



Original Article

The Impact of Corporate Social Responsibility on Strategic Objectives: Evidence from Vietnam

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Abstract: Carrying out corporate social responsibility (CSR) not only brings benefits to the community but also benefits the business itself. There are many studies on the application of CSR in business strategies to create competitive advantages and sustainable development. However, CSR is still a new term in Vietnam, and the concept has various definitions and most studies are mainly theory-based with limited research on the real situation of CSR practices, especially in the case of FDI firms. Therefore, this study aims to investigate the impact of CSR implementation on corporate strategic goals, including reputation, innovation and differentiation of FDI firms in Vietnam. This study uses regression models to analyze survey data of 224 FDI enterprises in Hanoi, the capital of Vietnam. The empirical results indicated that implementing CSR significantly impacts improving the efficiency of deploying three business strategic goals: enhancing reputation, enhancing innovation, and creating a competitive advantage. The findings of this study suggest that FDI enterprises in Vietnam need to renew their perspectives and approaches to integrate and implement CSR, not only seeing CSR as a costly obligation or merely charitable activities, but truly an opportunity to create competitive advantages and sustainable development.

Keywords: Corporate social responsibility, business strategy, innovation, reputation, differentiation.

1. Introduction

The term corporate social responsibility (CSR) has been mentioned since the early years

of the 20th century. Scholars have come up with different ways to define this concept. For example, Friedman (1970) argued that the only

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CSR of a business is to maximize profit and increase corporate value in a fair and competitive market. He stated that CSR belongs to the state, so business owners should only implement the CSR they want and have shareholders' approval. Meanwhile, Carroll (1991) argued that CSR has a wider scope, including economic, ethical, legal, and philanthropic responsibilities and other areas that society expects from businesses at a given point in time. Matten and Moon (2004) suggested more specifically that CSR is a clustered concept covering many different issues such as business ethics, charitable businesses, labor, sustainability and the environment.

Studies on CSR show a substantial shift in the concept over time. Eventually, CSR is not only a term associated with ethics and a factor that comes from the external environment but also a term associated with corporate strategies and transformed into an internal factor. Businesses should not treat CSR as a cost and passively perform CSR initiatives due to pressure from the external environment; instead, they should treat CSR as an investment and proactively develop CSR strategies to pursue sustainable development. Carroll and Shabana (2010) stated that CSR has become a philosophy of corporate behavior and governance, which is chosen by many businesses around the world, and this number is constantly increasing. The contemporary business world witnessed CSR being used as standard practice, especially for international companies. CSR should be understood as a long-term investment rather than a cost that can translate into a win-win situation, benefitting both the community and the corporation (Lee and Tan, 2019). Accordingly, CSR is the action to enhance a company's competitive position and reputation. CSR can be used as a strategic tool to deal with market and customer pressures through actions that go beyond legal and environmental obligations (Carroll and Shabana, 2010; Wood, 2010). Therefore, CSR is considered a strategic tool to help firms achieve competitive advantages, including reputation, innovation, and differentiation.

However, CSR is still a new term in Vietnam, and the concept is varied in definition, and most studies are mainly theory-based with limited research on the real situation of CSR practices, especially in the case of FDI firms. Therefore, this study focuses on measuring the impact of implementing CSR on corporate strategic goals, including reputation, innovation and differentiation in Vietnam by analyzing the surveyed data from 224 FDI enterprises in Hanoi. The results of regression models show that the implementation of CSR has a significant impact on improving the efficiency of the implementation of three strategic goals of the business: enhancing reputation, enhancing innovation, and creating a competitive advantage. This study contributes to the current impacts of CSR on the strategic objectives of corporations and therefore encourages firms to pursue CSR in their strategic plans.

