RESEARCH ARTICLE

Corporate Social Responsibility Disclosure in Vietnam: A Longitudinal Study

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Abstract: This paper aims to investigate the level of corporate social disclosure practices in emerging market. The purpose of this paper is also to identify the important factors that drive corporate social responsibility disclosure practices in Vietnam. Based on a sample of firms listed on Vietnamese Stock Exchange from 2009 to 2013, a sample of 600 observations was analyzed using CSR disclosure index of which is classified into four dimensions (human resource, community involvement, environment, and products/services). Significant relationships are found between board independence, CEO duality, size, and profit with the level of CSR disclosure of firms in Vietnam. The proportion of state ownership and foreign ownership in Vietnam still influences the prospects of greater information disclosure on human resource dimensions. This study is among the first to examine corporate social responsibility reporting in a growing emerging market such as Vietnam.

***Keywords*:** Emerging market, CSR disclosure, Voluntary Disclosure

JEL *Classifications*: M40, M41

As attitudes and demand towards global living conditions change, firms around the world face increasing pressure to engage in socially responsible activities. De Grosbois (2012) argued that stakeholders not only expect firms to recognize their social and environmental responsibilities, but they also demand that firms provide information about how they amend their business operations to minimize the negative impact on their communities. (Grosbois, 2012 #561) In fact, growing public awareness and interest in social responsibility issues has inspired firms to provide information beyond basic financial documentation. Hahn and Kühnen (2013) stated that by disclosing corporate social responsibility information, firms are able to demonstrate their competitiveness, motivate employees, and subsequently enhance brand value. According to Branco and Delgado (2011), engaging in social responsibility disclosure has emerged as an imperative practice for firms to survive in the globalization context.

Consequently, in recent times, there has been a growing interest in the importance of corporate social responsibility (CSR) disclosure practices among regulators, academics, stakeholders, and society in general (Aerts, Cormier, & Magnan, 2008; Andrikopoulos, Samitas, & Bekiaris, 2014; Brammer & Pavelin, 2008; Campbell, 2004; Cowan & Deegan, 2010; Gamerschlag, Moller, & Verbeeten, 2011; Khan, Muttakin, & Siddiqui, 2013; Liao, Luo, & Tang, 2014; Lu & Abeysekera, 2014; Muttakin & Khan, 2014; Tilling & Tilt, 2010). CSR disclosure practices include the reporting of any information concerning the responsibilities of firms for their impact on society, such as moral obligations or the ethical activities in which firms have engaged to minimize harm to the community, environment, employees, and consumers (Gray, Javad, Power, & Sinclair, 2001; Hahn & Kühnen, 2013; Lee & Cassell, 2008; Said, Zainuddin, & Haron, 2009). Although it is growing, the majority of the literature has focused on developed countries, and there is still a dearth of research in the developing and/or emerging markets (Al-Bassam, Ntim, Opong, & Downs, 2015; Azim, Ahmed, & Islam, 2009; Kansal, Joshi, & Batra, 2014). Belal, Cooper, and Roberts (2013) stated that it is important to gain a better understanding of social and environmental accounting in emerging markets given the distinctive socio-economic and business structures of these countries. Although CSR disclosure is not a new practice in developed economies, it remains an alien concept in Vietnam (Hamm, 2012). Nguyen and Truong (2016) posited that the perception of CSR in Vietnam remains vague, and its adoption is limited. Pham (2011) reported that 56% of managers in his sample firm agree that CSR reporting will improve their industry-labor relationship. However, most of them are still in doubt about the role of CSR as a strategic tool to improve firm competitiveness. Vu (2013) noted that the majority of Vietnamese firms do not value the importance of social responsibility information. He also stated that information such as community involvement, waste levels, water usage, or employee welfare issues are not often disclosed to investors. Overall, it can be concluded that the study and practice of CSR reporting have achieved little in the past years.

The purpose of this study is to extend the literature through an examination of corporate social disclosures practices in a developing country. Gray et al. (2001) argued that disclosure of social information is country dependent, noting that studies of different countries yield different results. This study aims to investigate the extent of corporate social responsibility reporting practices by Vietnamese listed companies during the period from 2009 to 2013 and to explore the factors that drive such practices.

This longitudinal study on CSR disclosure in Vietnam contributes to the literature in several ways. First, the prior literature has indicated that CSR disclosure practices are different across countries and between developed and emerging countries (Imam, 2000). Nurhayati, Taylor, Rusmin, Tower, and Chatterjee (2016) argued that while there have been many studies of CSR in developing economies, the research on emerging economies is relatively scarce. Mahadeo, Oogarah-Hanuman, and Soobaroyen (2011) further suggested that more studies are needed that examine the influence of ownership concentration and the corporate governance mechanism on CSR disclosure in emerging markets. With the unique transition from a tradition of secrecy in a centrally planned economy towards a more "transparent" market-driven economy, a study of CSR disclosures in Vietnam enhances the evolving body of research on CSR disclosure in emerging markets. Although this study focuses specifically on Vietnam, the economic and political nature of the Vietnamese environment offer another perspective to the existing debate on corporate social responsibility disclosures in emerging markets. Second, as investors around the globe become more interested in the sustainability performance of firms, the International Finance Corporation (2013)— a member of the World Bank—identified that the reporting of CSR information is a new way to generate and measure business value for Vietnamese firms. Therefore, to provide stakeholders insight into disclosure practices and to enable regulators to appropriately focus their scrutiny on the implementation of regulatory reform, this empirical study on the CSR reporting practices of Vietnamese listed firms is necessary.

