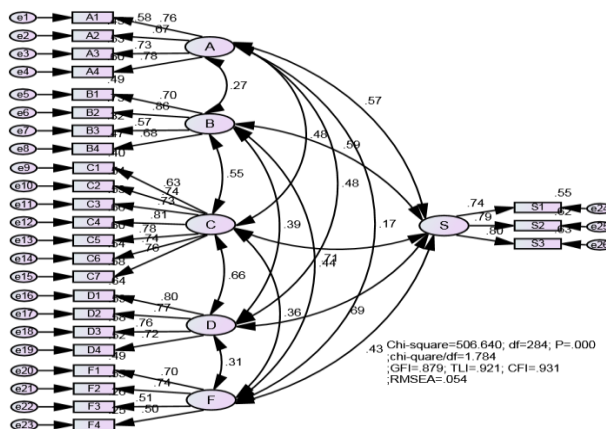


Figure 1. The results of Confirmatory Factor Analysis

The CFA of the final measurement model in Figure 1 shows that the model is consistent with the data, Chi-Square = 506.640; Freedom level = 284, p Value = 0.000; $CMIN / df = 1.784 < 3$. GFI (Good of Fitness Index) = 0.879; TLI (Tucker and Lewis Index) = 0.921; $CFI = 0.931$ are greater than 0.8; $RMSEA$ (Root Mean Square Error Approximation) = 0.054 < 0.08 are satisfactory. As a result, the CFA results for the final measurement model show that the elements in the model are unidirectional, ensuring convergence values, ensuring

reliability and distinct values. The research model is consistent with market data.

Analysis of linear SEM model (SEM- Structural Equation Modeling)

Testing research models and hypotheses

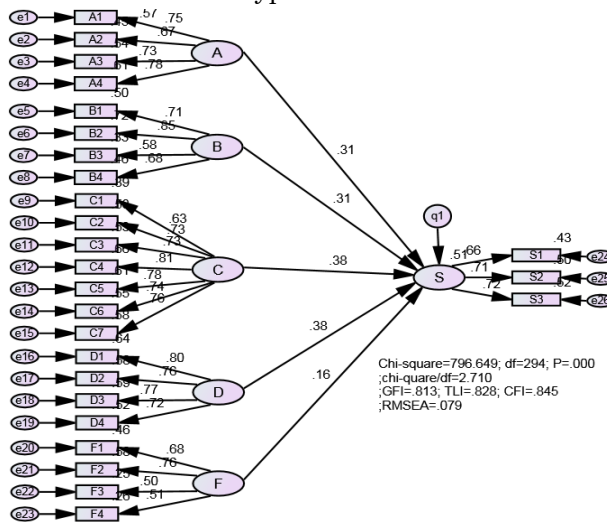


Figure 2. SEM results (standardized) of research model

The estimate results (*standardized*) of the research model in Figure 2 show that the model is consistent with the data, Chi-Square = 796,649; Freedom level = 294, p Value = .000; CMIN / df = 2,710 < 3. GFI (Good of Fitness Index) = .813; TLI (Tucker and Lewis Index) = 0.828; CFI = 0.845 is greater than 0.8; RMSEA (Root Mean Square Error Approximation) = 0.079 < 0.08 are satisfactory.

Testing estimate of the research model by Bootstrap

The estimate results with N = 500 are averaged, indicating that bias appears to be small. Therefore, it can be concluded that the estimates in the model can be reliable.

Testing the hypotheses by SEM linear model

The estimate results of the study and Bootstrap in model linear structural model analysis (SEM) show that the hypothesized relationship in the research model is statistically significant because p

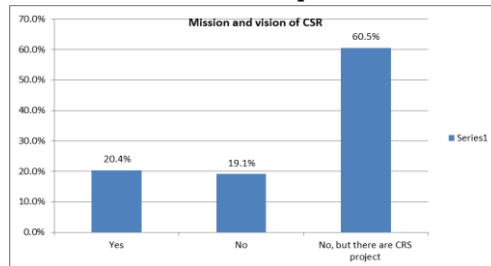
values are less than 0, 05 reaching the required level of reliability 95%.