2. Theoretical framework and research hypotheses

A Value Creation Model of CSR was proposed by Gholami (2011). This model emphasizes the function of creating value for the organization and society in which the organization and society are interdependent. The value creation model of CSR looks at the relationship between CSR and business goals, including financial and non-financial goals and factors in the enterprise's internal environment, including strategy, resources, operations, value proposition, and stakeholder relationships. This study contributes to prior research by providing a more holistic approach to understanding how organizations create value through their Corporate Social Responsibility initiatives. Further research is needed to test this model in different organizational contexts to develop a deeper understanding of its efficacy.

The application of CSR in business strategies to create competitive advantages and sustainable development has become a trend in recent years. Many experts suggested that CSR

activities should be included in the strategy development of the business instead of voluntary acts. In many countries around the world, the attention to the responsibilities, obligations and transparency of big brands is increasing. Many studies show that before making a decision, consumers usually tend to consider the reputation, business activities and social commitments of the business. Therefore, CSR is not only a voluntary act but also an integral part of the business strategy to maintain the sustainable growth of a business. In the context of globalization and integration, CSR strategy plays an important role in the development of enterprises and has a great influence on the development of enterprises in many aspects.

2.1. Reputation

Davies et al. (2003) defined reputation as an emotional state (that can be positive or negative, less or more) of customers, investors, workers, and the public for an individual or a business. Meanwhile, Dowling (2002) argues that reputation is a mark that businesses leave and is the result of assessing corporate image. According to Rindova et al. (2005), reputation is the way businesses are recognized by their stakeholders and the value-creation ability over their competitors. Teece et al. (1997) affirmed that reputation is the image of the enterprise from the public perspective and it helps enterprises create a competitive advantage. The level of resources used to implement CSR in a company will affect the evaluation of its stakeholders. Therefore, the implementation of CSR becomes a signal to the market about the interest and appreciation of enterprises for the relationship with those interested in the operation of enterprises.

The relationship between CSR and the reputation of businesses has attracted many recent studies. One of the main motivations for businesses to implement CSR is to improve or maintain their reputation. Tucker and Melewar (2005) and Pirsch et al. (2007) claimed that the implementation of CSR has become an essential part of building a business reputation. Klein and

Dawar (2004) stated that CSR helps minimize the negative impacts of a media crisis on the reputation of businesses. CSR can be seen as an investment in the corporate image (Cardebat and Cassagnard, 2010), and an effective CSR implementation will bring the reputation to the company (Alexander and Buchholz, 1978; Bowman and Haire, 1975). Thus, the following hypothesis is proposed:

H1: The implementation of CSR positively influences corporate reputation.

2.1. Innovation

According to Luecke and Katz (2003), innovation in the most general sense is the process of creating and applying new knowledge or technique into products, services, and processes in a valuable and appropriate way. At the enterprise level, according to Ngo and O'Cass (2009), innovation is a systematic process that applies the company's knowledge, skills and resources to the implementation of activities. Romijn and Albaladejo (2002) argued that innovation is the knowledge and skills needed to acquire, master and improve existing technologies and create new technologies.

In the context of globalization, competition in the market is increasingly intense. Enterprises that want to sustain and grow need to focus on innovation because innovation itself plays an important role in helping businesses achieve profitability and increase competitiveness in the market. Many authors argued that the implementation of CSR creates innovation (Nidumolo et al., 2013; Boubakary and Moskolai, 2016). Aligning with this view, Bocquet et al. (2013) stated that strategic CSR ensures businesses are more innovative in products and processes. Moreover, their study also indicated that strategic CSR helps businesses to sustain a competitive advantage and ensure better, longer-lasting economic performance over firms with responsive CSR. Therefore, CSR is a driving force of innovation, especially when CSR focuses on people, related objects, the environment and society. It changes the process of providing products and services,

giving meaning to the brand and creating new business models. Based on previous studies, the following hypothesis is proposed:

H2: The implementation of CSR positively influences the business's innovation capacity.