The remainder of this paper is structured as follows: Section 2 provides a brief background on Vietnam's institutional environment, and Section 3 presents the theoretical framework and the development of hypotheses. Section 4 describes the research design, including the data sample and measurements of key variables. In Section 5, an analysis of the data and relevant findings are outlined, and Section 6 offers the results of additional analyses. Section 7 offers concluding remarks.

Vietnamese Institutional Background and Corporate Reporting Regulation

After reunification in 1975, Vietnam pursued a communist socialist path in which the economy was built primarily on the Soviet central-planning model. Under this regime, all of the business sectors were owned, controlled, and managed by the state (government) through state-owned enterprises (SOEs). The SOEs had no direct relationship with the public. As such, the main user of company reports was the state. Given their distinctive characteristics, the information that was provided by these SOEs traditionally focused on financial issues that assisted central planning rather than providing broader information for a large range of stakeholders.

The rapid development of Vietnam's capital market not only created changes in its business' structures, but it also generated important new issues for Vietnamese accounting and reporting practices. In particular, it introduced new non-state users of corporate information, including investors, creditors, financial analysts, environmentalists, and other stakeholders. Under the centrally-planned economy, the sole user of corporate information was the state, which used the accounting reports more narrowly for the purposes of state planning and budgeting. A wider dispersion of users in the new market-oriented economy with increased stakeholder expectations resulted in additional incentives for managers of Vietnamese listed firms to improve their company's operations and reputations.

In response to the rapid development of the capital markets, Vietnamese regulators have since promulgated many regulations with the aim of regulating and improving its reporting practices. Corporate reporting regulation in Vietnam includes Securities Law 2006 and the Vietnamese Accounting Standard (VAS). Overall, to date, the current reporting regulations do not require Vietnamese listed companies to report on social and environmental information, and thus, CSR reporting still remains voluntary among Vietnamese listed firms.

Theoretical Framework and Hypothesis Development

Prior research used agency theory (Ness & Mirza, 2010), political economy theory (Gamerschlag et al., 2011), legitimacy theory (Chu, Chatterjee, & Brown, 2013; Haniffa & Cooke, 2005; Liu & Sun, 2010; Newson & Deegan, 2002; Ng & Koh, 1994), stakeholder theory (Cahaya, Porter, & Brown, 2006; Liu & Anbumozhi, 2009) and institutional theory (Ahmad, Hassan, & Mohammad, 2003; Amran & Siti-Nabiha, 2009) as the underlying constructs of corporate social responsibility disclosure studies. Among the above-mentioned theories, Cowan and Deegan (2010) noted that legitimacy theory has been considered to be the most widely used theory to explain companies' motivations behind corporate social responsibility disclosure. This study, therefore, adopts legitimacy theory as an underlying framework to explain the corporate social responsibility disclosure practices of Vietnamese listed firms.

Legitimacy theory proposes a relationship between the companies' reporting practices and society's expectations with the view that the companies react in response to a need to close a legitimacy gap. Suchman (1995) defined legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (p. 574). Legitimacy theory is based on the assumption that all companies operate through a social contract between them and the society in which they operate. Newson and Deegan (2002) explained that a social contract represents a set of explicit and implicit expectations that are held by society on how companies should operate. If companies' behaviors are not congruent with societal expectations, the legitimacy of the companies is threatened by the formation of a legitimacy gap, and the companies' ability to operate will be affected (Deegan, 2009). Legitimacy theory suggests that whenever managers consider the supply of a particular resource—legitimacy—to be vital to a company's survival, they will pursue strategies to ensure the continued supply of that resource (Bebbington, Larrinaga-González, & Moneva-Abadía, 2008). The communication of social and environmental information is one strategy that companies can utilize to gain, maintain, or repair legitimacy (Cho, Freedman, & Patten, 2012) as it responds to the interests of the relevant public (Michelon, Pilonato, & Ricceri, 2015). Additionally, because societal expectations change all the time, companies must continuously communicate their social responsibility information to convince the public of how they are fulfilling societal expectations (Newson & Deegan, 2002). Overall, legitimacy is perceived as the license for firms to operate (Duff, 2016), and thus it is deemed to be necessary.

Empirically, many studies in both developed and emerging markets provide evidence suggesting that firms utilize CSR disclosure as a tool to gain legitimacy. For instance, Chapple and Moon (2005) investigated the CSR reporting of 50 companies in seven Asian countries: India, Indonesia, Malaysia, the Philippines, South Korea, Singapore, and Thailand. The study concluded that CSR varies considerably among Asian countries but that this variation is not explained by development but by factors in the respective national business systems. Mitchell, Percy, and McKinlay (2006) examined 29 annual reports of Australian listed firms during the period from 1994 to 1998 and found that firms with poor environmental performance provide positive environmental disclosure as a way to maintain their public image. Cormier, Magnan, and Velthoven (2005) reported that information costs and public pressures are important determinants that affect a firm's environmental disclosure choices. Cowan and Deegan (2010) reported a significant and positive association between the level of pollution emissions and the quantity of voluntary emission disclosures among Australian firms, which lends support to legitimacy theory. Morhardt (2010) documented a positive association between size and sustainability disclosure, suggesting that large companies are more likely to increase CSR disclosure as they perceive such reporting to facilitate competitiveness. Cho and Roberts (2010) conducted empirical tests and found that poor environmental performers provide more extensive disclosure in terms of content and website presentation. Zheng, Luo, and Maksimov (2015) emphasized that firms tend to increase philanthropic activities when seeking legitimacy with outsider stakeholders and sustainability with insider stakeholders. Overall, legitimacy theory suggests that companies may use CSR disclosure to reduce their exposure to social and political costs.

