EXAMINING CSR DISCLOSURE IN VIETNAM: TOO LITTLE, TOO LATE!

by

Kelly Anh Vu
Mahidol University International College
999 Phutthamonthon 4 Rd, Salaya,
Phuttamonthon, Nakhonphathom, 73170, Thailand
E-mail: kelly.anh@mahidol.ac.th

and

Thanita Buranatrakul
Mahidol University International College
999 Phutthamonthon 4 Rd, Salaya,
Phuttamonthon, Nakhonphathom, 73170, Thailand
E-mail: thanita.bur@mahidol.ac.th

Abstract

This study explores the corporate social responsibility disclosure in an important but under-research economy – Vietnam. With accounting reports traditionally used for central planning purposes, disclosure to broader stakeholders is still alien concept. By collecting data from the annual reports of Vietnamese listed firms in 2013, this study analyses the potential impacts of corporate governance and key ownership identities (state ownership, managerial ownership and foreign ownership) on the level of corporate social responsibility reporting. The findings indicate the level of corporate social communication in Vietnam is still low (18.03%). All three ownership structure measures (state ownership, managerial ownership and foreign ownership) are statistically significantly negatively related to the extent of social reporting disclosure. Yet the proportion of independent directors on the board is not found to be an effective monitoring mechanisms to induce managers to disclose more social information. The results also suggest that Vietnamese regulators should focus on strengthening their regulatory framework for non-financial information disclosure to strengthen the transparency of the market.

Keywords: Emerging market, CSR disclosure, Voluntary disclosure, State ownership

1. Introduction

Following upon the heels of the financial crisis and the global corporate collapses that the crisis entailed, the importance of voluntary disclosure has been widely emphasised in both developed and emerging markets. Within the context of voluntary disclosure, there is an increasing recognition on the importance of corporate social responsibility (CSR) disclosure among regulators, stakeholders and the society in general (Wilmshurst and Frost, 2000). CSR disclosure practices include the reporting of any information that concerns the moral obligations or ethical activities in which firms have engaged to minimise the negative impacts to the community, environment, employees, and consumers (Gray, Javad, Power and Sinclair, 2001, Said, Zainuddin and Haron, 2009). According to Jaggi and Zhao (1996), changes in the attitudes towards global living conditions resulting in an increased in the demand for corporate disclosure to extend beyond mere financially focused information. The need for CSR disclosure is arguably more pronounced in developing countries, in which rapid economic growth and intensive industrialisation can result in large-scale social and environmental damage. Consequently, CSR disclosure in emerging markets has become an important research area (see, for example, Williams, 1999, Haniffa and Cooke, 2005, Belal and Owen, 2007, Ratanajongkol, Davey and Low, 2006, Said et al., 2009, Mahadeo, Oogarah-Hanuman and Soobaroyen, 2011, Cahaya, Porter and Tower, 2012, Elijido-Ten, 2011, Belal and Cooper, 2011, Beddewela and Herzig, 2013). Despite the growing research on social and environmental accounting, research in emerging markets is still limited (Islam and Deegan, 2008). Due to the distinctive soio-economic and business structures, it is essential to gain more understanding on social and environmental accounting in emerging markets (Belal et al. , 2013). Also 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 adds to an evolving research body of CSR in emerging markets.

Hence, the aim of this study is twofold. First, the paper assesses the extent of voluntary CSR disclosure in Vietnam. Second, it examines whether voluntary disclosure practices are influenced by the quality of its corporate governance. The structure of the paper is as follows. Section 2 presents the theoretical framework and the development of hypotheses. Section 3 describes the methodology, including the data sample and the measurements of key variables. In Section 4, an analysis of the data and relevant findings are outlined in the results sections, whereas Section 5 offers the discussion and concluding remarks.

2. Theoretical framework and hypothesis development

There are many reasons why firms should voluntarily provide additional information that exceeds mandated requirements. Although prior studies have applied different theoretical approaches to explain corporate social reporting, Cormier et al. (2005) argue that no single theory is able to explain this complex phenomenon completely. Following Ness and Mirza (1991), this study employs agency theory to explore variations in voluntary disclosure practices of corporate social responsibility information among listed firms in Vietnam. Furthermore, this study argues that the demand for additional information, including social and environmental reporting, originates in agency conflicts and information asymmetry due to the separation of ownership and control between the manager (agent) and the owners/shareholders (principals) (Standish, 1997).