2.2. Differentiation

Differentiation is the firm's ability or strategy to generate unique values that distinguish it from other rivalries. Nowadays, stakeholders are concerned not only with the performance of the firm but also with the responsible behaviors of the business toward the environment and the surrounding community. According to Besley and Ghatak (2007), the implementation of CSR positively impacts the business strategy mainly in terms of creating unique values that differentiate the brand from other competitors. Businesses can differentiate their products by integrating CSR into their product (product innovation) or processes (process innovation). In both cases, the company creates a new market for products for which that customers are willing to pay more to obtain that product's CSR attributes.

In fact, the implementation of CSR in the business strategy is the enterprise's management of relationships with its various stakeholders, including workers, unions, councils, contractors, customers, suppliers, public agencies, associations, local authorities, etc., so that it influences the value and the process of business operation (Boubakary & Moskolai, 2016). CSR, thus, becomes an important factor in creating distinct value for the stakeholders. Therefore, the following hypothesis is proposed:

H3: The implementation of CSR positively influences the firm's differentiation.

3. Research design and methodology

This study analyzes the implementation of CSR of FDI enterprises in Vietnam through a survey collected in Hanoi, the capital city of Vietnam. One notable characteristic of FDI firms is that their activities are spread over the country

and even the world. Therefore, if we approach one of its branches in Hanoi, it can also be a good representative of the whole organization, which has activities spread across the country. As presented in the theoretical framework session above, four main factors in this study are included: corporate social responsibility (CSR), innovation capacity (INV), corporate reputation (REP), and differentiation (DIF). Therefore, in addition to the enterprise's general information, the survey has been divided into four main parts, including many suitable factors that were selected based on previous studies to collect data.

These factors are mainly informed by the study of Boubakary and Moskolai (2016) (i.e., 13 items of CSR implementation, 5 items of innovation, and 4 items of differentiation), namely, enterprises make full use of employees' capabilities (CSR1), enterprises are complying with at least one set of quality standards (CSR2), enterprises regularly survey customer expectations, behavior and satisfaction levels (CSR3), enterprises use efficient customer care switchboards (CSR4), enterprises focus on training and improving skills for employees (CSR5), enterprises often use internal interactive tools (CSR6), enterprises provide complete and truthful information about products and quality assurance as listed (CSR7), enterprises provide after-sales service within the commitment period (CSR8), enterprises supply goods and services within the committed period (CSR9), enterprises have a centralized database of human resources (CSR10), business is recognized as a sustainable development brand (CSR11), enterprise suppliers comply with committed standards (CSR12), enterprises aim to improve the environment/safety/finance through internal or outsourced projects (CSR13), enterprises implement new methods in job management and foreign affairs (INV1), enterprises tend to develop new products for commercialization (INV2), enterprises spend considerable budget on research and development activities (INV3), enterprises increase the use of information and

communication technology tools (INV4), enterprises have applied new production processes and distribution channels (INV5), enterprises provide good quality products and services (DIF1), enterprises provide products and services that meet the basic features of the product (DIF2), enterprises have effective communication policies (DIF3), and enterprises meet the needs of customers on goods and services (DIF4).

For the reputation measurement scale, six items were informed by the study of Hillenbrand and Money (2007): the innovation capacity (REP1), the quality of products and services (REP2), the use of resources efficiently (REP3), operational efficiency (REP4), (REP5), and the quality management (REP6). Meanwhile, some factors were also added due to the specific characteristics of Vietnam, including the remuneration regime to ensure living standards for employees (CSR14), employees have the right to speak freely about working conditions and remuneration freely (CSR15), the opinions of the employees are received, handled and responded satisfactorily and promptly (CSR16), enterprises can pay social insurance, health insurance, unemployment insurance fully and properly for employees (CSR17), enterprises have to respect and strictly adhere to the regulations on labor use, labor safety and the working environment (CSR18), enterprises use raw materials clearly sourced, ensuring consumer health (CSR19), enterprises provide employees with complete and timely information on issues related to companies and employees (CSR20), and enterprises have regimes and activities of caring and caring for employees (CSR21). The Likert scale from 1 (Strongly disagree) to 5 (Strongly agree) is employed to measure the observed variables.