Within the Vietnamese context, studies of CSR disclosure have received much less attention from researchers. Nguyen et al. (2015) investigated the association between CSR disclosure and firm value by taking a sample of 50 listed firms during the period from 2010 to 2013. Regression analysis tests reported that social responsibility disclosures are associated with the following year's firm value. Specifically, the relationship between the provision of environmental information and the following year's firm value was positive, while the relationship between employee disclosure and firm value was negative. The results highlighted the importance of CSR disclosure for Vietnamese firms. Tran (2014) examined the English and Vietnamese versions of CSR disclosure among 30 annual reports of Vietnamese listed firms. The findings showed that the Vietnamese versions of CSR disclosure display better information than the English versions. The study also argued that CSR disclosure is becoming important in Vietnam due to international pressures. Pham (2011)'s study provided evidence that while managers express a positive attitude towards CSR and its reporting, consumer perceptions are low. The results also indicated that there appears to be a discrepancy between what managers disclose in their reports and what they actually do. Overall, the review of literature of CSR disclosure in Vietnam indicates that there have only been limited attempts to study such disclosures. This study, thus, contributes to the literature by examining the status of CSR disclosure and its determinants over an extended period from 2009 to 2013.

Hypothesis Development

Board size. Prior studies indicate that corporate board size is an important element that affects corporate reporting practices. Nevertheless, evidence in those studies fails to reach consensus as to whether or not board size has a positive or negative impact on corporate reporting practices. For instance, certain studies suggest that larger board size can add to the diversity of knowledge and perspectives (Adams & Ferreira, 2007; Branco & Delgado, 2011) and experiences (Ntim, Lindop, & Thomas, 2013), which helps to enhance firm legitimacy and subsequently to increase a firm's disclosure policies (Akhtaruddin, Hossain, Hossain, & Yao, 2009). Cuadrado-Ballesteros, Rodriguez-Ariza, and Garcia-Sanchez (2015) further asserted that boards of directors exercise CSR disclosure as a tool to satisfy all stakeholder interests. On the other hand, other studies argued that boards with more members may suffer from poor coordination, communication, and decision-making inefficiency (Cheng & Courtenay, 2006; Said et al., 2009). In such cases, firms with larger boards may produce lower-quality information, rather than improving it.

Empirically, some studies reported a positive association between board size and CSR disclosure (Abdullah, 2006; Ntim & Soobaroyen, 2013). Others documented a negative relationship (Yermack, 1996), while some found no such relationship (Said et al., 2009). Based on the evidence above, this study expects a relationship between board size and CSR disclosure, and thus the first hypothesis expects:

> ***H_1*** *– There is an association between board size and corporate social responsibility disclosure.*

Board independence. According to Cooper and Owen (2007), a firm's corporate governance provides the framework to enhance its socially responsible behavior. Effective corporate governance not only maximizes the values of shareholders, but it also protects the interests of other stakeholders (Welford, 2007). Ibrahim, Howard, and Angelidis (2003) posited that the expectations of a society (i.e., practitioners, researchers, and regulators) for independent directors to be more socially responsible than inside directors create pressures on a firm's independent directors to be more responsive to social needs. Empirically, Webb, Cahan, and Sun (2008) reported that socially responsible firms have more independent directors compared with non-socially responsible firms among non-U.S. multinational firms. Chau and Gray (2010) found evidence for a positive relationship between the proportion of independent directors and the reporting of non-financial information by Hong Kong firms; Garcia-Sanchez, Cuadrado-Ballesteros, and Sepulveda (2014) obtained similar results for Spanish firms. Cuadrado-Ballesteros et al. (2015) showed that senior independent directors on boards are associated with higher CSR information disclosure. Nevertheless, there are some studies (Haniffa & Cooke, 2005; Said et al., 2009) that found no such relationship between independent directors and corporate social responsibility reporting practices. On the basis that the relationship is inconclusive, this study takes on a non-directional hypothesis as is set forth below:

> ***H_2*** *– There is an association between board independence and corporate social responsibility disclosure.*

Duality. The previous literature indicates that the dominant function of a CEO who is also a chairman indicates the absence of decision control and decision management (Fama & Jensen, 1983). When a CEO holds the position of a chairperson (the dominant roles of CEO and chairperson) in a firm, he or she may have too much power and authority to manage the firm without any constraint and hence may comprise the greater interests of the stakeholders (Chau & Gray, 2010; Khan et al., 2013; Rashid, Zoysa, Lodh, & Rudkin, 2010). Consequently, the duality function of CEO and chairperson in a firm may lessen the involvement in social or community activities and hence the disclosure of these activities.

Nevertheless, arguments in favor of the CEO duality function are also found in some of the previous research. For instance, Arosa, Iturralde, and Maseda (2013) contended that a CEO who is also a chairman of a firm can help improve firm efficiency through his or her specific knowledge of strategic challenges. In a similar vein, a greater autonomy response capacity in top decision makers was found to improve the flow of communication between the board of directors and the management team (Braun & Sharma, 2007; Chahine & Tohmé, 2009). The following hypothesis is thus proposed:

> ***H_3*** *– There is an association between CEO duality and corporate social responsibility disclosure.*

State ownership. According to legitimacy theory, state owners are important factors that have an impact on firms' CSR disclosure choices. State-owned firms generally face higher levels of public pressure and expectations, and thus these firms produce extra information to legitimize themselves. Jiang and Habib (2009) noted that the concentration of state ownership does not result in a real separation of ownership and control; thus, there is no real incentive to monitor the activities of managers. Furthermore, it is argued that the state generally has better access to a firm's internal information (Naser, Al-Khatib, & Karbhari, 2002; H. Xiao & Yuan, 2007); thus, there may be less dependence on information disclosure with state ownership. Empirically, Luo, Courtenay, and Hossain (2006) reported that the presence of state ownership consistently weakens the voluntary disclosure of information among Singaporean firms. Xiao, Yang, and Chow (2004) explained that privileged access to information may contribute to the low level of voluntary disclosure. Ghazali (2007) found a positive association between state ownership and CSR disclosure among Malaysian listed firms. Given the mixed findings of the literature, the following non-directional hypothesis is advanced:

> ***H**$_4$* – *There is an association between state ownership and corporate social responsibility disclosure.*

Foreign ownership. The previous research asserted that foreign shareholders face significantly higher risks than local shareholders. La Porta, Lopez-de-Silanes, Shleifer, and Vishny (2000) identified the potential risks that are associated with trading foreign shares, including political risk, information asymmetry, and inadequate legal protection. Xiao and Yuan (2007) posited that the information asymmetry problem is even greater in emerging capital markets such as China because of difficulties in accessing hard copy annual reports. Empirically, Barako (2007) found that foreign ownership influences a firm's decision to provide additional social reporting and board member information. In Malaysia, Haniffa and Cooke (2005) reported a significant relationship between foreign ownership and CSR disclosure. These positive associations support the arguments that firms use social disclosure as a strategy to secure foreign investors. The preceding discussion results in the following hypothesis:

> ***H**$_5$* –*There is an association between foreign ownership and corporate social responsibility disclosure.*

Research Design

Sample

The sample consists of 120 non-financial firms that were listed on the Vietnamese stock exchange from 2009 to 2013, producing 600 sample year observations. The selection criteria for the sample firms were: i) they must be non- financial firms because financial firms are subjected to different corporate governance regulations; ii) firms must be listed throughout the period from 2009 to 2013; and finally, iii) they must be firms that disclose corporate governance and ownership details. Due to the lack of a reliable secondary data source in Vietnam, the data for this study were manually collected from the firms' annual reports. Annual reports were chosen over other means as they are recognized as an important channel for corporate social responsibility communication in emerging economies (Islam & Deegan, 2008; Mahadeo et al., 2011).

Dependent Variable

In constructing an index to measure CSR disclosure, no uniform method has been identified. According to Marston and Shrives (1991), there is no general rule to offer guidance on the selection of items to measure information disclosure. However, they argued that a disclosure index can be used to capture the intensiveness of the information that is communicated by firms. Within the CSR disclosure literature, some studies utilize reputation indices such as Global Reporting Initiatives (Chu et al., 2013; Michelon et al., 2015), Dow Jones Sustainability Indexes (DJSI), and Council of Economic Priorities (CEP) as guidelines, while some adopt or adapt existing indices (Muttakin & Khan, 2014) or even create new indices that are tailored to the needs of their specific search environment (Drobetz, Merikas, Merika, & Tsionas, 2014; Kansal et al., 2014). This study adopts the checklist from the previous work of Vu, Tower, and Scully (2011), as it is deemed to be the appropriate index to gauge the level of CSR disclosure in Vietnam. Vu et al.'s (2011) voluntary disclosure checklist was first adapted from earlier studies in both international and emerging markets. This index list was then screened by Vietnamese professionals to check for inappropriateness or irrelevance from the standpoint of the national reporting environment. Vu et al. (2011)'s checklist consists of 24 items that are related to corporate social responsibility information. As such, the index that is used to measure CSR disclosure in this study consists of 24 items that have been adapted from Vu et al. (2011; Appendix A).

To capture the extent of CSR disclosure, prior studies have employed various methodological approaches. For instance, some utilized an item-based approach using a dichotomous procedure in which an item scores one if an item in the index is disclosed and zero otherwise (Faisal, Tower, & Rusmin, 2012; Gisbert & Navallas, 2013; Ho & Taylor, 2013; Muttakin & Khan, 2014) while others assign a scoring system that is based on the perceived importance of certain items (Chu et al., 2013; Gamerschlag et al., 2011; Michelon et al., 2015). To minimize the risk of subjectivity that is created in the measurement of the actual quantity of environmental and social disclosure, this study employs the more objective unweighted approach (Xiao & Yuan, 2007). The disclosure index is subsequently expressed as a percentage as follows:

$$VnCSRDI_i = \sum_{j=I}^{e} e_j / E$$

where:

$VnCSRDI_i$ = Corporate social responsibility disclosure score of firm *i*.

$e_{j=}$ Social reporting item *j*. The dummy variable takes on the value of 1 if the firm discloses information on this item, and 0 if the firm does not disclose.

E = Total possible maximum number of items (24)

Independent Variables

The measurements for independent variables are detailed in Table 1.

Control Variables

Ho and Taylor (2013) suggested that one way to alleviate any possible endogeneity issue in the OLS regression is to incorporate potential competing explanatory variables as control variables in the regression model. This has been achieved in this study through the inclusion of determinants that have been deemed relevant to voluntary disclosure practices such as size, leverage, industry, profitability, and audit type. The measurements for control variables are described in Table 1. This study uses the most common size variables of the previous research, that is, the natural logarithm of the total assets of a firm. Legitimacy theory posits that larger firms view CSR reporting practices as a tool to achieve legitimacy and survive in society (Ghazali, 2007). This is because larger firms are more likely to be visible and sensitive to public attention, and hence, the need to involve and provide CSR communication is higher than in smaller firms. Additionally, return on assets (ROA) acts as the profit proxy (Camfferman & Cooke, 2002; Chau & Gray, 2002; Ho, 2009). From the viewpoint of legitimacy theory, CSR disclosure is utilized as a tool for profitable firms to maintain a good reputation and acceptance (Chu et al., 2013). Thus, more profitable

