

“The effect of corporate social responsibility on firm performance: Evidence from Vietnam”

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THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON FIRM PERFORMANCE: EVIDENCE FROM VIETNAM

Abstract

The vitality of corporate social responsibility (CSR) toward sustainability has been rising rapidly in business activities. Good CSR practices are one of the most critical instruments to satisfy stakeholders' interests and improve business performance. This study explores the nexus between economic, social, and environmental dimensions of CSR and firm performance based on a balanced scorecard. The sample includes 336 Vietnamese enterprises, excluding financial firms. The survey was conducted from March to June 2021. The empirical results of the partial least squares structural equation modeling (PLS-SEM) demonstrate that CSR significantly affects company performance. The economic dimensions of CSR have the strongest impact on financial performance ($p < 0.01$; $t > 2.57$; sample mean is 0.362). However, the environmental dimensions of CSR have not been found to influence customer performance. This study also finds that the three dimensions of CSR positively impact learning and growth, which lead to higher internal business processes and then better customer performance, eventually positively influencing profitable results. Consequently, the firm's leaders should have strategies for effective CSR implementation to increase financial performance and achieve sustainable development goals. Furthermore, the government and other organizations should actively improve legal policies and regulations related to CSR in order to ensure organizational and national sustainability.

Keywords performance, balanced scorecard, sustainable development, developing country, empirical study

JEL Classification M10, M14, G30

INTRODUCTION

Sustainable development has become one of the most urgent requirements for businesses under increasing pressure from various stakeholders in the global world (Bai et al., 2022). It raises the issue that enterprises need to draw attention to not only targeting high profits but also setting a business strategy for conducting CSR toward sustainability, which includes social, environmental, and economic activities (Rustiarini et al., 2022). Moreover, CSR assists enterprises in guaranteeing their product quality meets environmental and societal standards to keep a competitive edge and attract customers in an era of international economic integration (Jelonek et al., 2022). However, enterprises have limited resources; socially responsible activities can be costly, burdening businesses financially. Therefore, a good CSR practice aims to harmonize employee satisfaction, increase the quality of operational processes, and ensure customers' interests, thus increasing operational efficiency (Úbeda-García et al., 2021).

In the context of stakeholders, CSR is one of the most critical components of creating value in business chains and managing stakeholders, especially customers and employees (Nguyen et al., 2020). It is

argued that CSR positively affects customer loyalty, innovative processes, and employee satisfaction (Chaudhary, 2020). Furthermore, the influence of non-financial factors on the impact of CSR on financial performance is stronger than the individual impact of CSR on each aspect of performance. The analysis of the causal relationship in a balanced scorecard framework proves that CSR positively boosts well-trained programs for employees and improves the efficiency of internal processes, leading to better customer satisfaction and increased business performance (Nguyen et al., 2019). Kaplan and Norton (1992) proposed a balanced scorecard approach with lead and lag effects in the value chain, starting from learning and growth to internal processes, customers, and financial performance. However, there needs to be more empirical research on the impact of CSR on this value chain.

In order to reach sustainable development, many organizations have pressured the government to promote CSR implementation to decrease social problems in Vietnam (Tran & Jeppesen, 2016). Companies, nevertheless, need more incentive to apply CSR standards (Wrana & Revilla Diez, 2018). For example, Bui (2010) found that 50 out of 20,000 businesses in Vietnam met the social responsibility requirement to enter the local market under the Vietnam-US Textile and Garment Agreement of 2003. In addition, most companies view CSR as voluntary activities for the community, not toward sustainability, namely economic, environmental, and social aspects. Therefore, awareness and motivation to effectively implement CSR are challenges for businesses in Vietnam.

1. LITERATURE REVIEW AND HYPOTHESES

CSR has been indicated since the 1970s from the point of view of shareholders, mainly focusing on profit maximization and efficient use of business resources to show CSR practice. Carroll (1979), advancing a more comprehensive definition, stated that the private sector, acting in the broadest sense of business interests, manages its effects on the community and the environment. Thus, based on the stakeholder theory perspective, the company should also consider other stakeholders, such as customers, suppliers, and investors, to maximize profits. CSR, therefore, is understood as the corporate responsibility to meet the expectations and obligations of society, including economic, legal, ethical, and philanthropic aspects (Carroll, 2015). It is responsible for economic stability, environmental protection, and society (García Villena et al., 2021). CSR is a strategy to ensure business operations contribute to sustainable economic, environmental, and societal development (Barauskaite & Streimikiene, 2021).