The questionnaire was written in both Vietnamese and English and pre-tested on twenty enterprises, leading to modification and refinements to suit the context of Vietnam better and make it easier to understand for the respondents. Then, the detailed survey was conducted intensively over a period of one

month from the beginning to the end of April 2018. Surveys were administered via the Google Form platform. With the support of the Planning and Investment Department of Vietnam and the Hanoi Tax Department, an online link and a specific instruction email were sent to 500 FDI enterprises in Hanoi. The respondents to the survey should be CEOs, managers and heads of the strategic department of the companies. Out of 500 surveyed enterprises, 233 responded to the questionnaire, achieving a recovery rate of 46.6%. However, 9 responses were rejected due to insufficient information or the quality of the responses was not high. The final sample size is 224 observed, satisfying the sample condition of at least 5 times (i.e., $36 * 5 = 180$ observations) of the number of items being scaled (Hair et al., 1998).

To measure the impact of implementing CSR on corporate strategic goals, including reputation, innovation and differentiation, this study uses the OLS linear regression model to analyze the collected data. A series of tests are also used to ensure that the model is consistent and reliable. Firstly, Cronbach's Alpha coefficients will be used to test the reliability of the scales. A reliability coefficient of 0.60 or higher is considered "acceptable." The scale reliability test also can be determined by the Corrected Item-Total Correlation coefficient to remove trash variables from the scale. The variables with total correlation coefficients of less than 0.3 are considered garbage variables. After that, the Pearson correlation test is used to test the linear correlation relationships between the dependent variable and each independent variable, as well as between the independent variables. Besides, the ANOVA test, VIF and Durbin-Watson test also need to be carried out to test the consistency, multicollinearity and autocorrelation problems of the model.

4. Empirical results and discussion

Out of the 224 FDI enterprises observed, enterprises in the wholesale and retail trade

account for 46%, followed by enterprises in the manufacturing and processing industry account for 38%. In terms of size, small businesses account for a majority of 50.96%, followed by micro-enterprises accounting for 37.5%. The

Cronbach's Alpha coefficients test and the correlation analysis and variance test show that all 36 variables in 4 groups of factors used are significant and incorporated into the model (see Table 1 and Table 2).

Table 1: Cronbach's Alpha Test

Variables	Cronbach's Alpha	Numbers of variables
REP	0.898	6
INV	0.853	5
DIF	0.816	4
CSR	0.909	21

Source: Authors' original data (2018).

Table 2: Correlation analysis

Variables	Scale mean if item deleted	Scale variance if item deleted	Corrected item – Total correlation	Cronbach's Alpha if item deleted
REP1	22.077	6.96	0.656	0.896
REP2	21.591	7.856	0.713	0.884
REP3	21.976	7.666	0.683	0.887
REP4	21.894	6.723	0.784	0.871
REP5	21.745	7.089	0.833	0.864
REP6	21.774	7.383	0.734	0.879
INV1	14.947	7.76	0.634	0.833
INV2	14.923	7.24	0.702	0.815
INV3	15.437	6.421	0.651	0.833
INV4	14.812	7.071	0.643	0.828
INV5	15.226	6.678	0.736	0.803
DIF1	12.399	3.004	0.711	0.743
DIF2	12.558	2.905	0.703	0.741
DIF3	13.212	2.612	0.514	0.861
DIF4	12.572	2.951	0.708	0.741
CSR1	81.83	94.092	0.359	0.908
CSR2	81.77	89.673	0.571	0.904
CSR3	81.93	89.246	0.558	0.904
CSR4	82.98	88.705	0.382	0.913
CSR5	81.68	88.548	0.662	0.901
CSR6	81.42	92.574	0.422	0.907
CSR7	81.38	89.521	0.619	0.902
CSR8	81.55	90.645	0.489	0.906
CSR9	81.41	90.785	0.676	0.902
CSR10	82.03	88.825	0.547	0.904
CSR11	82.17	87.149	0.583	0.904
CSR12	81.7	91.408	0.627	0.903
CSR13	81.67	90.057	0.614	0.903
CSR14	81.54	92.192	0.551	0.904
CSR15	81.48	90.869	0.665	0.902
CSR16	81.57	90.343	0.662	0.902

CSR17	81.13	94.448	0.426	0.907
CSR18	81.21	93.566	0.519	0.905
CSR19	81.47	90.27	0.658	0.902
CSR20	81.43	91.802	0.573	0.904
CSR21	81.65	91.64	0.549	0.904

Source: Authors' Original Data (2018).