Table 1. *Variable Measurements*

Variables	Measurements
Dependent variable	
VnCSR	Dummy variable to the value of 1 is given for disclosure item and 0 for otherwise. Total score divided by the possible maximum number of items.
Independent variables	
Board Size	Total number of directors on boards.
Board Independence	Proportion of independent directors over the total directors on boards.
Duality	Dummy variable to the value of 1 is given for firms that have CEO who is also Chairman and 0 for otherwise.
State	Proportion of state ownership.
Foreign	Proportion of foreign ownership.
Control variables	
Size	Natural logarithm total assets of firm
Profitability	Ratio of net profit to total assets of firm
Leverage	Ratio of total liabilities to total assets of firm
Industry	Dummy variable to the value of 1 is given for firms in Manufacturing Industry and 0 for otherwise.
Audit	Dummy variable to the value of 1 is given for firms audited by the Big Four auditing firms and 0 for otherwise.

firms are expected to exhibit more CSR disclosure. A firm's leverage is measured as the ratio of its total liabilities divided by its total assets (Eng & Mak, 2003; Ho, Tower, & Taylor, 2008; Leung & Horwitz, 2004). Brammer and Pavelin (2008) argued that a low degree of leverage ensures that creditor stakeholders will seek to constrain managers' discretion over CSR activities less because such activities are only indirectly linked to a firm's financial success. Gao, Heravi, and Xiao (2005) indicated that the business sector influences the corporate social disclosure policy, and an industry variable is thus included. This study classifies industry sectors into manufacturing and non-manufacturing industries. The audit firms are classified into two types: Big Four and non-Big Four (Alsaeed, 2005; Patton & Zelenka, 1997).

The following equation is estimated:

$$VnCSRDI_i = 1_i + \beta_1 BoardSizev_i + \beta_2 Independence + \beta_3 Duality + \beta_4 State_i + \beta_5 Foreign_j + \gamma_1 Size_j + \gamma_2 Profit_j + \gamma_2 Leverage_j + \sum_{b=1} \delta_j Inustrydj + \sum_{b=1} \delta_k Audit_k + \eta_j$$

Findings

Descriptive Statistics

The descriptive statistics that are provided in Table 2 shows the mean disclosure of each category within the CSR disclosure of Vietnamese firms. The overall score[1] is relatively low with a mean of 7.38 (see Appendix A). This finding is consistent with earlier studies, which suggest that CSR disclosure is low in emerging and/or developing countries (Hegde, Bloom, & Fuglister, 1997; Momin & Parker, 2013). As shown in Table 2, the Vietnamese listed firms appear to display a tendency towards disclosure of the community involvement dimension as it has the highest level of communication within CSR disclosure by far (13.38%). Product relation information is disclosed least at 2.02%. The second highest level of disclosure is Employee and/or Human resources information at 6.27%. The final sub-categories of Environmental Dimension Information rates are somewhat lower at 2.18%.

Table 3 reports the descriptive statistics for the independent and control variables. The continuous variables are reported in Panel A, whereas the categorical variables are noted in Panel B. On average, the Vietnamese listed firms have a board size of five members. The proportion of independent directors on the boards of the sample firms has a moderate mean of 53%. This average figure exceeds the minimum requirements of Vietnamese listed firms that there should be at least one-third independent directors on corporate boards. The average percentage of state ownership in this study is 26%. State ownership in Vietnam remains highly concentrated because the country is still in the early stages of privatization compared with other emerging economies, such as China. Foreign ownership shows a relatively low mean of 12.29%.

Table 3 provides further descriptive statistics for the firms' CSR disclosure practices, classified by the dual role of CEO and/or chairman, type of industry, and auditing firm. As is shown, the firms that have a CEO who is also the chairman have a greater tendency

Table 2. *Descriptive Statistics for Dependent Variable and its Four Sub-Categories*

	Vietnamese Corporate Social Responsibility Index	Community Involvement Dimension	Environmental Dimension	Employees/ Human Resources Dimension	Product/ Service Relation Dimension
Mean	7.38%	13.38%	2.18%	6.27%	2.02%
Median	4.55%	0.00%	0.00%	6.67%	0.00%
Std. Deviation	9.09%	21.55%	9.71%	7.54%	14.07%
Minimum	0.00%	0.00%	0.00%	0.00%	0.00%
Maximum	62.50%	100.00%	66.67%	46.67%	100.00%

Table 3. ***Descriptive Statistics for Independent and Control Variables***

Panel A: Continuous Variables							
	Board Size	**Board Independence**	**State Ownership**	**Foreign Ownership**	**Size (Log of Total Assets)**	**Profit**	**Leverage**
Mean	4.98	0.53	25.64%	12.29%	5.83	0.07	0.48
Median	5.00	0.60	20.24%	5.74%	5.81	0.06	0.51
Std. Deviation	2.21	0.29	22.29%	14.40%	0.53	0.09	0.21
Minimum	2	0.00	0.00%	0.00%	4.47	-0.65	0.03
Maximum	11	1.00	79.92%	49.00%	7.75	0.50	0.93

Panel B: Categorical Variables					
Vietnamese Corporate Social Responsibility Index					
Variable Groups	**N**	**Mean**	**Mean Difference**	**t-stat**	**Sig**
Manufacturing	182	8.40%	1.46%	1.817	0.070*
Service	418	6.93%			
Big Four	235	8.60%	2.01%	2.658	0.008***
Other auditing	365	6.59%			
Duality role	92	9.35%	2.33%	2.271	0.023**
Non-duality	508	7.02%			

*Legend: Associations *, ** and *** are significant at the 0.1, 0.05 and 0.01 level respectively (1-tailed).*

towards CSR disclosure practices. Firms with dual roles generate 9.35% of CSR disclosure, while it is much lower at 7.02% for firms without a dual role. The difference between the two groups is statistically significant (p = 0.023). Additionally, manufacturing firms disclose more (mean = 8.40%) than service firms (mean = 6.93%%). This difference in the CSR disclosure of the two groups is statistically significant (p = 0.070). Similarly, a t-test was conducted to test the differences between the CSR disclosure levels of firms that were audited by Big Four and non-Big Four auditors. Not surprisingly, the firms that were audited by the Big Four auditors disclosed more social information (mean = 8.60%) than the firms that were audited by the non-Big Four auditors (mean = 6.59%). Again, these two means are statistically significantly different (p = 0.008).

