

# GOVERNMENT'S AND PROFESSIONAL ASSOCIATIONS' ROLES IN PROMOTING CORPORATE SOCIAL RESPONSIBILITY – AN EXPLORATORY IN VIETNAMESE CONSTRUCTION FIRMS

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(Received :06/03/2015; Revised: 13/05/2015; Accepted: 19/05/2015)

## ABSTRACT

*With this large number of operating company, the construction industry in Vietnam needs the direction and supports from the government and professional associations not only in policies, business strategies, information about construction but also in leading and providing CSR information and instruction. By employing qualitative approach with in-depth interview as the main method to collect data, this study is to explore actual managers' perspectives of the current roles of these two stakeholders in CSR and their expectations for the upcoming years. Two worthy notes need to be concerned. The first note is that the roles of government are really important in issuing appropriate policies and treating businesses fairly. Another note relating that of professional associations points out that construction firms do not have any belief in their operations.*

**Keywords:** Corporate Social Responsibility (CSR), Government, Professional associations, Managers' perspectives, Qualitative approach

## 1. Introduction

Corporate social responsibility (CSR) is now becoming a significant issue that needs to be prioritized in business life. Businesses are aware of how it is important in adopting CSR in their operation, so that the number of companies paying attention to CSR is dramatically increasing. In order to adopt and integrate CSR in business strategies, it should be affirmed that firms need to be promoted and supported by the government, definitely and

that role is significantly critical (Škare & Golja, 2014). Playing a role as a stakeholder of corporations (Carroll, 1991; Škare & Golja, 2014), government involves in businesses' operations and its roles has changed continuously. From the literature, government interventions regarding CSR include endorsing, partnering, facilitating and mandating (Petkoski and Twose, 2003 cited in Škare & Golja, 2014) (see Table 1).

**Table 1. Government interventions regarding CSR (Škare & Golja, 2014)**

Government interventions regarding CSR.

Mandating	Command and control legislation	Regulators and inspectorates	Legal and fiscal penalties and rewards
Facilitating	Enabling legislation	Creating incentives	Capacity building
	Funding support	Raising awareness	Stimulating markets
Partnering	Combining resources	Stakeholder engagement	Dialogue
Endorsing	Political support		Publicity and praise

Government can promote CSR with a variety of practices, such as developing measures of businesses' response to CSR expectations, providing tax benefits, or setting up of a special 'board' to encourage CSR, and so on. However, not many studies investigated these roles of government from actual managers' perspectives to evaluate how well governments perform their roles. Furthermore, there is a big gap in the literature on the roles of professional associations in supporting firms to adopt CSR. This point needs to be concerned as well.

This study is conducted in the construction industry. To justify selecting the construction industry as the focus of this research, there are some salient factors. First, the construction industry has developed rapidly in recent years and has emerged as an important sector contributing significantly to the development of Vietnam (Quan, 2010). Its critical role has been promoted by government and has heavily influenced Vietnam's economy as well as the employed population (Bo, 2009). Secondly, the limitations of many aspects in operating and managing projects lead to the poor quality in construction projects, workplace accidents, and corruption (Bo, 2009; Ling, Pham, & Hoang, 2009). Lastly, the construction industry impacts heavily on the societal and stakeholders' environment and well-being (Murray & Dainty, 2009).

This study will help to find factors which can explain the current practical CSR in Vietnam. It examines the perspectives of Vietnamese managers in the construction industry toward current and expected roles of government in encouraging and promoting construction companies to adopt CSR in their operations. The study also examines managers' thinking of the role of professional associations in supporting construction companies.

## **2. The construction industry in Vietnam**

The economy in Vietnam is growing rapidly and this growth, much of which has been urban-centred, has led to rapid rural-to-

urban migration and urbanization. According to the report of the Ministry of construction, the percentage of urbanization in 2013 was 33.47% ([www.baoxaydung.com.vn](http://www.baoxaydung.com.vn)). In order to meet the requirements of this rapid economic growth and urbanization, the construction industry has to respond by its development in all majors. Therefore, the construction industry is experiencing rapid growth and has become one of the most dynamic and pivotal industries in Vietnam. The critical role of the construction industry has been affirmed by the Vietnamese government's goal of developing the national infrastructure as well as the need to accommodate the rapidly growing populations in big cities like Ho Chi Minh City, Hanoi, Cantho, and Danang. Hence, the development of the construction industry has been significantly stimulated by many factors, such as changing demographics, growing population, large scale and rapid urbanization, investment in infrastructure, and rising standards of living.

