

Corporate Social Responsibility and Applications from Japanese Cases into Vietnam Socio-economic Development

Vu Dinh Huy¹

Vu Huy Thong²

Abstract

Nowadays, Corporate Social Responsibility (CSR) is an important issue in socio-economic life. It is not only the key factor for companies to build up reputation, enhance business but it also shows the influence from corporations to the whole society. However, this term is still remaining unfamiliar with many business firms in Vietnam where many problems about environment destruction, sickness to consumers or violating business ethics have been occurred for the past few years. Therefore, many differences in the way CSR operates in our country compare to other countries, and particularly, to Japanese companies doing business within global context as well.

For that, it is necessary to examine and analyze this topic in order to have the best view on the real situation of CSR in Vietnamese companies and also to apply the experiences from Japanese corporations for future development of Vietnam. By collecting data from case studies, this paper will focus on big companies like Honda Vietnam, Toyota Vietnam and comparing to Japanese corporations like Sumitomo, Honda for having the most specific CSR activities, then, bringing implications and conclusions.

¹ IBD programme National Economics University, Hanoi, Vietnam Email: vuhuy1712@gmail.com

² Assoc.Prof., PhD.National Economics University, Hanoi, Vietnam Email: vhthong@yahoo.com and thongvh@neu.edu.vn

Based on all the facts and figures that have linked to cases of Honda Vietnam, Honda Japan, Vinamilk and Sumitomo, it can be seen a big gap between views and activities of CSR from Vietnam and Japan. It is now the time for more organizations in Vietnam to realize the importance of CSR, getting experiences from Japanese cases for taking the right step towards success.

Keywords: Corporate Social Responsibility (CSR), Japanese CSR Cases, lessons in Vietnam

Introduction

Corporate Social Responsibility (CSR) is an important element in business of many companies' especially big corporations. It is not only the key factor for companies to build up reputation and enhance business but it also shows the influence from corporations to the society. However, this term is still remaining unfamiliar with many business firms in Vietnam or there are many differences in the way how it operates in our country compared to the world. Many problems about environment destruction, sickness to consumers or violating business ethics have been occurred for the past few years. For example, in 2012, there were dozens records of transportations exploded due to problem with gasoline, oils that are not qualified and cause many serious injuries, deaths to innocent people. There is situation of food safety that many restaurants, stores use resources from unknown origins, tea leaf for ice tea are made by nylons or the new snack named: "Cheese sticks" is composed of cheese made from rubber. For those reasons, it is necessary to research and analyze this topic to have the best view on the real status of some Vietnamese companies CSR and also apply the experiences from Japanese Corporation for future development of Vietnamese firms. There has been some researches on many problems in society from both foreign and domestic firms that affect to Vietnam like: Baker and McKenzie law firms CSR in

Vietnam (official website:<http://www.bakermckenzie.com>), Coca-Cola CSR programs or some survey on the overview in Vietnam like: an article of CSR activities in Vietnam (written by Pham Vu Thuy Chi, <http://www.eco-csrjapan.go.jp>) or CSR from Vedan deeds (written by Luu Trong Tan, Ho Chi Minh City University for Natural Resources and Environment) and many more other studies.

By collecting data from case studies, information from internet, this paper will focus on big companies like Honda Vietnam, Toyota Vietnam and compared to Japanese cooperation like Sumitomo, Honda to have the most specific CSR activities to compare and contrast and bring the view and solution to some situations.