Table 3. Regression coefficients of the research model

Relationship			Coeff	Coefficient (Standardized)	S.E.	C.R.	P	Conclusion
S	<---	A	.203	.311	.045	4.468	***	Accepted
S	<---	B	.216	.315	.049	4.430	***	Accepted
S	<---	C	.212	.376	.039	5.387	***	Accepted
S	<---	D	.217	.382	.041	5.255	***	Accepted
S	<---	F	.145	.163	.063	2.298	.022	Accepted

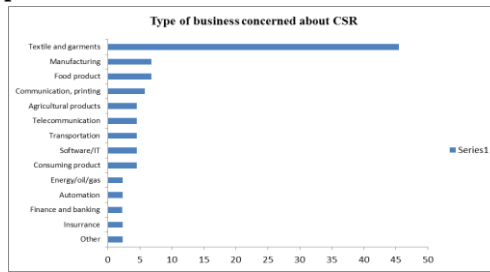
Because p values are less than 0.05 (***), hypotheses in the formal model from H1 to H5 are accepted. It is concluded that the factors of corporate social responsibility affect the prestige brand of enterprises. In addition, the results of this study (Figure 3) present that only 20.4% of respondents affirm that they have a corporate social responsibility vision and mission to guide their employees in social and environmental projects. 19.1% have NO vision and mission on Corporate Social Responsibility. The remaining 60.5% do not clearly define the vision and mission of corporate social responsibility but confirm that they do apply community-based activities.

Figure 3. Mission and vision of Corporate Social Responsibility



The results of this study are similar to those reported by Richard Bernhard et al. (2010) at the Kenan Asian Institute on Corporate Social Responsibility in Vietnam: 14.3% confirm that they have a mission and vision of corporate social responsibility, 55.6% of businesses do not clearly define a mission and vision of corporate social responsibility. It can be said that the awareness of social responsibility of Vietnamese enterprises in the service industry is very limited.

Figure 4. Type of business concerned about social responsibility



The results of the study in Figure 4 show that the majority of Vietnamese garment enterprises are interested in social responsibility, accounting for the largest share (45.5%), followed is manufacturing enterprises (6.8%), food and beverage enterprises (6.8%) and publishing enterprises (6.8%). Research shows that the textile industry is particularly concerned with social responsibility issues. The research results show that there is a great difference in the social responsibility among Vietnamese enterprises. This result shows the awareness and corporate social responsibility is imbalance and unsustainable.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The results of this study conclude that the factors of corporate social responsibility affect the prestige brand of Vietnamese enterprises in the service industry, but in reality very few Vietnamese enterprises have mission and vision of corporate social responsibility; Many businesses claim that there is corporate mission and vision for corporate social responsibility, and many are not clear about them, while most are invited to interview as a leader, board member, business owner or senior manager. Thus, the issue of social responsibility of Vietnamese enterprises is a concern. This research is the basis for proposing recommendations to raise awareness of businesses and the whole community about corporate social responsibility, to raise the prestige brand of enterprises and contribute to the sustainable socio-economic development of Vietnam.

Recommendations

On the part of businesses, it is important to understand the benefits of implementing social responsibility. If corporate social responsibility is well equipped, it will not only help businesses run well but also build brand reputation in the customers. Cooperate social responsibility should be considered as the benefits of enterprises to actively apply towards an effective business community with brand trusted by consumers, to build internal valuable resources, good position and reputation in society. Cooperate social responsibility is not merely to promote, collect or donate normally, in which requires continuity, meaning, long-term commitment to enterprise interests and to society benefits.

On the part of government and local authorities, it should maintain propaganda and raise the awareness of cooperate social responsibility, especially for the leaders of the board, managers, enterprise policy planners in producing along with protecting the environment, ensuring the interests of laborers, shareholders, consumers and observing the law. It is urgent to have the right behavior performing the above issues, it is necessary for enterprises to have the appropriate understanding, from which they have positive attitude, positive self-awareness in protecting environment, interests of workers, shareholders, consumers and compliance with the law. Applying cooperate social responsibility should first be regarded as a moral and driven by moral motives.

It is essential for legislative and executive bodies to constantly improve, amend and supplement environmental protection and human rights regulations and sanctions, resolutely handle violations of the law on environmental protection and human rights protection. Legislative and executive bodies play an important role in controlling corporate behavior in relation to corporate social responsibility. Therefore, perfecting the system of legal documents and law enforcement is an important basis for improving cooperate social responsibility. If the authorities are responsible for managing and strictly penalizing businesses for their violating the environment, business ethics, responsibilities to their employees, and shareholders, cooperate social responsibilities can be improved.

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