Agency theory posits that appropriate actions taken by shareholders, i.e., maintaining a good internal corporate governance mechanism, can strengthen the monitoring and control of managers and thereby reduce opportunistic behaviours and minimise the problem of information asymmetry (Fama and Jensen, 1983). Corporate governance is considered to be important in an emerging capital market such as Vietnam. An effective corporate governance framework will help to protects the vulnerability of emerging capital markets, avoid financial crises, reinforcing property rights, and reducing the transaction costs and cost of capital, which, taken together, lead to stronger capital market development (World Bank, 2006). Furthermore, previous studies indicate that the ownership structure of a firm is a related aspect of corporate governance and potentially influences the level of voluntary disclosure (Eng and Mak, 2003, Xiao and Yuan, 2007, Ho, Tower and Taylor, 2008). Therefore, this study explores the impact of corporate governance and the three common types of ownership structure (state, managerial and foreign ownership) in Vietnam on the voluntary disclosure of CSR information.

There is no definitive meaning of corporate governance. Shleifer and Vishny (1997) define it as an institutional arrangement by the finance providers of the firm (shareholders) in order to ensure the proper return of their investment. Denis and McConnell (2003) state that corporate governance is a set of mechanisms employed to reduce agency conflicts arising from agency relationships of managers and shareholders. In Vietnam, the Code of Corporate Governance for Listed Companies in the Stock Exchange and Securities Trading Centers defines the term corporate governance as the systemic principles implemented to ensure a listed firm is managed in a way that shareholders and other stakeholders 'rights are protected. An effective corporate governance does not only maximize values of shareholders, but also protects the interests of other stakeholders (Welford, 2007).

According to Cooper and Owen (2007), a firm corporate governance provides the framework to enhance its socially responsible behaviour. The predicted significant and generally positive relationship between corporate governance and disclosure practices is reported extensively in the literature. For instance, Ibrahim et al. (2003) posit that the expectations of society (i.e. practitioners, researchers and regulators) for independent directors to be more socially responsible than inside directors create pressures on the firm's independent directors to be more responsive to social needs. Webb et al. (2008) report that socially responsible firms have more independent directors compared with non-socially responsible firms. Empirically, Chau and Gray (2010) report that the proportion of independent directors on boards has an influence on the voluntary disclosure of strategic and non-financial information by the firms. Hannifa and Cooke (2005) find a significant and positive relationship between voluntary disclosure and the proportion of independent non-executive directors among Malaysian listed firms. Therefore, it can be hypothesised that:

H_1 - There is a positive association between stronger corporate governance and the level of voluntary corporate social responsibility disclosure in the annual reports of Vietnamese listed firms.

Jiang and Habib (2009) note that the concentration of state ownership results in no 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 and Karbhari, 2002, Xiao and Yuan, 2007); thus, there might be less dependence on information disclosure with state ownership. Empirically, Luo et al. (2006) report that the presence of state ownership consistently weakens the voluntary disclosure of information among Singaporean firms. Xiao et al. (2004) explain that privileged access to information may contribute to the low level of voluntary disclosure. Given the high state ownership concentration that characterises Vietnamese firms, the following hypothesis is proposed based on the agency theory:

H_2- There is a negative association between the extent of state ownership and the level of voluntary corporate social responsibility disclosure in the annual reports of Vietnamese listed firms.

When managers own a substantial amount of shares in a firm, Luo et al. (2006) argue that effective control and concentrated ownership will potentially lead to an 'entrenchment effect'. Fan and Wong (2002) note that, in such situations, the relationship is no longer among manager(s)-shareholders but among controlling shareholders and minority shareholders. As with any controlling shareholders, managers with shares may have incentives to expropriate minority shareholders, including limiting the information that is disclosed. A number of prior empirical studies support this view. For instance, Leung and Horwitz (2004) reveal that when there is a low level of managerial ownership, information disclosure appears to be high and vice versa. Luo et al. (2006) also find a negative association between managerial ownership and earning informativeness. Thus, this study posits the following hypothesis:

H_3- There is a negative association between the extent of managerial ownership and the level of voluntary corporate social responsibility disclosure in the annual reports of Vietnamese listed firms.