Overview about CSR

There are many ways to definite the meaning of CSR; however, it can be simplified as: "A corporation creates new values to the society for the benefits of both parties". CSR can be shown by many things that a company did when they do their business or by the actions they do on some programs. In order to make suitable CSR activities, a company must manage well the operations inside the firm (staffs policy and all processes running well). If a company does not control their own business and satisfy the employees then it is hard to create a united system to make any impact on the environment around it. CSR is the term that is not only newly invented but also has a long run history itself. The first concept was created by a Scottish philosopher named Adam Smith in the late 18th century. It then evolved through the 19th century with more functions, problems on living standards, technology interferences and impact of employees, environmental state to the business of industries. By the 20th century, when labor unions were formed in all around the world, welfare and infrastructure policies were formed in order to give workers the rights and motivation for the works they do and also show the responsibility from governments. The 1950s is the time when companies start to take interest into social and human aspects in markets followed

up by the attitude towards government and business in the 1960s. After that, the collapse of communism in the 80s and 90s brought the awareness for the environment as well as the emergence of business responsibility. Since that time, CSR has the foundation to expand bigger and companies have created many values to contribute to the life of humanity.

Types of CSR

There are 4 different types of CSR that a company could make in order to have impacts to society. These types are leveled from the basic to professional:

- *The first one* is Economic responsibilities in which a company must ensure their own business. For any firms in any kind of industry, they must target to essential goal that is making profit. The profit here is profit for the whole organization, profit for employees and profit for stakeholders, shareholders who invest in the company. A company which cannot stand through challenges of the market, threats from other firms and become unable to make money then it will not have the ability to create any influences, changes to the society.

- *The second type* is that Legal responsibilities. This step requires a company to have the first type and maintain making profits. Policies, laws is an important thing for any companies to remember and comply in order to keep the business running fluently, build up trust to consumers and investors when they use the products, services or contribute to the company. This is a model responsibility that not only brings benefits to a company but also is the most important one compared to other kinds of CSR.

- *The third responsibility* is Ethical responsibilities and this type also needs a company to fulfill two previous responsibilities. Because a company can sustain the business itself and follow the legal rules, then, ethical actions would be suitable to be made. It is defined as things that a company can do not just for itself but also for the

world around like: protecting environment, paying reasonable salary to all employees, doing fair business with rivals, denying to make any "dirty contracts" with others, etc. These activities would likely increase the reputation of the company as well as make it more popular and approach to more potential customers.

- *The final type* is Philanthropic responsibilities and it is considered as the highest kind of CSR. This is usually applied for companies which has become a big group or huge corporation with famous brand on the market and have a lot of cash in their stock. The money is not just used for investment but also spared to do charity, donating for some organizations of poor people or even for some potential projects that need financial help. As usual, these actions lead to same results like ethical but it would spread to international range with more attention from education groups or young companies that need funding for operations and innovative creations.

For the record, there are some benefits of CSR can be epitomized:

- Enhance the reputation, customer retention and win more business for a company
- Create good relationships with employees, consumers, suppliers and stakeholders
- Not only save the money, prevent risks for a company but also provide opportunities to potential investments and funding.
- Build up positive publicity and marketing chances worldwide through ethical actions.

Japanese CSR cases

Compared to all countries in the world, Japan is a country that has strong CSR activities and it is shown by the actions from great corporations of this country like: Sony,

Canon, Sharp etc. However, a big company that has been a motivation for this research is Sumitomo Corporation is truly a remarkable example on creating new values to society.

Being well known as an international business corporation with long run history, Sumitomo is one of the biggest corporations in Japan and even listed in the top 500 Fortune Global of the world. With a complex structure of 7 main departments divided into 790 companies all around the world, the company also creates a detailed system so that the management style would be effective and activities of companies will be controllable. For that, Sumitomo has been growing bigger and stronger through time and has many opportunities to overcome other rivals, companies and gain a higher position in the world.

Not only is being the company that has good management, visions and strategies, Sumitomo put its responsibilities toward the community into their missions and values. It shows that the company is using an entire different thinking in business as well as the actions for the good of the environment around it. Also, the perspective about CSR from Sumitomo is quite more advance with innovative ideas. The company expects benefits of using CSR would be making society understand the changes and adapt with it effectively. Moreover, it could enhance the ability to evaluate the corporation, increase reputation and as the brand name of the company become more famous, then the spirit in working of employees would be rising and help the corporation to keep the most talented human resources they have.