Firm performance reflects its effective ability to use corporate resources such as human resources and managerial processes to reach the enterprise's target (Feng et al., 2015). From a measurement perspective, firm performance includes both financial and non-financial aspects. Financial per-

formance is assessed by currency and ratio measurements. In contrast, non-financial performance is a non-monetary evaluation such as innovation, an effective internal process, or the satisfaction of employees and customers. It is advocated that companies adopt both financial and non-financial performance measurements (Manes-Rossi et al., 2018). Ittner et al. (2003) conducted a field study in more than 60 manufacturing and service companies, showing that many adopted a measurement framework under the balanced scorecard. According to Kaplan and Norton (1992), performance under the balanced scorecard includes the financial, customer, internal process, and learning and growth aspects. Kaplan and Norton (1992) presented the causality and effect of four aspects, starting with the learning and development aspect. It means that methodical and professional training for employees leads to internal process improvement through on-time delivery and an innovative system. As a result, increasing customer loyalty leads to the financial goal of increasing return on equity and expanding revenue and financial performance.

CSR is not only about business goals beyond legal obligations but also about creating strategic value for the community. Based on the perspective of ethics and active governance, implementing CSR as a concern and harmonizing the inner and outer stakeholder's interests will positive-

ly impact the business operation (Freeman et al., 2020). This proves that firm performance results from efficiency in financial and non-financial aspects such as customer attraction, employee satisfaction, product efficiency, and innovation toward sustainable development (Rosati & Faria, 2019). Accordingly, enterprises voluntarily or purposefully implement CSR, which brings better benefits for stakeholders and leads to higher business performance (Khan et al., 2023). Therefore, enterprises must demonstrate ethics and social efficiency in business and active governance for sustainable growth (Gonçalves et al., 2023).

According to the resource-based view theory, CSR implementation helps businesses improve learning and growth performance. For instance, CSR activities, namely guaranteeing the salary, providing well-trained employees, or ensuring a safe working environment to attract new employees and retain talented people, help to improve competitiveness, thereby increasing firm performance (Feng et al., 2015). Therefore, these factors are often considered one of the criteria for assessing the non-financial performance of enterprises in the study of the impact of CSR on learning and development performance (Malesios et al., 2020). CSR related to the environment, community, diverse relationships, and policies can increase a company's attractiveness to good employees (Evans et al., 2011). Moreover, the obvious intangible benefits of implementing CSR include increasing employee morale and creating a corporate culture. Peterson et al. (2009) suggested that individuals try to be positive by comparing their characteristics and organizations. Thus, individuals can generate or boost their self-worth when associating with organizations with a good reputation (Wong & Kim, 2020). The more strongly employees associate with the organization, the more supportive they are, so they have stronger working motivation. In addition, CSR has also been shown to improve employee performance. Chaudhary (2020) studied the nexus between CSR and employee performance. Quantitative results of data collected on 187 supervisors of Indian companies show that CSR positively influences employee performance, especially for employees who have important positions related to CSR activities. Learning and growth positively impact overall performance (Aldoghan et al., 2022).

Internal process performance in relation to CSR has been focusing on product improvement, innovation, research, and development. Information on social responsibility and environmental protection can be actively communicated through CSR (Michelon et al., 2015). In order to decrease the negative impact on the environment, enterprises need to improve resource usage efficiency by relying on technological innovations. CSR is believed to enhance the impact of discovery, innovation, and improved performance (Ding et al., 2019). Cegarra-Navarro et al. (2016) claimed that the creative revolution depends on CSR practices. Marin et al. (2017) found that CSR can be attributed to market competition and has become a factor in increasing the competitive position of enterprises. Ruggiero and Cupertino (2018) demonstrated that CSR and financial results can boost innovation and increase competitive advantages in the business market.

Besides traditionally essential factors for customers, CSR becomes a crucial consideration in consumer behavior to increase revenue and build customer loyalty. Negative CSR activities harm product feedback, while positive CSR activities can intensify client reviews (Bhattacharya & Sen, 2004). Birth et al. (2008) surveyed 300 businesses in Switzerland and found that 81% of businesses have a customer-oriented CSR communication goal to increase customer loyalty. Meanwhile, 31% of purchasing decisions made by consumers in Switzerland consider CSR behavior. Pérez and Rodríguez del Bosque (2014) proposed a hierarchical model to explore CSR's positive benefits for customer satisfaction and loyalty. In the perception of CSR by customers, including community activities, the environment, and business ethics, Mathew et al. (2020) assessed the positive influence of CSR on customer performance in a sample of 298 Chinese respondents.