The Pearson correlation results in Table 3 show that the independent variable CSR has a strong correlation with the dependent variable, $r > 0.6$ with a significance level of 1%, while the independent variables have relatively large correlation coefficients with a significance level

of 1%. The ANOVA results (see Table 4) also show that the multiple linear regression model is suitable for the data set or, in other words, independent variables have a linear relationship with the dependent variable and the model is usable.

Table 3: Pearson Correlation Test

		REP	INV	DIF	CSR
REP	Pearson Correlation	1	.622**	.701**	.643**
	Sig. (2-tailed)		.000	.000	.000
	N	208	208	208	208
INV	Pearson Correlation	.622**	1	.640**	.721**
	Sig. (2-tailed)	.000		.000	.000
	N	208	208	208	208
DIF	Pearson Correlation	.701**	.640**	1	.716**
	Sig. (2-tailed)	.000	.000		.000
	N	208	208	208	208
CSR	Pearson Correlation	.643**	.721**	.716**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	208	208	208	208

Note: **Correlation is significant at the 0.01 level (2-tailed).

Source: Authors' original data (2018).

Table 4: ANOVA Test

	Model	Sum of squares	df	Mean square	F	Sig.
1	Between groups	24.41	1	24.41	145.055	.000b
	Within groups	34.665	206	0.168		
	Total	59.075	207			
2	Between groups	45.619	1	45.619	222.903	.000b
	Within groups	42.159	206	0.205		
	Total	87.778	207			
3	Between groups	31.849	1	31.849	216.5	.000b
	Within groups	30.304	206	0.147		
	Total	62.153	207			

Source: Authors' original data (2018).

Table 5: Regression result

Model		Unstandardized coefficient		Standardized coefficient	t	Sig.	Multicollinearity		Durbin Watson
		B	Std. Er.	Beta			Tolerance	VIF	
1	(Constant)	1.413	0.247		5.721	0.000			
	CSR	0.724	0.06	0.643	12.044	0.000	1.000	1.000	2.172
2	(Constant)	-0.273	0.272		-1.002	0.318			
	CSR	0.989	0.066	0.721	14.93	0.000	1.000	1.000	1.914
3	(Constant)	0.853	0.231		3.691	0.000			
	CSR	0.827	0.056	0.716	14.714	0.000	1.000	1.000	2.061

Source: Authors' original data (2018).

As stated in Table 5, variance inflation factors, which are widely used to find multicollinearity, are computed to ensure the multicollinearity is not a serious issue in our models. The highest variance inflation factor is 1 in the main effect model, which is below the level of concern of 10. As a result, the multicollinearity does not seem to be serious in our estimation. Besides, the Durbin-Watson test result also indicates that the model has no autocorrelation. Overall, the results show that the model is satisfactory.

The regression equation shows that implementing CSR in business strategy in FDI enterprises (CSR) affects three factors: Corporate Reputation (REP), Innovation (INV) and Differentiation (DIF). In other words, all three hypotheses, namely, H1, H2, and H3, are accepted.

H1: The implementation of CSR positively influences corporate reputation.