Although affected by the world financial crisis in 2008, the real growth of the construction industry was 12% in 2009 and still 7.8% in 2014. Remarkably, the sector accounted for 43.6% of GDP in the first six months of 2014 ([www.baoxaydung.com.vn](http://www.baoxaydung.com.vn)). According to this reporter, business value is the real amount of money and assets that the construction industry achieves; and it has been increasing annually. Growth values of 26.2%, 71.3% and 2.5% are accounted for by state-owned, private and foreign companies, respectively. Along with this growth, the construction sector has been seen as a large industrial employer whose employed population has been increasing yearly (Bo, 2009). This is derived from the expansion of established construction companies as well as the entry of new ones in the market.

In general, the majors in the construction industry include of design service, consultant services, executing service and other services. Design services refer to firms that are involved in structural or architectural design of construction projects. Consultant services include firms consulting on projects.

Executing services include those firms involved in executing or completing a project. Other services include materials manufacturers, import firms, real estate firms, and others.

In terms of market size, according to Ling et al. (2009), over 74% are small registered companies operating in the construction sector, but medium and large companies (nearly 25%) contribute up to 89% of the total revenue. With the large number of companies operating, the construction industry needs to have appropriate strategies to develop sustainably. Besides business practices, firms also need to be directed and supported in social performance practices

### 3. Methodology

The main purpose of the study is to investigate managers' perspectives of the roles of government and of professional associations in encouraging CSR in business. Therefore, the main method to collect data is *in-depth interview* with project managers. *Semi-structured interview* questions are proposed. These questions are about the roles of government in encouraging business and of professional associations in getting construction firms to adopt CSR. The questions are also to identify practical managers' expectations of these roles in order to adopt CSR in practice.

The salience of interviewing is to let informants talk freely about their thinking, understanding and opinions. According to the needs of this study, various aspects of managers' perspectives, but not necessarily representativeness of all managers, need to be explored. This means that the sampling inquiries must result in being able how to collect a wide range of information (Boeije, 2010). Therefore, *purposive and convenience sampling* is the most appropriate one supporting to collect different viewpoints of informants (Miles & Huberman, 1994, p. 27). To approach appropriate respondents, a list was prepared. However, the list of interviewees was supplemented, when new and appropriate ones were recommended by other interviewees.

This study focuses on construction

companies, especially on contractor corporations whose operations have a large impact on the society. The informants are project managers in construction companies (see Table 2).

**Table 2. Demographic information of interviewees**

Manager	Age	Gender	Years in project management position
Manager A2	1956	Male	16
Manager B2	1975	Male	4
Manager C2	1982	Male	2
Manager E2	1975	Female	<1
Manager F1	1979	Male	5
Manager G1	1980	Male	3
Manager H2	1956	Male	18
Manager J1	1982	Male	6
Manager K2	1975	Male	6

Eventually, thematic analysis is employed to address the research questions. According to Gibson and Andrew (2009), thematic analysis serves three main aims, including examining commonality, examining differences and examining relationships. With those aims, thematic analysis fits the research purposes properly.

### 4. Research findings

#### The current and expected roles of government

All respondents acknowledge and emphasize significant roles of government in encouraging business to adopt CSR. However, they do not have clear positive views as most of them did refuse to mention government's roles or did not give the answer for the question relating to. A few managers, who agreed to answer, expressed their disappointing thinking in current situation. From interviewed managers' opinions, government hasn't properly performed its roles, currently. As expressed by a young manager "*In fact, the role of government is to issue policies and directions. Supporting? ... I have not seen any. I hope there will be supporting from government in the future.*" (Manager F1, research interview). An aged

project manager with 16-year experience even straight said *"I haven't realized any encouragement from government in my sector, currently... They have a very strange thinking. They think that we are doing nothing, not spending much of money, but asking too much ... That is inherent error of government in thinking of projects in my field ... It is so unfair!"* (Manager A2, research interview)

That is the reason to explain why all of informants expressed their expectations in government's roles in the future. The first expectation about the roles of government expressed by all interviewees is *fairness to all construction firms*. They mentioned about the fairness in competition (which is created by the government), in recognition of firms' social contributions. As articulated by a project manager in a joint-stock corporation *"... to encourage businesses ... the first is contributions to society should be recognized. It must be recognized officially by government by specific factors ..."* (Manager D1, research interview).