Stakeholder theory recognizes that CSR helps to satisfy stakeholder interests and, hence, enhances business performance. Previous studies have proved that CSR practices, for instance, enhancing the effectiveness of social activities, environmental protection, or the working environment, have improved financial performance. Blasi et al. (2018) conducted a survey on CSR comprising economic, environmental, and social dimensions. The study

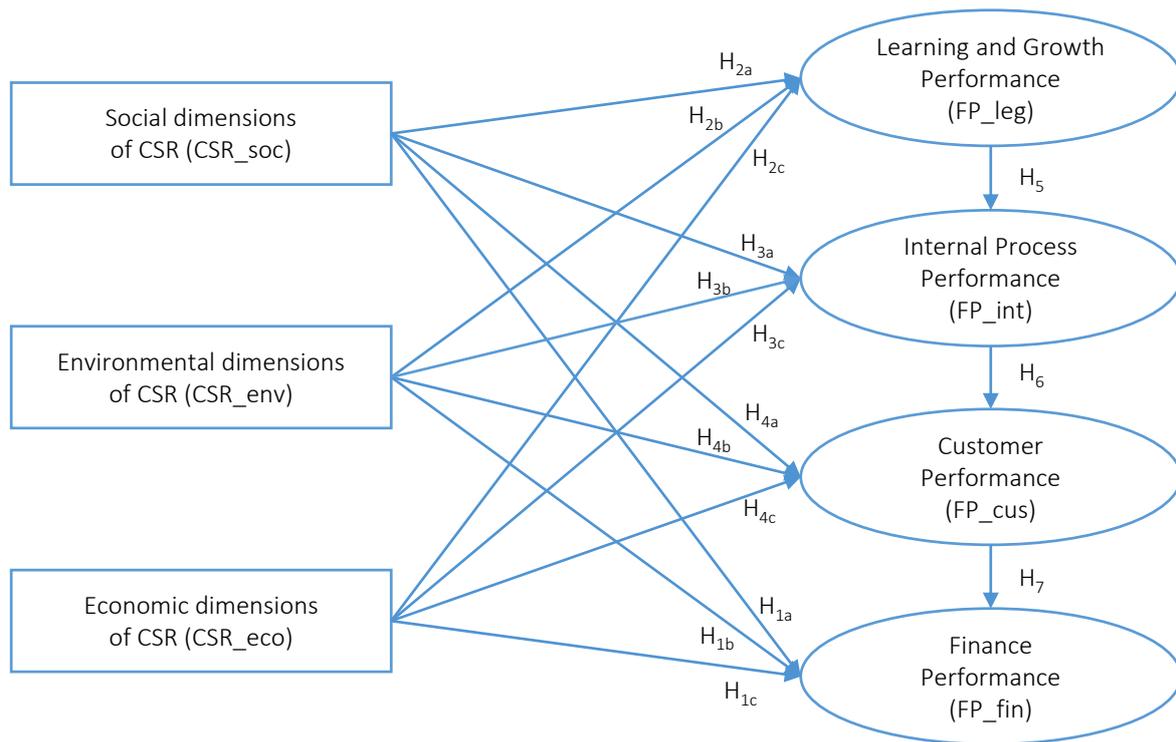


Figure 1. Conceptual research model

demonstrated that better social behavior is significantly correlated with higher financial results, including the efficiency of return on assets, return on equity, and total revenue. Moreover, CSR assessed by reputable indexes shows a significant relationship with financial performance in experimental research (Okafor et al., 2021). Moreover, CSR also contributes to improving market value, increasing return on share, and reducing market risk for enterprises. In addition, several prior studies have concluded that the level of CSR disclosure, such as sustainability and social responsibility reports on the enterprise website, has a positive impact on financial operations (Maqbool & Zameer, 2018; Platonova et al., 2018; Nassani et al., 2022).

According to previous studies, CSR has positively impacted firm performance, including financial, customer, internal process, learning, and growth aspects. Thus, the objective of this study is to investigate the effect of three dimensions of CSR, namely social, environmental, and economic, on firm performance in Vietnam. Furthermore, the impact of CSR on learning and growth performance leads to an effect on internal processes, which influence customers and, eventually, financial performance.

Based on the literature review, this study develops a conceptual research model, as shown in Figure 1, and the hypotheses are developed as follows:

- H1a: Social dimensions of CSR positively impact financial performance.*
- H1b: Environmental dimensions of CSR positively impact financial performance.*
- H1c: Economic dimensions of CSR positively impact financial performance.*
- H2a: Social dimensions of CSR positively impact learning and growth performance.*
- H2b: Environmental dimensions of CSR positively impact learning and growth performance.*
- H2c: Economic dimensions of CSR positively impact learning and growth performance.*
- H3a: Social dimensions of CSR positively impact internal process performance.*
- H3b: Environmental dimensions of CSR positively impact internal process performance.*

H3c: Economic dimensions of CSR positively impact internal process performance.

H4a: Social dimensions of CSR positively impact customer performance.

H4b: Environmental dimensions of CSR positively impact customer performance.

H4c: Economic dimensions of CSR positively impact customer performance.

H5: Higher learning and growth performance leads to higher internal process performance.

H6: Higher internal process performance leads to higher customer performance.

H7: Higher customer performance leads to higher financial performance.