The CSR activities of Sumitomo not only help the company to achieve all goals and objectives but also create the ability to control the activities, changes of society so that the company will be able to update the latest needs of consumers. CSR can probably be the motivation for Sumitomo to continuously making new values to solve problems related to all companies, subsidiaries and sustain the business of the

whole corporation. So that Sumitomo consider doing all CSR activities as a part of development and a part of the usual things that the company must do in order to keep the system operating.

An important issue would be mentioned that Sumitomo make impacts to the society in Japan and change the way of things running inside the market, business area of the country but also it can use the subsidiaries, branches from all over the world to create CSR activities in different part of the global. Some remarkable things that the company has done can be shown:

- ***Solar power generators***

Power is one of the matter that human has been concerned for the last few years when the reality of pollution in air, water and natural resources is running out. The thirst for infinite, sustainable source of power has always been a big question for scientist and man in common. Solar is one of the powers that has not been using effectively and popularly in many countries in the world while it is still a source of power that is not harmful to the environment. Realizing the opportunity of using the sun as a replacement for other type of power, Sumitomo has invested in building a "Solar Field" in the Island of Canary, Spain. This kind of energy takes a lot of money to build up, buy equipment but it can produce an amount of electricity that equal to a factory of Heat-power. Furthermore, the solar energy decrease the CO₂ gas for 10,000 tons a year compared to other types of natural resources. The technology and secret formulas in using effective solar energy have been shared to other countries in the world and now Sumitomo is planning to invest on some countries like France and Italy.

- *Enhance natural resources*

Although natural resources are running out and cannot be remade, they are still necessary for human's life and have many effects for different purposes. By applying latest technology and creative ideas on mining activities, Sumitomo has been able to exploit materials in the best way. The San Cristobal mine in Bolivia is an example for the achievement of Sumitomo Corporation. It is one of the largest mine in the world which provide the amount of Zinc in the top 6 of the world, Silver at top 5 and graphite. This mine has the amount of exports equal to 11% in total of Bolivia and helped to solve the problem of unemployment for 4000 people. The corporation also built up big buildings to prevent the polluted air going to urban area and use these structure to train locals how to run the business so that they can live on their own after the mine closed. This is truly a successful plan of Sumitomo and shows the responsibilities of the company to the environment.

- *Prevent deforest station*

Trees are considered as the lungs of the Earth and without them, human are unable to survive. For that, planting and using trees in the most efficient way are very important for the society. Sumitomo has also cared about this problem and has been developing many ideas on some area to find out the best way of preventing the destruction to forests. The company has coordinated with Cherneires Company, the biggest wood company in Russia to make a plan on the solving the problems on forests with hundred-year-old trees that have been destroyed by locals for years. By using latest biological technology, trees after cut down will create new seeds that would fly with the wind to the field around it and become new trees. This way of developing has been compromised with locals and awarded with FSC from the Forest Stewardship Council of Russia.

- ***Traffic systems and Urban development***

For any country in the world, traffic is one of the basic parts that has to be concerned and invested in order to enhance any other type of departments like transportation, tourist, etc. Apart from all traffic systems in Japan, Sumitomo has been developing railway system in Europe and North America. Also, the railway project in Manila is a big successful with jobs for 300 people and over 47,000 consumers since 2007. These systems have the most advance technology and skillful workers to maintain the quality and trust to the people using it. When traffic systems are solved, the development for cities and towns in urban area become more convenient. Buildings like the headquarters of Sumitomo Corporation - the Harumi Triton tower- is an example on the progress that the company has done and still keeps on developing. Sing the term: "Harmonize living, playing and working", all structures that the company have built are combinations of working places, playing, entertaining areas and different standard living houses, apartments. This helps the community to solve the problem of finding a place to work, place to live and place to play. It is a modern model and an effective one has made by the corporation.