$\beta = 0.643$, sig (β) = 0.000 < 0.01 transpires that the implementation of a CSR approach interprets the tune of 79.5%, its variation (or adjusted R-square). The analysis of variance outcomes (ANOVA) confirms the explanatory capacity of this model. The significance level is significantly below 0.05. In addition, the value of the t-test (12.044) illustrates that the regression coefficient is considerably different from 0 (Beta = 0.643). Thus, hypothesis H1 was accepted. In other words, CSR practices significantly influence firms' reputations. This

result resonates with findings by other researchers (Nidumolo et al., 2013; Macgregor et al., 2010; Ferauge, 2013; Tangngisalu et al., 2020; Lee, 2020), which provided confirmation that CSR practices can either directly or indirectly augment brand reputation. This outcome can be justified by the fact that the perception of CSR implementation in an enterprise positively influences consumers who show concern for social and ethical issues. In this sense, the implementation of CSR into companies' operations would enable them to stand out and capture additional market share. The implication is for managers to add the aspect of CSR to their operation intensively since customers have a tendency to be more habitual about companies with high involvement with CSR. In other words, CSR should be integral to companies' strategies in an effort to foster the company's reputation. Any attempt to ignore the element of CSR could lead to an undesirable impact on firms' reputation and, ultimately, the long-term success of the companies.

Research on CSR by Nguyen and Nguyen (2016) in the animal feeding industry in Northern Vietnam also shows that most businesses in the industry are implementing CSR activities to a certain extent. Most customers perceive CSR implementation in the industry to be relatively good, and its consequences include corporate reputation, customer confidence and satisfaction. From a firm's resource-based approach, CSR is seen as beneficial for the

company, both internally and externally, in terms of enhancing the technology (know-how), culture and reputation of the business (McWilliams and Siegel, 2011). This result sheds light on the role of CSR as a source of competitive advantage for any organization to yield economic gains as well as a strategic move to enhance its reputation. Therefore, enterprises need to change their perception of the role of CSR because if CSR is performed well, enterprises will achieve a very large intangible value, which will be converted to a financial value for the business.

H2: The implementation of CSR positively influences the business's innovation capacity.

$\beta = 0.721$, $\text{sig}(\beta) = 0.000 < 0.01$ reveals that CSR explains 72.1% of the variance of innovation (R-adjusted). In addition, the regression coefficient between these two variables is considerably different from 0 as also proved by the t-test (14.93) with the threshold of $p = 0.000$. Therefore, it can be concluded that hypothesis H2 is not rejected. High involvement in CSR among companies contributes to fostering innovation. This result is consistent with the previous studies (i.e., Klein and Dawar, 2004), which indicate that companies' commitment to CSR acts as the driver of innovation. This can be accounted for by the fact that the implementation of CSR can play a role in sustainable development and simultaneously maximize corporate competitive potential through encouraging innovation. CSR represents a significant component of companies' strategy, driving them to be more innovative in the path of their maturity.

For businesses, CSR activities will have a significant influence on their innovation and innovation direction. In terms of environment, CSR makes consumers trust by ensuring safety, hygiene, transparent production and business activities. Therefore, enterprises implement CSR not to polish the brand and to promote the name, but this is regarded as a long-term and serious investment, true to the nature of the core business: investment in infrastructure, the environment, investment in products and

transparency in matters of business ethics (i.e., commitment to product quality, raw materials, financial disclosure). CSR also aims for activities beneficial for consumers, such as creating economic inventions, changing or improving specialized equipment to reduce production costs, and creating products and services with preeminent features for the market, while sharing legal issues in the consumer protection law.

In fact, CSR has truly influenced business innovations. The greatest innovation opportunities often arise from environmental improvements such as reducing the use of materials and emissions, recycling and creating eco-friendly products. In Vietnam, enterprises that do not invest in environmental-friendly technology innovation account for a relatively large proportion, and there are many reasons they do not invest in this activity. In particular, the most important reason worth mentioning is that an environmentally-friendly technology has a large initial investment cost, while the mobilized capital for this activity is limited. Another equally important reason is the limitation in accessing the information on environmentally-friendly technologies in the field of manufacturing products of enterprises. Green technologies or environmentally-friendly technologies in the world have been under research and development in recent years. However, in Vietnam, such research and development (R&D) is not popular. The next reasons are related to complicated and difficult technologies; lack of suppliers of environmentally friendly equipment/technology; lack of highly qualified human resources to apply environmentally-friendly technology to production, high frequent operating costs, etc.