2. METHOD

The primary data collected by the questionnaire focused on the perception of CSR practice, learning and growth, internal processes, and customer and financial performance. The data collection process is divided into preliminary and formal phases. In the preliminary study from November 2020 to March 2021, based on the snowball sampling method, the study conducted and recorded deep interviews with 50 leaders of enterprises to finalize the questionnaire and check the reliability of measurement. The subject is a leader who understands enterprises' general business operation and CSR activities (e.g., Chief Executive Officer, General Director, Head of Financial Department, or Head of CSR Department). In the next stage, the convenience method via emails have been sent to 1,028 businesses. The chosen businesses have to fulfill the following requirements:

- (1) There must be at least 100 employees and an average annual turnover of 50 billion VND (2.5 million USD);
- (2) The business must be continuously operating, either listed or unlisted on the Vietnam Stock Exchange.

After three months, from March to June 2021, there were 415 responses from businesses. By eliminating the unsuitable samples (such as typing the same value in all answers, incorrect business information, or employees' answers), the final sample of 336 enterprises has been selected.

CSR is a mandatory and voluntary commitment of enterprises toward sustainable development; the observed variables on CSR based on the "triple bottom line" score consist of social, environmental, and economic dimensions (Espinoza-Rivera et al., 2023). Recently, an increasing number of companies have included corporate governance objectives related to CSR, disclosed information on their websites, and applied the Global Initiative Report (GRI) standards (Coluccia et al., 2016). The content of each dimension was adapted from GRI, which is currently used in many studies (Hoang et al., 2018). The construct of firm performance was classified into four aspects in the framework of a balanced scorecard, including learning and growth, internal process, customer, and financial performance (Kaplan & Norton, 1992; Ittner et al., 2003). The details of the variables are presented in Appendix A. The measurement scale with the number of items in each variable is listed in Table 1.

To understand the perception of CSR practices and organizational achievement, the questionnaire is relevant to the case of Vietnam. A Likert 5-point scale from 1 as "totally disagree" to 5 as "totally agree" is used to measure variables. To develop the questionnaire, the concept of research and the structure of items based on the standard of GRI and previous studies were discussed with university professors, Ph.D.s, researchers, and enterprise experts. After interviewing 15 experts, some questions have been modified to be easier to understand and corrected four times to have a final version.

The quantitative analysis is processed by Smart-PLS version 3.3 to evaluate the measurement and structural equation models by adopting PLS-SEM. The measurement model is evaluated by construct reliability and validity via Cronbach's Alpha, Composite Reliability, and AVE. Moreover, the discriminant validity has been tested by the Fornell-Larcker standard. PLS-SEM can test the hypotheses based on bootstrapping estimation.

Table 1. Measurement scale

Code	Description of Variables	Number of Items
CSR_soc	Social dimensions of CSR	15
CSR_env	Environmental dimensions of CSR	5
CSR_eco	Economic dimensions of CSR	7
FP_fin	Financial performance	5
FP_leg	Learning and growth performance	12
FP_int	Internal process performance	9
FP_cus	Customer performance	8

3. RESULTS

The empirical results include respondents' demography, measurement model evaluation, and hypotheses testing.

3.1. Demography of respondents

Regarding the title of potential respondents, most are senior managers who understand and have overall information about business operations. As shown in Table 2, up to 67.55% of respondents are General Directors and Directors; the remaining are senior managers such as Chief Accountants, Heads of Finance departments, or Heads of Social Responsibility departments (32.45%).

Table 2. Characteristics of the sample

Feature of the enterprise	Frequency	Percent (%)
Managerial position of respondents		
Senior manager (CEO, Director)	227	67.55
Middle manager (CFO, Head of CSR Department)	109	32.45
Business type		
Joint stock company	225	66.96
Limited liability company	100	29.6
Others	11	3.44
Operation period		
Over 20 years	205	61
From 15 to 20 years	57	17
From 10 to 15 years	44	13
From 5 to 10 years	20	6
Under 5 years	10	3
Industry area		
Service	175	52
Industry and construction	141	42
Agriculture, forestry, and fisheries	20	6

Note: $n = 336$.

In terms of the business type, the data reveal that 66.96% are joint stock companies and listed on the stock exchange, 29.60% are limited liability

companies, and 3.44% are other. This means that most enterprises in the sample have transparent and reliable information published on the stock exchange. As shown in Table 2, the enterprises in the sample have been operating for more than 20 years, accounting for 61%. Meanwhile, new businesses operating for 5 years have a small proportion of 3%. The "youngest" enterprise is 3 years old. Enterprises in the service sector accounted for the highest proportion in the sample (52%), followed by industry and construction (42%) and agriculture, forestry, and fishing (6%). The proportion of enterprises by field of activity in the sample is consistent with the rate of enterprises in Vietnam. According to the report of the Ministry of Planning and Investment, the majority of enterprises operate in the service sector (66%), industry and construction (32%), agriculture, forestry, and fishing (2%). Therefore, the research sample can be representative of Vietnamese enterprises.