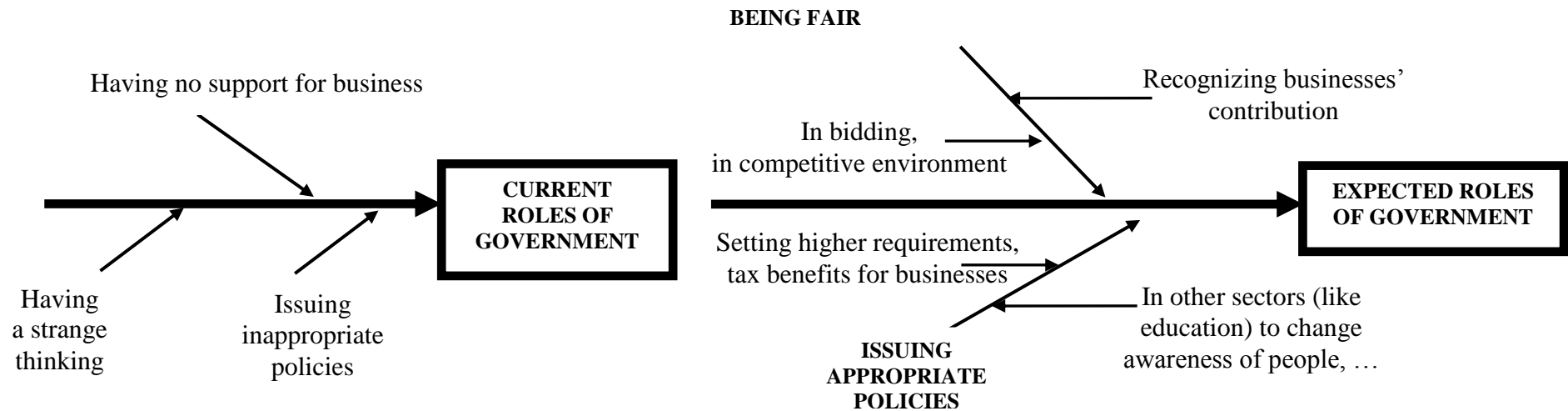
The next role of government expected is *issuing appropriate policies* in applying CSR practices to establish a legal foundation for all companies, controlling and supporting businesses in implementing those policies in practice. According to a young project

manager, *"... if it is required by government, businesses must follow ... The government set high requirements, they have to do it. If the requirement is low, businesses do not have to improve their operation. I think it is oriented from government. A good and high orientation ... then it can be done."* (Manager K2, research interview).

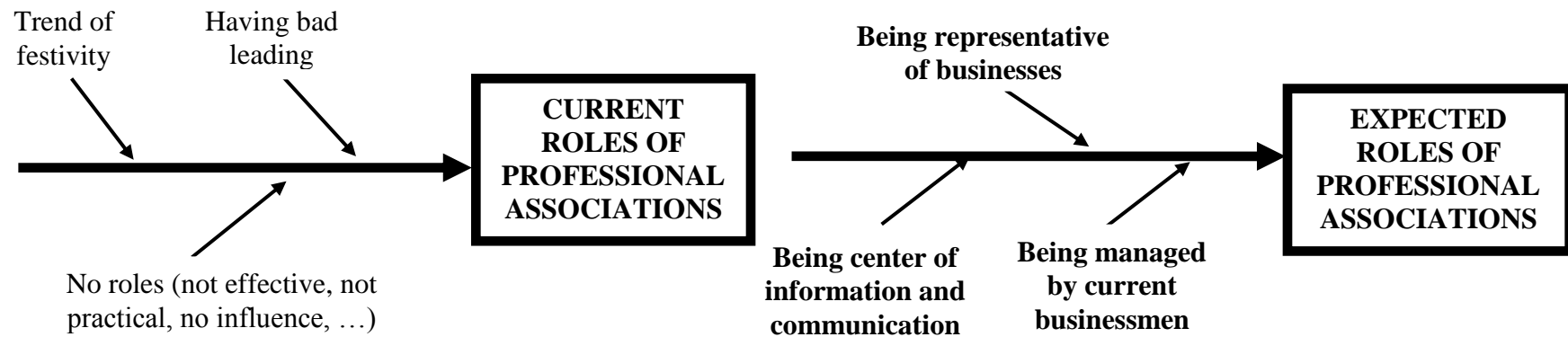
Other role that informants expect the government needs to fulfill is to orient, to direct companies to be familiar with higher requirements and to disseminate necessary and required information to business as soon as possible. As articulated by a project manager *"I think, the role of government is very important in controlling and supporting businesses, in issuing appropriate policies. It helps companies much in implementing CSR."* (Manager G1, research interview).

Finally, government is also expected in *making change awareness of society* by issuing policies affecting other sectors, such as education. It is because, from their view, *"Awareness of the society is more important; documented laws cannot do anything if awareness ..."* (Manager A2, research interview).

All identified roles of government from managers' perspectives are summarised in Figure 1.



**Figure 1. Current and expected roles of government from managers' perspectives**



**Figure 2. Current and expected roles of professional associations from managers' perspectives**

### **The current and expected roles of professional associations**

In the opinion of the interviewees, professional associations have not appeared to play any significant role, recently. There were even two executives who don't know anything about associations. When asked about the roles of professional associations in CSR, most of interviewed managers didn't even discuss the role of industry bodies. Typically, the responses were reflected in the comments of one middle-aged manager who responded "*I don't know. I cannot see any influences from them ...*" (Manager B2, research interview).