Previous research asserts that foreign shareholders face significantly higher risks than local shareholders. La Porta et al. (2000) identify the potential risks associated with trading foreign shares, including political risk, information asymmetry and inadequate legal protection. Xiao and Yuan (2007) posit 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) finds that foreign ownership influences the firm's decision to provide additional social reporting and board member information. In Malaysia, Haniffa and Cooke (2005) report 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. Within the context of Vietnam, the majority of foreign owners originate from developed countries with stronger financial regulatory systems. These foreign investors are likely to be more aware of the importance of financial reporting and social reporting than local investors. Therefore, higher levels of foreign ownership may pressure firms to increase the extent of their information disclosure. The preceding discussion results in the following hypothesis:

H_4 - There is a positive association between the extent of foreign ownership and the level of voluntary corporate social responsibility disclosure in the annual reports of Vietnamese listed firms.

3. Research Methodology

This study uses the random sample of 200 firms listed on the Vietnamese stock exchanges in Hanoi and Ho Chi Minh City in the financial year that ended 31 December 2013. The benefit of using random sample is that it effectively yield a sample that is representative of the population. Random sample is a suitable method for quantitative study as it provides the best opportunity to generalize the results to the population (Marshall, 1996). The sample excludes newly listed firms as it is assumed that disclosure practices cannot be assessed realistically when firms have been listed on the stock exchange for less than one year (Owusu-Ansah, 1998). The sample size is presented in Table 1.

Table 1: Sample-Selection Procedures

Description	Number of listed firms in 2013
Firms listed on the two Vietnamese stock exchange in 2013	661
Less: Newly listed firms in 2013	-250
Number of firms that meet sampling criteria	411
Number of firms in final sample	200
Percentage of firms from available population	*48.66%*

The dependent variable in this study is the voluntary social disclosure is measured using a checklist (Appendix A). As there is no general theory that offers guidance on the selection of items to measure the extent of voluntary disclosure (Marston and Shrives, 1991), the following steps are carried out in selecting the disclosure items. As a starting point, disclosure items are selected from commonalities of past studies in both developed and emerging markets, including Meek et al. (1995), Ferguson et al. (2002), Hannifa and Cooke (2002), Xiao and Yuan (2007), Ho (2009), Akhtaruddin et al. (2009) and Wang et al. (2008). This first step results in an initial list of 28 items. Then, this list is screened by Vietnamese accounting experts to remove any item that is deemed inappropriate or irrelevant from the standpoint of the national reporting environment. This detailed process results in a final list of 24 items for the Vietnamese corporate responsibility disclosure index (VnCSRDI).

In constructing the measurement of the disclosure index, the unweighted average approach will be employed. Each item is equally weighted and expressed in a dichotomous form in which a firm is given a one (1) for a disclosed item and a zero (0) otherwise (Haniffa and Cooke, 2005, Barako, 2007, Da Silva Monteiro and Aibar-Guzmán, 2010). The use of a weighted approach introduces a high level of subjective bias into the analysis (Marston and Shrives, 1991, Chow and Wong-Boren, 1987). Additionally, prior studies on voluntary disclosures in emerging capital markets (Chow and Wong-Boren, 1987, Barako, 2004) that apply both weighted and unweighted methods find no significant difference between the two approaches. The disclosure index is subsequently expressed as a percentage below:

$$VnCSRDI_i = \sum_{j=1}^{e} e_j / E$$

where:
VnCSRDIi = 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 firmdiscloses information on this item, and the dummy variable takes on the value of 0 if the firm does not disclose.
E = Total possible maximum number of items (24)