3.2. Evaluation of the measurement model

As seen in Table 3, the estimated results of reliability and convergent validity of the measurement are relevant to threshold criteria. To be more specific, the value of the AVE is greater than 0.50 (Hair et al., 2017). The Cronbach's Alpha coefficients are all greater than 0.6, and the composite factor reliability coefficients are higher than 0.8 (ranging from 0.839 to 0.947) (Fornell & Larcker, 1981).

The discriminant validity of measurement is assessed by the pairwise correlations between factors (Fornell & Larcker, 1981). They are compared with the variance-extracted estimates for the constructs developed for each possible pair. It is certified to have discriminant validity if the diagonal factors are significantly higher than the off-diagonal ratios in the corresponding rows and columns

Table 3. Reliability and convergence of the scale

Code of variables	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
CSR_soc	0.939	0.947	0.546
CSR_env	0.760	0.839	0.518
CSR_eco	0.851	0.888	0.533
FP_leg	0.909	0.923	0.504
FP_int	0.880	0.907	0.552
FP_cus	0.860	0.893	0.514
FP_fin	0.851	0.894	0.630

Table 4. Discriminant validity test among constructs by the Fornell-Larcker standard

	FP_cus	CSR_eco	CSR_env	FP_int	FP_leg	FP_fin	CSR_soc
FP_cus	0.717						
CSR_eco	0.564	0.730					
CSR_env	0.534	0.652	0.720				
FP_int	0.660	0.653	0.681	0.715			
FP_leg	0.616	0.487	0.501	0.596	0.710		
FP_fin	0.577	0.654	0.564	0.655	0.518	0.794	
CSR_soc	0.528	0.550	0.528	0.578	0.460	0.528	0.739

(Hair et al., 2017). The square root of the AVE score for each construct presents the diagonal elements. These variables are satisfied with this model, as shown in Table 4.

3.3. Hypotheses testing

PLS-SEM estimates the proposed research model to depict the potential association between the research variables. Depending on the standard error of the bootstrapping procedure, the route coefficient has an estimated normalized value between

-1 and 1 (Hair et al., 2017), which is statistically significant.

Table 5 shows the results of CSR's impact on firm performance based on the bootstrap estimation of the structural model. Firstly, the results present that eight out of fifteen hypotheses are accepted at the 1% significance level due to the p-value being smaller than 0.01 and the t-value being greater than 2.57 (H1c, H2a, H2b, H3b, H3c, H5, H6, and H7). Four hypotheses are supported at the 5% significance level as the p-value is smaller than 0.05, and the t-value

Table 5. Hypotheses testing

Hypothesis	Path	Original sample (O)	Sample Mean (M)	Standard deviation (STDEV)	T-statistics (Bootstrap)	p-Values	Results
H _{1a}	CSR_soc → FP_fin	0.138	0.139	0.047	2.965	0.003	Accepted
H _{1b}	CSR_env → FP_fin	0.133	0.133	0.068	1.952	0.050	Accepted
H _{1c}	CSR_eco → FP_fin	0.362	0.360	0.059	6.127	0.000	Accepted
H _{2a}	CSR_soc → FP_leg	0.214	0.213	0.065	3.280	0.001	Accepted
H _{2b}	CSR_env → FP_leg	0.256	0.259	0.064	3.965	0.000	Accepted
H _{2c}	CSR_eco → FP_leg	0.203	0.204	0.070	2.915	0.004	Accepted
H _{3a}	CSR_soc → FP_int	0.170	0.168	0.048	3.562	0.000	Accepted
H _{3b}	CSR_env → FP_int	0.315	0.316	0.057	5.559	0.000	Accepted
H _{3c}	CSR_eco → FP_int	0.235	0.233	0.055	4.278	0.000	Accepted
H _{4a}	CSR_soc → FP_cus	0.166	0.166	0.059	2.810	0.005	Accepted
H _{4b}	CSR_env → FP_cus	0.053	0.057	0.059	0.899	0.369	Rejected
H _{4c}	CSR_eco → FP_cus	0.163	0.165	0.059	2.744	0.006	Accepted
H ₅	FP_leg → FP_int	0.264	0.269	0.061	4.020	0.000	Accepted
H ₆	FP_int → FP_cus	0.422	0.419	0.065	6.535	0.000	Accepted
H ₇	FP_cus → FP_fin	0.228	0.230	0.055	4.184	0.000	Accepted

is higher than 1.96 (H1a, H2c, H3a, and H4a). Two hypotheses are accepted at the 10% significance level due to the p-value being smaller than 0.1 and the t-value being greater than 1.65 (H1b and H4c) (Hair et al., 2017). Meanwhile, H4b result is insufficient to conclude the impact of environmental dimensions of CSR on customer performance ($p = 0.369 > 0.1$, $t = 0.899$). In addition, it has been found that three dimensions of CSR positively affect learning and growth performance, lead to higher internal processes, and have a positive impact on customer performance, and eventually, financial performance (H5, H6, and H7 are accepted).