According to an aged manager, associations used to be so good in the planned economy and used to have impacts on the industry, "*Previously, in the planned economy, those associations had their influence, but now ... they ... seemingly have very little impact on major, they have very little information ... They look like a panels advising for People Committee. They are representative for many members ... However, their operations are so limited and their members are not good in major ... Moreover, companies can solve their problems, they don't need ...*" (Manager A2, research interview). However, most of informants complained about the uselessness of current associations. They used terms like *not practical, not effective, no influence, no prestige, not good in major, no connection with business...* to express their thinking of current professional associations. Some managers even criticized the bad working skills of associations. An informant pointed out the reason to explain why his company does not join any local professional associations "*... we don't join professional associations. It is because leaders in these associations ..., in my opinion they don't have prestige to practice in a certain sector ...*" (Manager J1, research interview). This manager also shared that his company is joining an association founded by foreigners as it has positive influences on his company operation.

In particular, one manager compared the practices of professional associations in Vietnam as the activities and practices of

festivities. He said that "*they haven't gathered strengths of members. I mean the activities of associations are in the trend of festivity, sometimes members meet each other without strategic orientation ...*" (Manager H2, research interview)

With these disappointing thinking of professional associations, when asked about expectations in roles of associations, most of managers did not want to say anything. There were only three managers expressing their expectations. First, in order to change the current practices like festivity, a young project manager articulated that professional associations must be the *representative* of construction enterprises. She indicated this point in her answer "*...gathering enterprises and representing them to raise opinions, or contributing in the meetings with the city leaders and government...*" (Manager E2, research interview).

Second, the roles of professional associations are highly expected to be *centres of information and nodes of communication*. As rendered by an experienced manager "*... associations must be the center to communicate about technologies, and the place for International Chambers of Commerce informing the information about the projects ...*" (Manager H2, research interview).

Eventually, professional associations are expected to be managed and led by practical businessmen, rather than retired guys. A project manager in a joint-stock corporation straight expressed "*Expectation? ... Association must be managed by current businessmen because it directly relates to their benefits and they are voluntary in sharing, connecting and speaking to government in order to raise good solution for associations...*" (Manager F1, research interview)

All identified roles of professional associations from managers' perspectives are summarised in Figure 2.

### **5. Discussion and concluding remarks**

This study is to provide an explanation of current situation of CSR in Vietnam, especially in the construction industry. By a

qualitative approach with in-depth interview method to collect data, the study identified actual managers' perspectives of government's and professional associations' roles in encouraging and promoting CSR practices in business. The findings are summarised in Figure 1 and Figure 2.

All interviewed managers expect government to issue appropriate policies to encourage businesses to adopt CSR. They even have some specific suggestions. Some of those suggestions mention about the treatments should be fair with all construction companies. Especially, there are some of the findings echoing with a study conducted in 2014 investigating in 25 countries, including UK, Italy, USA, China, Hongkong, Thailand, ... (Škare & Golja, 2014), and a study in 2009 conducted in India (Rettab, Brik, & Mellahi, 2009). The first is as to the government's and community's recognitions of businesses' social performance; and the second is as to mandating CSR by setting high requirements. The motivation from government policies is significantly impacted businesses CSR behaviors and practices. It may suggest that in developing countries like Vietnam, government and the governing body of the construction industry should focus on issuing consistent policies and strictly controlling the implication of those policies.

Meanwhile, from managers' opinions, professional associations, seemingly, don't have any roles in CSR practices. The roles of professional associations in the past were more significant and have been currently decreased. This finding as to roles of associations

suggests an idea for industry governance in re-engineering and restructuring the purpose of associations. However, when asked, informants have suggestions and their expectations to government, but not to associations. This issue expresses that fact that they don't expect or believe in any professional associations. It might be the result of the context in a developing country like Vietnam. It becomes a big question for the industry and the existence of current associations as well in the current globalization context.

As other studies, some limitations of this study should be recognized, especially regarding participants and studied corporations. This study approached project managers only, but not top management level who are formulating corporate strategy and control resources (Bateman & Scott, 2011) and understand well how government effect businesses. Besides, no managers from foreign construction corporation participated in this study. Future studies should recruit interviewees like General Directors, CEO in order to depict more detailed perspectives.

In summarising, at macro level, government plays an important role in promoting CSR, especially in leading and driving business in CSR practices. Similarly, professional associations, at micro level, can also encourage CSR by providing businesses with up-to-date information and training businesses with this information. If businesses can benefit from these two levels, apparently, they will have more positive in CSR reactions.

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