

**FACTORS AFFECTING CORPORATE SOCIAL RESPONSIBILITY (CSR): A  
CASE OF COMMERCIAL BANKS IN HO CHI MINH CITY**

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**ABSTRACT:** *Corporate Social Responsibility (CSR) is defined as the voluntary commitment of businesses to include in their corporate practice economic, social, and environmental criteria and actions, which are above and beyond legislative requirements and related to a broader range of stakeholders, everyone influenced by their activities. The study results showed that there were 250 managers of commercial banks in Ho Chi Minh City who interviewed and answered about 11 questions. Data collected from June 2016 to December 2016 for commercial banks in Ho Chi Minh City. The paper had been analyzed KMO test, Cronbach's Alpha and the result of KMO analysis used for multiple regression analysis. Managers' responses measured through an adapted questionnaire on a 5-point Likert scale (Conventions: 1: Completely disagree, 2: Disagree, 3: Normal; 4: Agree; 5: completely agree). Hard copy and online questionnaire distributed among 1.000 managers of commercial banks in Ho Chi Minh City. In addition, the exploratory factor analysis (EFA) results showed that there were two factors, which included of factors following internal factors (X1) and external factors (X2) with significance level 5 percent. In addition, all of two components affecting the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City with significance level 5 percent. The research results processed from SPSS 20.0 software.*

**KEYWORDS:** Internal factors, external factors, Corporate Social Responsibility and Hutech

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## **INTRODUCTION**

Corporate Social Responsibility, CSR is defined as the voluntary commitment of businesses to include in their corporate practices economic, social, and environmental criteria and actions, which are above and beyond legislative requirements and related to a broader range of stakeholders, everyone influenced by their activities. Corporate Social Responsibility often captured under the more accessible heading of people-planet-profit, the definition becomes crisper looking at the United Nation's Global Compact, which asks companies to work within their sphere of influence toward human rights, labor rights, environmental responsibility, and anti-corruption. CSR is not about philanthropy, cause-related marketing, nor generalized attempts at going "green". It is a business strategy and one that take time to evolve.

A comprehensive CSR program includes stakeholder analysis, comprehensive strategy design that includes workplace, marketplace, societal, and environmental dimensions, activation

programs, and measuring and reporting. In simpler terms it is about: (1) Understanding the context and issues within which you operate, making the best choices you can, and continually progressing your role (perspective). (2) Maintaining the desire to do better as an organization (leadership). (3) Establishing the structure/systems to ensure you have the intended impact (management). (4) Leveraging activities to bring value to the organization (communication).

More than anything, it is about commitment and that can be a difficult thing to cultivate in a business. CSR is only just emerging as a precise activity and has much room to grow. Although the field of metrics has advanced significantly in recent years, it remains challenging to accurately measure impact. Businesses accustomed to sharp calculations of return on investment are, in some ways, being asked to take a leap of faith. Ideas of management control have to be reframed as collaborative solutions take hold. You have to want to be a better business, but even those who are resistant to CSR changes should find sufficient motivation in the supply chain. While the technical definition of CSR encompasses voluntary measures, we are quickly finding there is no other choice but to actively contribute. The above mention things, the researcher had chosen topic “***FACTORS AFFECTING CORPORATE SOCIAL RESPONSIBILITY (CSR): A CASE OF COMMERCIAL BANKS IN HO CHI MINH CITY***” as a paper. This paper helps managers of commercial banks who apply the research results for improving policy on the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City.

## LITERATURE REVIEW

**Corporate social responsibility** (CSR) also called corporate conscience; corporate citizenship or responsible business is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and national or international norms. With some models, a firm's implementation of CSR goes beyond compliance and statutory requirements, which engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law". The binary choice between 'complying' with the law and 'going beyond' the law must be qualified with some nuance. In many areas such as environmental or labor regulations, employers can choose to comply with the law, to go beyond the law, but they can also choose to not comply with the law, such as when they deliberately ignore gender equality or the mandate to hire disabled workers. There must be a recognition that many so-called 'hard' laws are also 'weak' laws, weak in the sense that they are poorly enforced, with no or little control and/or no or few sanctions in case of non-compliance. 'Weak' law must not be confused with soft law. The aim is to increase long-term profits and shareholder trust through positive public relations and high ethical standards to reduce business and legal risk by taking responsibility for corporate actions. CSR strategies encourage the company to make a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others. (*BY Mc. Williams, Abigail; Siegel, Donald, 2001*).