4. DISCUSSION

This study examined the influence of CSR on business performance in the case of Vietnamese enterprises. The impact of economic, environmental, and social dimensions of CSR performance in four aspects has been explored, excluding the impact of environmental dimensions of CSR on customer performance. Additionally, the positive impact of CSR on learning and growth performance, which then increases internal process performance and customer satisfaction and eventually leads to financial performance, is demonstrated.

Regarding the theoretical implications, this study focuses on the impact of CSR on the firm operational efficiency of Vietnamese enterprises to affirm the role of CSR in increasing performance. Firstly, three dimensions of CSR have a positive effect on financial performance. The impact of the economic dimensions of CSR on firm performance is stronger than the environmental and social dimensions. The economic dimensions of CSR have the strongest impact on financial performance. It can be explained that economic dimensions of CSR, such as ensuring the wage and welfare of employees, satisfying occupational health, or better employee training, will help enterprises increase the quality of their human resources and eventually achieve better financial results. This result is consistent with Blasi et al. (2018) and Okafor et al. (2021), who found a positive influence of CSR on return on assets and return on equity.

Moreover, CSR affected learning and growth performance at approximately 0.2 levels. It means that

CSR positively influences learning and growth at a low level. There is a slight increase in the number of employees who quit their jobs annually in Vietnam. Most of them are unskilled workers and sales staff. The reason is that there is a variety of offers in the job market.

Moreover, short-term remuneration and income policies are not attractive enough to retain employees in one organization. CSR has a significant effect on learning and growth performance. In Vietnam, with the shifting industries from manual labor to high technology, training programs on knowledge and skills has been increasingly applied to meet the requirement for highly qualified and knowledgeable human resources. Furthermore, this result is also explained by the stakeholder theory, which proposes that when the enterprise ensures the interests of the parties involved in its operations, like employees, it will achieve higher performance. This finding corresponds with Mishra and Suar (2010) and Blasi et al. (2018), who revealed a strong relationship between CSR and personnel development, employee health, and safety.

Furthermore, CSR has been found to positively influence internal process performance. To be more specific, the environmental dimensions of CSR on internal process performance are noticeable with a level of 0.315. Thereby, these dimensions of CSR, such as process energy savings, using green and clean materials, and applying innovation processes, greatly influence the internal processes, especially the innovation at the enterprise. Some studies on CSR in Vietnam have shown unified results that companies applying CSR standards often have less environmental pollution (Nguyen et al., 2020). From the resource-based theory perspective, innovation is crucial to generating value and preserving an enterprise's competitive edge, which is brought by environmental CSR (Gallardo-Vázquez & Sanchez-Hernandez, 2014). Sharing the same view, Martinez-Conesa et al. (2017) show the positive impact of CSR on innovative products and processes, the ability to promote new products to the market, investment in research, and developing products or services for the business.

On the contrary, environmental dimensions of CSR have not impacted customer performance. It can be explained that the disclosure of CSR to

a local authority is not compulsory. Thus, only listed companies announce publicly their CSR activities. Consequently, customers have little information on the CSR of enterprises, so the environmental dimensions of CSR do not affect customer performance. It is consistent with the findings of Nguyen et al. (2020). Moreover, the validity of the cause-and-effect nexus among aspects from the point of view of the balanced scorecard method is demonstrated by Zahoor and Sahaf (2018). In a technologically developed world, a company with innovative and advanced manufacturing or processing can supply high-quality products or services, which is essential to attract and influence customer behavior. For developing countries such as Vietnam, this shift to choosing a high-quality product has recently happened very quickly. Therefore, high-tech and innovative processes can lead to higher customer performance; this result is supported by Hasan et al. (2018) and Pylypiv et al. (2020).

In the creation of the value chain, the employee is a primary stakeholder that the company should fulfill. It is explained that businesses improve the capabilities and skills of human resources by conducting good CSR, which leads to advanced internal business processes. As a result, improving internal business processes helps increase the value delivered to satisfy and retain target customers, eventually positively influencing profitable results. Kober and Northcott (2021) have shown that learning and growth affect internal processes, which lead to customer and financial performance, consistent with this study.

Based on the empirical findings, several practical implications are suggested. The research findings show that CSR has a positive impact on firm performance at a low level. This means that Vietnamese enterprises do not actively put high pressure on themselves to conduct CSR. Therefore, at the micro level, enterprise leaders should effectively communicate CSR's purpose to employees and other stakeholders. Besides, CSR should be effectively adapted to positively impact the value chain, from resources to processing and financial results. CSR, thus, is included in business strategy with a clear action plan. At the macro level, the government or oth-

er organizations, such as the Vietnam Chamber of Commerce and Industry, need to push more for cement or motivation for implementing CSR. The government should continuously supplement the current legal practice in Vietnam to create a solid basis for CSR standards.