The Pearson correlation coefficient in Table 4 shows that multi-collinearity is not a serious problem because none of the correlation coefficients in this study exceed the limit of 0.80 (Hair, Anderson, Tatham, & Black, 1995). The correlations range from 0.000 to 0.402, with the maximum correlation observed between size of firms and its auditors.

Table 5 presents the multiple regression results of this study. The pooled regression results show that the adjusted coefficient of determination (adjusted R2) of the model is 0.1464, which indicates that the predictor variables of the model explain 14.64% of the variations in the Vietnamese CSR disclosure index. As a point of reference, this explanatory power is higher than prior studies of voluntary disclosures in developing countries such as Xiao and Yuan's (2007) adjusted R^2 of 7.9% and Xiao et al.'s (2004) adjusted R^2 of 8.0%.

Table 4. *Pearson Correlation Matrix*

	Corporate Social Reporting Disclosure Index	Board Size	Board Independence	Duality	State	Foreign	Size	Profit	Leverage	Industry	Audit
Corporate Social Reporting Disclosure Index	1										
Board Size	-.074	1									
Board Independence	-.113**	.604**	1								
Duality	.074	.233**	-.062	1							
State	-.051	.045	.083*	-.064	1						
Foreign	.203**	.038	-.062	.070	-.191**	1					
Size	.263**	-.046	-.077	-.047	-.073	.371**	1				
Profit	.098*	.011	.058	.080*	.180**	.177**	-.017	1			
Leverage	-.033	-.042	-.117**	-.037	.055	-.300**	.234**	-.374**	1		
Industry	.108**	-.063	-.097*	.109**	-.272**	.238**	.064	.113**	-.074	1	
Audit	.092*	-.009	.065	-.059	.020	.151**	.402**	.014	.045	-.048	1

*Legend: Pearson correlation matrix show the coefficients correlation of variables. Associations *, ** and *** are significant at the 0.1, 0.05 and 0.01 level respectively (1-tailed).*

Table 5. *Multiple Regression Results*

VnCSRDIi = li + β1BoardSizevi + β2 Independence + β3 Duality + β4Statei + β5Foreignj + γ1Sizej + γ2Profitj + γ2Leveragej + ∑b=1δjInustrydj + ∑b=1δkAuditk+ ηj

Variables	t-stat	p-value
Constant	-2.417	0.016**
Board Size	-0.579	0.563
Board Independence	-1.779	0.076*
Duality	1.852	0.064*
State ownership	-0.242	0.809
Foreign ownership	1.191	0.234
Size	4.251	0.000***
Profitability	2.659	0.008***
Leverage	-0.666	0.505
Industry	0.958	0.338
Audit	0.045	0.964

Adjusted R^2 = 0.1464, F = 8.233, N = 600

*Legend: the table shows standardized coefficients and t-statistics in multiple regressions for the respective independent variables and control variables in the model. Associations *, ** and *** are significant at the 0.1, 0.05 and 0.01 level respectively (1-tailed).*

The overall model is significant with a p-value of 0.000 and F statistics of 8.233.

The empirical evidence suggests that board size is not significant to the level of social reporting disclosure in the annual reports of Vietnamese firms, although the direction of the relationship is negative (p = 0.563). Therefore, there is insufficient evidence to support H_1. The previous study by Said et al. (2009) also found that board size is insignificant in explaining the level of CSR disclosure. Table 5 also documents a statistically significant negative relationship between board independence and CSR disclosure (p = 0.076), which lends support to H_2. This result adds another perspective to the test of legitimacy theory in emerging markets. Previous studies in both Western and Asian emerging markets provide empirical evidence indicating that a larger number of independent directors on boards leads to better CSR disclosure (Cuadrado-Ballesteros et al., 2015; Webb et al., 2008), while in Vietnam, a larger number of independent directors on boards is found to dampen CSR disclosure. A possible reason for this negative relationship is the lack of experience and knowledge, or it may be due to societal indifference among the independent directors of the Vietnamese listed firms. The dual role of a CEO who is also chairman is found to be significantly and positively associated with CSR disclosure (p = 0.064). Thus, this result supports H_3. The results indicate that in the context of Vietnam, combining the role of CEO and chairman can help to enhance firm efficiency through his or her specific knowledge of strategic challenges, which may improve a firm's involvement in social or community activities. Thus, the disclosure of these activities is higher in firms that have CEO who is also a chairman.

The two ownership structures of state and foreign ownership are found not to be significantly related to the overall social reporting disclosure (p = 0.809 and p = 0.234 respectively).

Both theory and empirics suggest that firm size has a positive impact on the level of CSR disclosure. Consistent with the theory, the results in Table 5 report a statistically significant and positive relationship between firm size and CSR disclosure (p = 0.000). This finding supports the argument that size is an antecedent of legitimacy whereby larger firms are more politically and socially visible, and thus they are expected to engage in more CSR disclosure (Aerts et al., 2008).