**The internal factors** include factors within the organization that impact the approach and success of your operations. The external environment consists of a variety of factors outside your company doors that you typically don't have much control over. Managing the strengths of your internal operations and recognizing potential opportunities and threats outside of your operations are keys to business success. *(By Humphrey, Albert, 2005).*

**The external factors** include socio-economic, legal or ethical, political and technological. Socio-economic factors relate to the values, attitudes and concerns of your target customers and their economic abilities to afford your products. The legal, ethical and political environments generally relate to your need to abide by business laws and to meet the ethical or social responsibility standards of your customers and communities. *(By Koch, Adam, 2000).*

## METHODS OF RESEARCH

In this paper, the observations can be done while letting the observing person know that he is being observed or without letting him know. Observations can also be made in natural settings as well as in artificially created environment. After preliminary investigations, formal research is done by using quantitative methods questionnaire survey of 250 managers of Commercial banks in Ho Chi Minh City who related and answered nearly 11 questions. The reason tested measurement models, model and test research hypotheses. Data collected were tested by the reliability index (excluding variables with correlation coefficients lower  $< 0.30$  and variable coefficient Cronbach's alpha  $< 0.60$ ), factor analysis explored (remove the variable low load factor  $< 0.50$ ). The hypothesis was tested through multiple regression analysis with linear Enter method. Conventions: 1: Completely disagree, 2: Disagree, 3: Normal; 4: Agree; 5: completely agree. Data collected were tested by the reliability index (excluding variables with correlation coefficients lower  $< 0.30$  and variable coefficient Cronbach's alpha  $< 0.60$ ), factor analysis explored (remove the variable low load factor  $< 0.50$ ). The hypothesis was tested through multiple regression analysis with linear Enter method. Finally, regression analysis is also used to understand which among the independent variables are related to the dependent variable, and to explore the forms of these relationships. In restricted circumstances, regression analysis can be used to infer causal relationships between the independent and dependent variables.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2$$

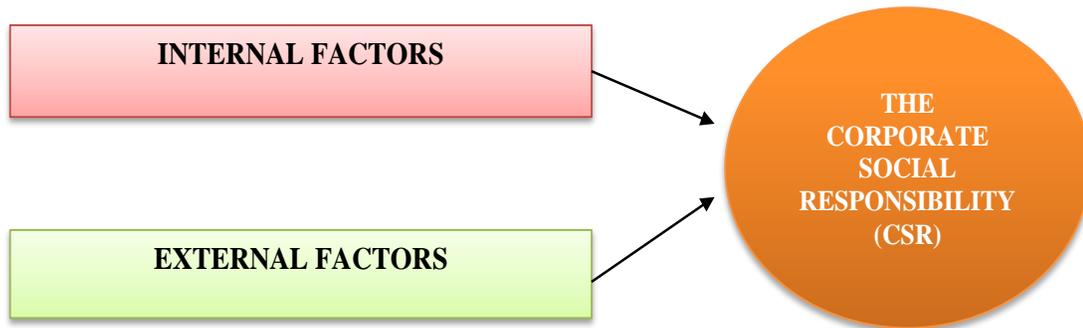
Y: the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City.

$\beta_0 - \beta_5$ : Regression coefficients.

$X_1 - X_2$ : Factors affecting the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City. Independent variables are internal factors ( $X_1$ ) and external factors ( $X_2$ ).

Two factors have positive relation to the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City.

**Research model for factors have positive relation to the Corporate Social Responsibility (CSR)**



**Figure 01:** Internal factors (X1) and external factors (X2) have positive relation to the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City.