Besides Sumitomo Corporation, Honda Japan is also a big company on top of biggest company in the country and in the world. From the research about the headquarters, it is able to see that Honda has a very different way of developing CSR in Japan compared to Vietnam. If CSR in Vietnam is a different program in different types then in Japan it is a process from manufacturing to social beneficial. Honda Japan focused on their products and the effects that any kind of cars or motorcycles would produce and harm the environment. All products are tested very carefully with high technology so that they would bring the balance between consumers and the society around. By doing this, Honda Japan create a reputation of CSR from within their producing activities.

After all of the safety protocols that are applied to products, the chain of social programs is developed. Because Japan is the country that suffered from many terrible natural disasters so that it is essential to have precautions and recovery to these things. There are always budgets to spend on rebuilding houses, schools, hospital and many more structures after any disasters... Moreover, there are many campaign to grow up trees and natural plants to make the environment greener and minimize the chance of disasters occurring. These actions are spread through many classes from children in schools, pupils in universities to adults who work in any industry. This action creates a good habit for everyone to have responsibility to the community that they are living in.

Furthermore, CSR from Honda Japan has classified from kid's program, region programs to customers services. It is clear to see that there is a system from headquarters to each subsidiary inside the country and also to some other foreign countries in the world. Honda Japan is truly a responsible corporation to any of their actions from products to environmental matters. This not only makes them become popular but also brings the brand of the company to a higher level in which products will be attracted by more customers and opportunities to work with other corporations are more open to Honda Japan.

Japanese CSR activities in Vietnam

The term "CSR" appeared in Vietnam for the last few years and has been developing by many companies since that time. It can be considered to be the hottest subject that all corporations are trying to get so that they would gain more reputation and famous in the market. However, the fact that there are many people including consumers, stakeholders, etc. misunderstanding this new term, leading to wrong ideas about the actions of companies. On the side of marketing and social matters, there are

some mistakes between defining PR (public relations) and CSR causing confusion among consumers and make the CSR programs become unsuccessful, and create improper purposes. For example, a marketing campaign that introduces the products to public is different than a program which contributes an amount of products to charity organizations. Furthermore, in business, a lot of companies lacking the knowledge about CSR will be unable to make new thinking about expanding plans, executing operations which lead to decrease in performance, profit or even position in the market. Hence, with a big and full of chances environment like Vietnam, it is essential to provide a simplified definition to the community. Many policies, positive actions have been made to encourage companies to have chances for joint business with each other as well as with international corporations.

Although there are still some challenges for companies in Vietnam to apply CSR but some big corporations in the country have already success with the activities which they provide to the community. Honda Vietnam would be an admirable example for what they have done in many years of working in Vietnam. For many years the company has been leading position in the automobile industry, especially in motorcycle and achieving lots of trust from consumers. Although coming from Japan, the achievements of development strategy of Honda are impacted by the market conditions and the business field so that it can be seen clearly that Honda have role in the system and culture of Vietnam. However, there are still obligations from big competitors that come from foreign countries like Yamaha or Suzuki when the needs and demands of customers for effective transportations have been increasing every day with different standards. These changes are fit with the development of society and effects from other cultures in the world and higher requirements for the comfortable of products. That would be the reasons for a company like Honda Vietnam to create more values, impacts to the environment around so that they would dominate the market and get more famous to the community.

CSR activities of Honda would be listed very long, however, some programs that really have the influence to Vietnam's society that people would know as follows.

- ***"Be U with Honda" campaign***

Starting from 2008 until now, the branding campaign named: "Be U with Honda" was made aimed at young consumers in Vietnam. By providing activities that fit for the trend of young people, Honda give customers the opportunity to express themselves so that they would create impressions and these people would become potential customers in the future.

"Be U with Honda" campaign consists many funny activities like: Be-U-nik online contest, Rock events, Be U events, etc. Logo of the campaign created by different 5 color versions in which the main one is in red, standing for the active and enthusiasm characteristics of the young and also showing the spirit of the program. Other colors have the meaning of other manners of Vietnamese young people nowadays like: "Looking cool", "Acting fun", "Thinking smart" and "Feeling free" with Honda (HVN official website, 2011). After about 10 years of developing the campaign, Honda has expensed for "Be U with Honda" about 16 million USD.