Firm profitability is also found to positively related to CSR disclosure (p = 0.008). Consistent with legitimacy theory, profitable firms tend to engage in CSR disclosure to gain legitimacy. Firm leverage,

Table 6. *Example of CSR Disclosure Under Each Sub-Categories*

Sub-Categories of Disclosure	Items Scored	Examples of Disclosure Phrases
Employee/Human Resource	Equal opportunity policy statement	Company A – (Milk Manufacturing company) – Annual report 2010 "Our company is committed to respecting and equitably treating all employees, creating equal development opportunities, building and maintaining a safe, friendly and open working environment."
	Number of employees trained Amount spent on training	*Company B (Pharmaceutical Manufacturing company) – Annual report 2012* "Company has provided training for middle management and its employees. In the year 2012, there were 3 people attended Master degrees program, 4 people attended specialist training programs, 143 people participated in short courses to improve their skills.... Total training cost is approximately over VND 3 billions."
Community Involvement	Community program (education implemented)	*Company A – (Milk Manufacturing company) – Annual report 2010* "Nurturing Vietnamese Young Talent is one of the activities our company has implemented yearly, starting from the academic year of 2003-2004. For the academic year of 2009 - 2010 , there were 6,000 scholarship awarded to primary students from 63 provinces. This program was cooperated Ministry of Education and Training."
	Charitable donations	"In the previous historical flood in the North Central Region, the company has decided to immediately give 100 million to Ha Tinh, Quang Binh"
	Community program (health implemented)	*Company B (Pharmaceutical Manufacturing company) – Annual report 2012* Company C "is a company with a tradition of respect and responsibility for the community through active participation in social activities. For instance, company has implemented free health check up for under-privileges Cambodian citizen in July 2012 and for Vietnamese people living in two remote areas in October and November. Free clinics and medical support are also implemented.."
	General philanthropy	" In addition, company also values on social work is the responsibility of the company to the society, so the company has participated in social activities such as New Year's Eve with the poor; Spring flowers for children in the province; Flood support and etc."
Environmental	Environmental protection programs (qualitative)	Company A (Milk Manufacturing company) – Annual report 2010 "Waste water treatment systems of factories are certified by the Department of Natural Resources and Environment of the province in accordance with TCVN 5945: 2005. In addition, the company also uses environmentally friendly bags, build biogas systems for cattle farms to actively contribute to reducing emissions of gases."
	Environmental protection programs (quantitative)	"Company statistics show that the amount of water and energy consumed per ton of products in the first eight months of 2010 decreased significantly compared to 2009, specifically: water source - decreased by 15.8 %, electricity-down 5.6%, oilFO-decreased by 10.8% (see chart). This clearly demonstrates that the resource management implemented is in fact effective." *Note: This company also displays a chart of how much water, electricity they have saved during the past years. This chart displays figures in numbers and therefore, another point was also awarded.
	Environmental protection programs (qualitative)	*Company B (Pharmaceutical Manufacturing company) – Annual report 2012* "The company has organized propaganda and training on awareness of environmental protection and safety, organized monthly monitoring safety inspection team. For instance, upgrading and improving the wastewater treatment system at 66 National Road, according to the approval of the Department of Natural Resources and Environment. The company also implemented a program for monitoring and classification of wastes."

Product Safety	Safety of the products	Company A (Milk Manufacturing company) – Annual report 2010 "With more than 30 years of experiences, the company is confident to deliver the community with high quality products that ensure a safe and healthy living. Our products do not carry food additives that are not on the list approved by the Ministry of Health. In all our products, we also do not use preservatives and genetically modified foods" Company B (Pharmaceutical Manufacturing company) – Annual report 2012 " the other hand, the company also timely inform customers of counterfeit products. In 2012, company also implemented 24/7 hotline, answered by specialist pharmacist in charge to answer the customer's questions about products…"

Table 7. *Extra Analyses for Sub-Categories of CSR Disclosure*

	Community involvement dimension		Employee/human resources dimension		Environmental dimension		Product/service dimension	
Adjusted R^2	0.159		0.096		0.096		0.040	
F-value	8.928		5.425		5.439		2.725	
Significance	0.000		0.000		0.000		0.000	
Constant	-3.832	0.000***	-0.331	0.740	-3.652	0.000***	-1.637	0.102
Board Size	-0.809	0.419	-0.379	0.705	1.128	0.260	-1.135	0.257
Board Independence	-1.671	0.095*	-1.280	0.201	-2.076	0.038**	0.287	0.774
Duality	1.756	0.080*	0.875	0.382	-0.716	0.474	1.330	0.184
State	-0.800	0.424	1.831	0.068*	-1.874	0.061*	-0.914	0.361
Foreign	1.328	0.185	2.151	0.032**	0.494	0.622	0.177	0.859
Size	4.986	0.000***	2.070	0.039**	4.286	0.000***	1.386	0.166
Profitability	2.821	0.005***	1.781	0.075*	1.937	0.053***	1.246	0.213
Leverage	-0.071	0.944	-0.949	0.343	-0.651	0.515	1.986	0.048**
Industry	1.541	0.124	1.910	0.057**	-0.068	0.946	3.351	0.001***
Audit	1.242	0.215	-0.980	0.328	0.351	0.726	-2.053	0.041**

*Legend: the table shows standardized coefficients and t-statistics in multiple regressions for the respective independent variables and control variables in the model. Associations *, ** and *** are significant at the 0.1, 0.05 and 0.01 level respectively (1-tailed).*

auditors, and type of industry are found not to be significantly associated with CSR disclosure (p = 0.505; 0.964 and 0.338 respectively).