**RESEARCH RESULTS**

**Table 01:** Cronbach's Alpha test for internal factors (IF) of the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
<b>.934</b>	5

<b>Item-Total Statistics</b>				
Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
IF1: Human resource quality is sufficient related to the corporate social responsibility at commercial banks in Ho Chi Minh City	12.5858	13.042	.781	.927

IF2: Service quality is sufficient related to the corporate social responsibility at commercial banks in Ho Chi Minh City	12.6444	12.533	.861	.912
IF3: Marketing activities are sufficient related to the corporate social responsibility at commercial banks in Ho Chi Minh City	12.4477	12.786	.846	.915
IF4: Financial capabilities are sufficient related to the corporate social responsibility at commercial banks in Ho Chi Minh City	12.6234	13.051	.847	.915
IF5: Technology capabilities are sufficient related to the corporate social responsibility at commercial banks in Ho Chi Minh City	12.5439	13.140	.788	.925

(Source: The researcher's collecting data and SPSS)

Table 01 showed that Cronbach's Alpha is **0.934**, this is very high reliability statistics. Cronbach's alpha is the most common measure of internal consistency ("reliability"). It is most commonly used when you have multiple Likert questions in a survey/questionnaire that form a scale and you wish to determine if the scale is reliable. If you are concerned with inter-rater reliability, we also have a guide on using Cohen's ( $\kappa$ ) kappa that you might find useful.

This has resulted in a wide variance of test reliability. In the case of psychometric tests, most fall within the range of 0.75 to 0.83 with at least one claiming a Cronbach's alpha above 0.90. Table 01 showed that all of variables surveyed Corrected Item-Total Correlation greater than 0.3 and Cronbach's Alpha if Item deleted greater than 0.6 and Cronbach's Alpha is very reliability. Such observations make it eligible for the survey variables after testing scale. This showed that data was suitable and reliability for researching.

**Table 02: Cronbach's Alpha test for external factors (EF) of the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City**

Reliability Statistics	
Cronbach's Alpha	N of Items
<b>.922</b>	<b>4</b>

<b>Item-Total Statistics</b>				
Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
EF1: Economic growth: Natural logarithm of GDP is sufficient related to the corporate social responsibility at commercial banks in Ho Chi Minh City	10.7238	11.041	.873	.892
EF2: Annual Inflation rate: Consumer price index is sufficient related to the corporate social responsibility at commercial banks in Ho Chi Minh City	11.3556	10.852	.764	.917
EF3: Political and social environment are sufficient related to the corporate social responsibility at commercial banks in Ho Chi Minh City	11.0502	9.132	.850	.889
EF4: Customers are sufficient related to the corporate social responsibility at commercial banks in Ho Chi Minh City	11.3180	8.999	.843	.893

(Source: The researcher's collecting data and SPSS)

Table 02 showed that Cronbach's Alpha is 0.922; this is very high reliability statistics. All of variables surveyed Corrected Item-Total Correlation greater than 0.3 and Cronbach's Alpha if Item deleted greater than 0.6 and Cronbach's Alpha is very reliability. Such observations make it eligible for the survey variables after testing scale. This showed that data was suitable and reliability for researching.

**Table 03: KMO and Bartlett's Test for two factors of the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City**

<b>KMO and Bartlett's Test</b>									
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.843							
Approx. Chi-Square		1859.682							
Bartlett's Test of Sphericity		df							
		36							
		Sig.							
		.000							

<b>Total Variance Explained</b>									
Com.	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.307	47.860	47.860	4.307	47.860	47.860	3.977	44.187	44.187
2	2.978	33.093	80.954	2.978	33.093	80.954	3.309	36.767	80.954
3	.427	4.742	85.696						
4	.354	3.937	89.633						
5	.283	3.143	92.776						
6	.205	2.282	95.058						
7	.180	1.995	97.053						
8	.137	1.519	98.571						
9	.129	1.429	100.000						

Extraction Method: Principal Component Analysis.