Moreover, it should be compulsory for annual reports and frequent investigations on the conduct of CSR. Hence, good CSR activities can be awarded, while violations can be recognized and punished. In addition, the effect of the environmental dimensions of CSR on customer performance has not been found, so the government should organize a national mechanism to raise awareness about protecting the environment and unharmed consumer behavior in civil society. National education should include information about regulations related to CSR. Moreover, state authorities should spread the updated CSR concept through mass media to enrich civil understanding and attitudes. Simultaneously, the contents of CSR implementation and updated information on CSR standards, especially those widely applied worldwide, must be disseminated. It will fully and clearly support businesses, creating favorable conditions for the application of CSR by enterprises in Vietnam. Finally, the government should boost research and philosophy on the nexus between CSR and firm performance, including finance and non-finance aspects. The trend toward good CSR practices and their advantages for increasing firm performance should be emphasized in such a context. It helps to raise the understanding among businesses that CSR is an obligation and an authority to enhance competition and performance.

The study has some limitations. Due to time constraints, the research sample is only 336 enterprises, which is quite small compared to the size of enterprises in Vietnam, so the coverage is not guaranteed. Furthermore, the snowball and convenience sampling methods might cause a relatively biased distribution of respondents. Moreover, this study has not compared CSR in different industries to provide a comprehensive and in-depth picture of social activities in Vietnamese enterprises. Therefore, future studies can overcome the above limitations with a more comprehensive and complete study.

CONCLUSION

In order to effectively integrate into the global economic chain, Vietnamese businesses must implement corporate social responsibility (CSR) closely linked to the Sustainable Development Goals and international standard formats. This study analyzed the impact of CSR following the Global Initiative Report on organizational achievement in terms of finance, customers, internal processes, learning, and growth aspects. According to the results, the economic and social dimensions of CSR positively influence the four aspects of the performance of Vietnamese enterprises. By contrast, environmental dimensions of CSR have no impact on customer performance. Moreover, the economic, social, and environmental dimensions of CSR also have a positive influence on learning and growth performance. Therefore, three dimensions of CSR have positive impacts on firm performance sequentially, from learning and growth to internal processes, customer, and financial performance. As a consequence, the enterprise should increase awareness and develop a strategy to implement effective CSR for improved performance, especially in the environmental dimension of CSR. The government should also strengthen the policy to encourage enterprises to apply good CSR practices toward sustainable development.

AUTHOR CONTRIBUTIONS

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APPENDIX A

Table A1. Measurement of the study constructs

Code	Variable	Source
Social dimensions of CSR		
CSR_soc1	The organization has increased employee welfare (for example, reducing the severance rate, ensuring fair benefits for full-time and part-time employees, ensuring maternity benefits, etc.).	Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_soc2	The organization has ensured occupational safety and health for employees.	Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_soc3	The organization has frequently conducted training programs, work performance assessments, and career development for employees.	Gallardo-Vázquez and Sanchez-Hernandez (2014), Martinez-Conesa et al. (2017), GRI (n.d.)
CSR_soc4	The organization has ensured diversity in management and equality between men and women (remuneration and opportunities).	Mishra and Suar (2010), Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_soc5	The organization has ensured no discrimination against employees, customers, suppliers, etc.	Mishra and Suar (2010), GRI (n.d.)
CSR_soc6	Employees are free to establish associations or join unions in the organization.	GRI (n.d.)
CSR_soc7	The organization does not use child labor or engage in forced labor.	GRI (n.d.)
CSR_soc8	The organization trains security staff on human rights policies or procedures to prevent violence at businesses.	GRI (n.d.)
CSR_soc9	The organization has participated in local community activities to promote development and minimize negative impacts on the local economy.	Martinez-Conesa et al. (2017), GRI (n.d.)
CSR_soc10	The organization has conducted a preliminary assessment of new suppliers based on social criteria.	Mishra and Suar (2010), GRI (n.d.)
CSR_soc11	The organization has contributed to the political system (participating in commenting, developing, or strictly implementing legal documents).	Mishra and Suar (2010), GRI (n.d.)
CSR_soc12	The organization has complied with regulations to ensure the health and safety of customers.	Mishra and Suar (2010), Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_soc13	The organization has complied with regulations on marketing communications and ensures the requirements for trademark information on products/services.	Mishra and Suar (2010), Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_soc14	The organization has ensured the confidentiality of customer information.	Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_soc15	The organization has complied with laws and social regulations.	Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
Environmental dimensions of CSR		
CSR_env1	The organization has effectively used natural resources (for example, by saving raw materials or using recycled materials in the production or packaging of products, etc.).	Mishra and Suar (2010), Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_env2	The organization monitors, controls, or has solutions to save energy consumption (including water sources).	Mishra and Suar (2010), Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_env3	The organization has complied with regulations on emissions (greenhouse gases), wastewater, and waste.	Mishra and Suar (2010), Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_env4	The organization evaluates new suppliers using environmental criteria in the supply chain.	Mishra and Suar (2010), GRI (n.d.)
CSR_env5	The organization has complied with environmental laws and regulations.	GRI (n.d.)
Economic dimensions of CSR		
CSR_eco1	The organization has ensured the fulfillment of obligations on payables to the state.	Mishra and Suar (2010), GRI (n.d.)
CSR_eco2	The organization has guaranteed a basic salary higher than the regional minimum wage, ensuring equal pay for male and female workers.	Mishra and Suar (2010), Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_eco3	The organization has invested more in infrastructure and support services for the community.	Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_eco4	The organization has contributed to local or national economic development.	Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_eco5	The organization prioritizes collaborating with local or female suppliers.	Mishra and Suar (2010), Gallardo-Vázquez and Sanchez-Hernandez (2014), GRI (n.d.)
CSR_eco6	The organization prevents and handles fraud and corruption.	GRI (n.d.)
CSR_eco7	The organization has ensured fair competition, taking antitrust measures.	Mishra and Suar (2010), GRI (n.d.)