Additional Analyses

Additional analyses were conducted to enhance the understanding of the communication of CSR information in Vietnam. The overall 24-item social disclosure index is divided into four key sub-categories or dimensions: the community involvement dimension, the employee and/or human resources dimension, the product dimension, and the environmental dimension as presented in Appendix A and the examples of actual disclosure phrases of each sub-category are presented in Table 6.

A multivariate analysis was used to further elucidate the potential influences of the different sub-categories of the CSR information. The results are displayed in Table 7. In regard to community involvement information, the results of the predictor variables are similar to the main findings. In particular, board independence reduces community involvement disclosure (p = 0.095) while duality of the CEO and/or chairman, firm size, and profit improve such communication (p = 0.080; 0.000 and 0.005 respectively).

Employee and/or human resources information is reported as the second highest within Vietnamese CSR disclosure. The results are similar to previous studies that report that most firms within this emerging markets region focus on reporting activities that are related to employees and human resources (Das, 2013; Teoh & Thong, 1984). This category reveals some meaningful findings. The proportion of state ownership in a firm influences the prospects of greater information disclosure of employees and/or human resources (p = 0.068). The results could be because the state focuses mainly on wealth distribution and the social order of employees, and thus disclosures of this type of information tend to be higher in firms with higher state ownership. Foreign ownership is also found to have a positive impact on this type of disclosure (p = 0.032). A possible explanation for this could be that foreign investors are more aware of a company's HR policies, and, as such, firms with higher foreign ownership tend to provide more information on employees and/or HR information.

Within the category of the environmental information dimension, it is found that board independence has a negative impact on the disclosure of such information (p = 0.038). There is also evidence of a significant negative relationship between state ownership and environmental disclosure (p = 0.038). The result is similar to studies of emerging markets (Ismail & Ibrahim, 2008; Xiao & Yuan, 2007), but it contradicts other studies that report positive association (Amran & Devi, 2008) or no association (Chu et al., 2013). A possible explanation for this phenomenon could be that in firms with high state ownership, the state presence itself is already perceived to be legitimizing, and thus firms do not need to provide legitimacy to survive in society.

Table 7 also reports that firm leverage is positively related to product service dimension information (p = 0.048). Firms within the manufacturing industry tend to provide more information about product and/or service safety than firms within the service industry (p = 0.001). Firms that are audited by the Big Four auditing firms engage in less information disclosure on product and/or service relationships than firms that are audited by the non-Big Four (p = 0.041).

Conclusion

This study is among the first to examine CSR reporting practices in a growing emerging economy such as Vietnam. The results suggest that the extent of CSR disclosure is relatively low compared to other emerging markets. To maintain the development and sustainability of Vietnam's young market, the listed firms are urged to incorporate key social reporting items into their corporate disclosure practices. For instance, they should provide stand-alone reports, such as sustainability reports as an extra disclosure channel in addition to their traditional annual reports.

The empirical evidence offers a number of interesting insights into Vietnamese listed firms. In particular, in contrast with earlier studies, the results of this study report a negative association between board independence and firm's CSR disclosure. This implies that although there is a high level of compliance (in form), the presence of independent directors may not in itself act as an effective monitoring mechanism (in substance) to improve disclosure. The dual role of a CEO who is also chairman is found to improve CSR disclosure.

The results add contributions to both the practical and theoretical dimensions. For instance, the findings provide justifications for regulatory regime change in relation to a corporate governance framework. In particular, the results of the corporate governance mechanism noted above suggest that the corporate governance mechanism that is deemed to be effective in other countries may not be appropriate in the context of Vietnam. Vietnamese regulators should not only focus on the quantity of requirements of independent directors but also pay attention to the roles and responsibilities of such directors.

Further, the results add another perspective to the existing literature of legitimacy theory. In the context of Vietnam, the results are consistent with the legitimacy theory view whereby larger and/or more profitable firms are exposed to public and political scrutiny and as such engage in more CSR disclosure as a tool to legitimize their operations.

This study is not without limitations. First, this is a longitudinal study that focuses solely on annual reports from 2009 to 2013 and not on other corporate disclosure sources such as media channels and firm websites. Second, the content analysis was cross-checked by two individuals based on a sample of 100 firms to minimize inter-rater bias. Nonetheless, the errors that were inherited in the scoring procedures are inevitable due to human judgement. Thus, this bias remains a limitation of the study. It is suggested that future research should conduct more qualitative-oriented research of managers and employees or regulators to understand the constraints and incentives of CSR communication.

Notes

[1] A further reliability check of the scoring sheet to be conducted with another researcher was requested for the scoring of the annual reports of 100 sample firms (representing 16.67 of the total sample size). The results of this voluntary CSR disclosure index were subsequently compared with those of the researcher to ascertain any statistically significant differences. A t-test for differences revealed two comparable means of 8.29 and 8.12, which are virtually the same ($p = 0.967$).

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Appendix A: *Vietnamese Corporate Social Responsibility Disclosure Index*

Vietnamese Social Reporting Voluntary Disclosure (24 items)
Employee/human resources dimension (15 items)
Employee appreciation
Nature of training
Discussion of workplace safety (costs and measurement)
General retrenchment or redundancy information
Categories of employees by gender
Effects of Employment Contract Act
Employees by line of business
Number of employees trained
Equal opportunity policy statement
Amount spent on training
Reasons for changes in employee numbers or categories
Geographical distribution of employees
Data on accidents
Employee welfare
Community involvement (5 items)
Company awards
Community programs (health and education) implemented
General philanthropy
Participation in government social campaigns
Charitable donations
Environmental dimension (3 items)
Statement of firm's environmental policies
Environmental protection programs (qualitative)
Environmental protection programs (quantitative)
Product/service relation dimension (1 item)
Safety of the products/services