**Rotated Component Matrix<sup>a</sup>**

Code	Component	
	X1	X2
IF2	.914	
IF4	.906	
IF3	.905	
IF1	.856	
IF5	.854	
EF1		.933
EF4		.919
EF3		.910
EF2		.855

(Source: The researcher's collecting data and SPSS)

Table 03 showed that the results showed that KMO coefficient had:  $0.5 \leq KMO \leq 1$  (KMO: Kaiser-Meyer-Olkin). KMO is an index used to examine the appropriateness of factor analysis. KMO value is 0.843, significantly larger factor analysis is appropriate. KMO coefficient is 0.843 and the level of significance (Sig) is 0.000. Extraction Sums of Squared is

Table 03 showed that the results showed the Exploratory Factor Analysis (EFA) is 80.954 percent and another important aspect that needs mention is the Rotated Component Matrix.

While deciding how many factors one would analyze is whether a variable might relate to more than one factor. Rotation maximizes high item loadings and minimizes low item loadings, thereby producing a more interpretable and simplified solution. The survey data of 250 managers of Commercial banks in Ho Chi Minh City but 239 managers processed by SPSS 20.0. Two factors of the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City. Then, we can see the results of the hypothesis was tested through multiple regression analysis in table 04 following.

**Table 04: Factors affecting the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.615 <sup>a</sup>	.378	.373	.45753	<b>1.584</b>

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

**Bootstrap for Model Summary**

Model	Durbin-Watson	Bootstrap <sup>a</sup>			
		Bias	Std. Error	95% Confidence Interval	
				Lower	Upper
1	1.584	-.429	.126	.918	1.402

a. Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.021	2	15.010	71.705	.000 <sup>b</sup>
	Residual	49.404	236	.209		
	Total	79.425	238			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.606	.141		11.383	.000		
X1	.269	.034	.414	7.965	.000	.974	1.026
X2	.218	.029	.393	7.551	.000	.974	1.026

a. Dependent Variable: Y

**Bootstrap for Coefficients**

Model	B	Bootstrap <sup>a</sup>				
		Bias	Std. Error	Sig. (2-tailed)	95% Confidence Interval	
					Lower	Upper
(Constant)	1.606	.006	.138	.001	1.349	1.882
X1	.269	.000	.031	.001	.207	.332
X2	.218	-.001	.029	.001	.161	.276

(Source: The researcher's collecting data and SPSS)

Table 04 showed that all the values  $t > 2$  (smaller significance level 0.05) and statistically significant data to explain the variation of the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City. Besides, the regression coefficient is positive. This means that the impact of the independent variables in the same direction with the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City. Moreover, the regression results showed the Durbin - Watson stat = 1.584 said no autocorrelation phenomena. Table 04 showed that bootstrap results are based on 1000 bootstrap samples. The bias is very small, nearly is around 0.00. Besides, there is the considering magnification coefficient variance VIF (Variance Inflation Factor). VIF is exaggerated coefficient variance, when VIF value exceeding 10.0 is shown signs of multicollinearity phenomenon. While table 04 results can assert no correlation between the independent variables in the equation. Meaning no multicollinearity phenomenon by VIF values less than 10.

## CONCLUSION AND RECOMMENDATION

### Conclusion

The study results showed that there were 250 managers of commercial banks in Ho Chi Minh City who interviewed and answered about 11 questions but 239 managers processed. Data collected from June 2016 to December 2016 for commercial banks in Ho Chi Minh City. The paper had been analyzed KMO test, Cronbach's Alpha and the result of KMO analysis which used for multiple regression analysis. Managers' responses measured through an adapted questionnaire on a 5-point Likert scale. Hard copy and online questionnaire distributed among 1.000 managers of commercial banks in Ho Chi Minh City. In addition, the exploratory factor analysis (EFA) results showed that there were two factors, which included of factors following internal factors (X1) and external factors (X2) with significance level 5 percent. In addition, all of two components affecting the Corporate Social Responsibility (CSR) at commercial banks in Ho Chi Minh City with significance level 5 percent.

**Recommendation for the next research:** The above-mentioned things, the next research should survey more than 250 managers of Commercial banks in Ho Chi Minh City (more than 1.000

managers). This helps the data that is more significant. The study topic is very big area. The next research should survey more than 11 the questions (items) in components affecting the Corporate Social Responsibility (CSR) at commercial banks in other provinces of Vietnam.

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