Table A1 (cont.). Measurement of the study constructs

Code	Variable	Source
Financial performance		
FP_fin1	The organization has increased its profit growth rate.	Moneva and Ortas (2010)
FP_fin2	The organization has increased its revenue growth rate.	Moneva and Ortas (2010)
FP_fin3	The organization has increased its profit-to-sales ratio.	Moneva and Ortas (2010)
FP_fin4	The organization has increased its Return on Assets (ROA).	Moneva and Ortas (2010)
FP_fin5	The organization has increased its Return on Equity (ROE).	Moneva and Ortas (2010)
Customer performance		
FP_cus1	The organization has increased customer satisfaction with product and service quality.	Drury (2018); Lipe and Salterio (2000); Ittner et al. (2003)
FP_cus2	The organization has increased customer satisfaction with product and service prices.	Drury (2018); Lipe and Salterio (2000); Ittner et al. (2003)
FP_cus3	The organization has increased customer satisfaction with its after-sales policy.	Drury (2018); Lipe and Salterio (2000); Ittner et al. (2003)
FP_cus4	The organization has increased customer satisfaction with its customer service.	Drury (2018); Lipe and Salterio (2000); Ittner et al. (2003)
FP_cus5	The organization has increased customer loyalty (having a positive opinion of the company and recommending its products to other customers).	Ittner et al. (2003)
FP_cus6	The organization has expanded its market share (number of customers).	Kaplan and Norton (1992)
FP_cus7	The organization has increased its ability to attract new customers.	Ittner et al. (2003)
FP_cus8	The organization has expanded its brand name and reputation.	Ittner et al. (2003)
Internal process performance		
FP_int1	The organization has increased its ability to research and forecast market demand.	Mishra and Suar (2010)
FP_int2	The organization has increased its ability to improve existing products and services (in terms of quality, appearance, and design).	Mishra and Suar (2010); Gallardo-Vázquez and Sanchez-Hernandez (2014), Martinez-Conesa et al. (2017)
FP_int3	The organization has increased the probability of success for the new product and service.	Mishra and Suar (2010); Gallardo-Vázquez and Sanchez-Hernandez (2014), Martinez-Conesa et al. (2017)
FP_int4	The organization can search for and choose suppliers ready to meet demand.	Drury (2018)
FP_int5	The organization can control supply quality.	Drury (2018)
FP_int6	The organization can complete projects, products, and services on schedule.	Drury (2018)
FP_int7	The organization has decreased the rate of damaged or reworked products and increased product quality.	Drury (2018)
FP_int8	The organization can optimize production costs.	Drury (2018)
FP_int9	The organization can deliver on time.	Drury (2018)
Learning and growth performance		
FP_leg1	The organization has increased the quality of qualifications and professional knowledge of its employees.	Lipe and Salterio (2000), Ittner et al. (2003)
FP_leg2	The organization has developed soft skills in its employees.	Lipe and Salterio (2000), Ittner et al. (2003)
FP_leg3	The organization has increased employee productivity.	Kaplan and Norton (1992)
FP_leg4	The organization has increased employee satisfaction.	Kaplan and Norton (1992)
FP_leg5	The organization can attract and recruit new employees.	Sweeney (2009)
FP_leg6	The organization can retain former employees.	Sweeney (2009)
FP_leg7	The organization can improve working conditions and the environment.	Martinez-Conesa et al. (2017)
FP_leg8	The organization has expanded the employee understanding of strategic direction.	de Moura and Saroli (2020)
FP_leg9	The organization can align personal and organizational goals.	Lipe and Salterio (2000)
FP_leg10	The organization has developed a strong relationship between managers and employees.	Lipe and Salterio (2000)
FP_leg11	The organization can apply advanced information technology to its management information system.	Lipe and Salterio (2000)
FP_leg12	The organization has developed the infrastructure to meet business and management requirements (for example, hardware, software, or communication network).	Lipe and Salterio (2000)