- ***"Be U student" campaign***

This program is one of the CSR activities that leading the trend of providing helps for undergraduated students when they want to buy Honda's motorcycles. The campaign is organized annually in the middle of August to September since 2009 and gets a lot of attention from university students who needs transportation to go to school or go to work but have not been able to pay for all of the motorcycle at a same time. Honda evaluate the actual results of the study, the financial ability of students and applying different sale level or even scholarships if some individuals have poor circumstances but have excellent study results. The campaign has spent about 700,000 USD for the first 3 years of developing and still raising it standard

- ***Honda Research and Development campaign (Honda R&D campaign)***

The campaign started at the same time with "Be U student" until today. The program which was intended to show consumers about the process of Honda Vietnam is not just producing transportation but also evolves to bringing the most satisfaction, pleasure and all the best for customers when buying and using the products. Many creative and helpful innovations have been made for the past few years such as: electronic fuel injection technology, quality control cycle in the process, environmental friendly gas, etc... and the amount of money that the corporation has paid for these R&D for the first 3 years is about 3,600,000 USD which is worthy for what they get in return.

- ***Education supports***

For a brighter future of Vietnamese development, Honda Vietnam has focused on providing much equipment, scholarships to some schools in remote areas and for students with poor background. The number of these charitable activities is enormous and remarkable for any companies to respect. 10 million USD has been invested for all activities in the last six years for traffic programs, social activities and study encouragement.

Moreover, Honda Vietnam has incorporated with National Institute of Science and Technology Policy and Strategy & affiliated Universities in Vietnam at Science-Technology Universities to present YES award scholarships that worth about 90,000 USD for the creativity of pupils and many smaller scholarship packs for schools in ThaiBinh and VinhPhuc provinces. (Official Corporate Website 16, 2011)

- ***Charity programs***

Donating for social goods is extremely impressive way to create the image in people's eyes. Honda Vietnam has been doing these activities for about 5 years and it has been effectively bringing the brand name to the top of the market and becoming

familiar in the community. Some actions can be mentioned as financial support for Child Care Fund and establishing Community Developing Funds, buying medical equipment for curing cancer at Central Child Hospital or supporting Japan after the Tsunami crisis in Fukushima as the latest activity.

A Vietnamese CSR case-study of Vinamilk

Although Honda Vietnam has many CSR activities that has been contributing to the society, they are still an original Japanese companies and they might have a chain of programs and CSR activities by Honda leaders in Japan so that it is not reflect the true CSR activities in Vietnam. For that an example of Vinamilk would be a good situation comparing to Honda Vietnam.

Vietnam Milk Joint Stock Company (Vinamilk) is the company which contained the largest producers of dairy products and milk in Vietnam today. Not only well-known as a big corporation in milk industry, Vinamilk is also on top of the companies which have high reputation on social responsibilities. One of the remarkable programs that they have been developing for years is the charity for flood zones in the middle region of Vietnam. Flooding is one of the worst natural disasters that caused huge damages of human's life and properties. Understanding the bad circumstances of the people that lost all of their houses, properties and tools for living, Vinamilk has create the program in order to collect the charity from philanthropists and also the budget of the company to help the poor people. The amount of money that Vinamilk has raised in 2010 program is estimated to be around 1.6 billion VND and this helped a lot of people to re-build their houses, re-opening their business and settle up their life.

Apart from flooding charities, Vinamilk also has some programs to caring for Vietnamese mother of heroes, build free houses for poor people, supporting patients with difficult circumstances or provide free surgeries for kids with defects and many more activities.

Also, education is one of the biggest CSR activities that Vinamilk has focused on for many years. The program "Nurturing young talents of Vietnam" is an activity that Vinamilk corporate with the ministry of education Vietnam to create scholarships and supports for students all over the country which has top ranks of academic achievements (students from primary schools). Until now, the program has been through 10 years with the total amount budget of 17 billion VND. This money have been and still using to give to students each years and contribute a lot to many poor kids so that they would have motivation to go to school and lowered the burden to families.