A prominent problem in recent years is an increasing number of environmental pollution cases among FDI enterprises and the failure to comply with commitments by some FDI enterprises, causing a waste of land resources. Some suggest that this is the result of massive FDI inflows as well as FDI companies' lack of

investment in technological innovation to improve production efficiency. Currently, the policy to attract FDI in Vietnam is oriented in the coming time to start to attract selectively: to be selective about technology, to select projects with high added value contributions and to select environmentally friendly projects to ensure sustainability.

H3: The implementation of CSR positively influences the firm's differentiation.

$B = 0.535$, $\text{sig}(\beta) = 0.000 < 0.01$ indicates that the implementation of CSR interprets 53.5% of the variance of differentiation (R-adjusted). Moreover, the coefficient between these two variables is considerably different from 0 (Beta = 0.716), as evidenced in the t-test (14.714). That means Hypothesis H3 is not rejected. CSR can be said to be a positive linear function of the differentiation in FDI businesses in Vietnam. In this setting, firm managers find incentives to incorporate CSR into their operation, leading to differentiation when consumers are observed to have consumption preferences for products from ethical and socially responsible companies. By differentiating the goods and services associated with the integration of the CSR element, manufacturers or service providers will limit the choices of consumers, leading to the fact that they can only buy from certain businesses that manufacture the item or provide a service that a customer seeks. In addition, the threat from competitors will be significantly reduced; that is, through a differentiation strategy, the business will be more competitive and possibly have a larger revenue stream. It can be said that the differentiation promoted through the implementation of CSR strategies in enterprises will drive continuous innovation as new goods and services will quickly attract attention to allow the business to survive in a competitive global marketplace because differentiated products will stand out from others and avoid the threats of alternative products. In addition, differentiation will allow businesses to take full advantage of brand loyalty, as differentiated goods and services can help users have a better

experience. Based on that, the rate of returning customers will increase significantly.

5. Conclusion

Undeniably, in the context of globalization and integration, CSR is increasingly becoming an important element in the business strategy of businesses. Especially for FDI enterprises, when investing, it is necessary to focus on implementing CSR in the host country and to incorporate CSR into their business strategy to help businesses achieve their long-term, financial and non-financial goals as well as sustainable development goals.

The results of the model on the CSR implementation of 224 FDI enterprises in Hanoi with three strategic goals of the business, namely, improving reputation, enhancing enterprise innovation, and creating differentiated competitive advantages for businesses, show that the implementation of CSR has an impact of 64.3% on corporate reputation, 51.7% on corporate innovation and 71.6% on differentiation of the business.

Thus, the implementation of CSR plays a significant role in value creation for corporations due to significant impacts on the three strategic goals of the business. Therefore, FDI enterprises need to renew their perspectives and approaches to integrate and implement CSR strategies, not only seeing CSR as a costly obligation or merely charitable activities but truly an opportunity to create competitive advantages and sustainable development. However, the application of CSR implementation in business strategy also depends on the commitment of business leaders and the condition of business resources. In addition, the authorities should be held responsible for disseminating, propagating and improving understanding of CSR, creating a friendly environment for businesses to coordinate and support each other in implementing CSR in a synchronous and effective manner. The results of this study can be

used as a reference source for businesses to improve their CSR implementation towards sustainable development, as well as for regulators to improve efficiency results and the quality of business operations, avoiding negative impacts on the environment and society.

Despite some meritable outcomes, this study cannot avoid some limitations. First, the authors used a convenient sampling method implemented online that can reduce the overall generality of the research. A larger sample size and direct interviews may improve the generality of the research topic. Second, the paper adopts single regression models, which can lead to common variance bias. Upgraded econometric models can be adopted to increase the reliability of the results. Third, CSR is a broad concept with multiple aspects; future research can find a way to measure CSR separately with economic, legal, ethical and philanthropic dimensions, each of which has different measurement scales to discover new findings and more implications.

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