And the last part in CSR activities of Vinamilk is health care problems. Vinamilk has coordinated with the Ministry of Labour-Invalids and Social Affairs to create the Milk Fund "Raise Vietnam" to help children with difficult situations and at low living standards can have a chance to drink free milks. This year of 2013 is the fifth year that the fund hosts this program with the budget around 5 billion VND to hope for a better future of Vietnamese children.

Lessons from Japanese CSR activities and applications for Vietnamese future development

From all the facts that have been made on Honda Vietnam, Honda Japan, Vinamilk and Sumitomo, it is easy to see that there are still a big gap between activities on CSR from Vietnam and Japan.

Comparing Honda Vietnam to Honda Japan, it is easy to see that the differences between CSR activities are quite enormous. When Honda in Japan has a system of CSR and develops it through producing process to society actions, Honda Vietnam just has programs developed through few kinds of social matters. Despite legal factors, it is essential for Honda Vietnam to follow up the steps of Honda Japan and create a chain of responsibilities from their products to customer services in order

to attract more customers, stakeholders for the companies and increase the popularity of the brand name in the country. This will be a good way for Honda Vietnam to pass by some companies like HoaPhat, Vinamilk, and Vingroup in developing CSR and build up trust to the society as well as potential consumers.

A little bit comparison between Vinamilk and Sumitomo, there is similarity in the activities of social responsibilities from these two companies. They are both big corporations that have long run history and milestones inside each country and understand well about the market as well as the community where they are developing their business. However, as a multi-divisions corporation, Sumitomo has a bigger view on the effects of CSR to the operating process and the society. Vietnamese companies like Vinamilk can use more budgets to cover more problems that Vietnam is facing with in order to gain the reputation as well as develop the position in the market, industry compare to other corporations in the country. It would be a great chance for Vinamilk to eliminate their opponents in the market and open up more chances to cooperate with international firms so that reputation, brand name of the company will be well-known further in the world.

While the scale of actions from Vietnamese companies in example of Honda is still small and narrow simply on some programs then in the situation of Sumitomo, the way of developing CSR has broken out of the limit in the country and spread out to the world. Partly because Vietnam has not become a developing country and has good policies, funding and opportunities like in Japanese market, but also it is about the thinking. Sumitomo has a great way of operating their business based directly on CSR and that becomes their spirit, their goals and it stands for what they believe in when doing anything for the company themselves and for the society.

Vietnamese corporations should learn to put the benefits of community around them in front to have the courage to face with difficult problems, obligations in life so that the company would have the chance to become much more than a profit-making company.

Conclusion

It is essential to make impacts on society and have the public support in return to sustain the competitive advantages on other rivals and become a big, trustful company itself. From the real activities of Honda Vietnam and Sumitomo big actions on many circumstances, it can be seen that CSR have a great affect to a company in developing itself nowadays. CSR opens up a whole new horizon for greater and better opportunities for everyone from people inside the company to citizen in the community. It is now the time for more organizations in Vietnam to realize the importance of CSR, applications from experiences of Japanese CSR cases and take the right step towards success.

Regarding the Vietnamese Government Policy on CSR: It is essential to urgently strengthen institution and legal framework on environment protection, waste treatment, especially in the context of ongoing industrialization process of economics development. The consequences of CRS activities caused by livelihoods conversion for inhabitants from agricultural areas to industrial ones but not CRS activities like pure PR implemented by enterprises budget should be taken consideration such as: jobs creation, vocational training, purchasing agricultural products as inputs for processing ...,

The CSR approach when developing awareness rising activities of CSR for local people and political and social organizations should be targeted to long-term and sustainable development objectives. The thinking that CSR is the temporally humanitarian or charitable and has shortened and fashionable nature should be avoided.

Besides compulsory regulations of CSR Authorities, it is necessary to have practical and essential activities taken place such as effective propaganda and mobilization types creating opportunities and motives for entrepreneur to actively implement CSR strategies.

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