As briefly discussed in the prior sections, the four predictors (independent) variables use in this study are corporate governance, state ownership, managerial ownership and foreign ownership. Past studies of voluntary disclosure examine the corporate governance aspects in many ways but the proportion of independent directors on corporate boards (as measured in this study) by far has been the most common measurement for corporate governance (Lim, Matolcsy and Chow, 2007, Akhtaruddin, Hossain, Hossain and Yao, 2009, Cheng and Courtenay, 2006, Barako, Hancock and Izan, 2006). As in previous studies (Naser et al., 2002, Eng and Mak, 2003, Xiao and Yuan, 2007, Xiao et al., 2004, Wang et al., 2008), state ownership is determined as the percentage of shares owned by the state. Managerial ownership is defined as the percentage of shares held by managers (Eng and Mak, 2003, Leung and Horwitz, 2004, Xiao and Yuan, 2007). Consistent with previous studies (Haniffa and Cooke, 2002, Barako et al., 2006, Wang et al., 2008), foreign ownership is determined as the percentage of shares held by foreign investors (Appendix B).

Apart from the four predictors, number of number of control variables reported in the literature on voluntary disclosure are also added. These are size, leverage, industry, profitability and audit type. As the control variables, size is measured by the natural logarithm of the total assets of a firm. Profitability is proxy by the return on assets (ROA) (Ho, 2009, Camfferman and Cooke, 2002, Chau and Gray, 2002) and is calculated as the ratio of net profit to total assets. The firm's leverage is measured as the ratio of a firm's total liabilities divided by its total assets (Eng and Mak, 2003, Leung and Horwitz, 2004, Ho et al., 2008). Gao et al. (2005) indicate that the business sector influences the corporate social disclosure policy, and an industry variable is thus included. This study classifies industry sectors into low-profile and high-profile industries. Low-profile industries include building construction, electrical, finance and banks, food, investment, medical supplies, meat and by-products, miscellaneous services, property, retailers, and textiles and apparel. High-profile industries include agricultural and associated sectors, chemicals, energy and fuel, engineering, forestry, liquor and tobacco, media and communications, mining, transport and tourism (Hackston and Milne, 1996). The audit firms are classified into two types: Big Four and non-Big Four (Alsaeed, 2005, Patton and Zelenka, 1997).

Multiple regression model will be used to test the relationship between the dependent and independent variables, hence, the following regression equation is estimated.

$$VnCSRDI_i = \lambda_i + \beta_1 CorpGov_i + \beta_2 State_i + \beta_3 Managerial_j + \beta_4 Foreign_j + \gamma_1 Size_j + \gamma_2 Leverage_j + \sum_{j=1}\delta_j Inustrydj + \gamma_3 Profit_j + \sum_{k=1}\delta_k Audit_k + \eta_j Findings$$

4. Results

4.1 Descriptive Statistics

Table 2 provides the descriptive statistical results for the dependent (Vietnamese corporate social responsibility disclosure), independent (corporate governance, state ownership, managerial ownership and foreign ownership) and control (size, profit and leverage) variables. The overall score[1] is relatively low with a mean of 18.03% (see Appendix A's list of items in the index). This finding is consistent with earlier studies, which suggest that CSR disclosure is low in emerging countries (Momin and Parker, 2013, Hegde, Bloom and Fuglister, 1997).

Table 2: Descriptive Statistics for Dependent variables, Independent Variables and Control Variables

Variable	Mean	Median	Standard deviation	Min	Max
Vietnamese Voluntary Corporate Social Responsibility Disclosure Index (DV)	18.03%	14.58%	14.03%	0.00%	62.50%
Corporate governance H_1	55.50%	58.57%	22.58%	0.00%	100.00%
State ownership H_2	24.40%	18.60%	23.81%	0.00%	78.00%
Managerial ownership H_3	12.21%	5.39%	16.11%	0.00%	71.74%
Foreign ownership H_4	15.17%	10.84%	14.24%	0.00%	48.87%
Size - Log of Total assets (CV)	13.7	14.43	1.25	10.66	18.46
Profit - ROA (CV)	8.95%	7.36%	10.21%	-22.68%	50.1
Leverage (CV)	47.83%	48.57%	23.10%	8.02%	98.23%

[1] A further reliability check of the scoring sheet conducted with another researcher is requested for scoring the annual reports of 20 sample firms (representing 18.2% of the total sample size). The results of this voluntary CSR disclosure index are subsequently compared with those of the researcher to ascertain any statistically significant differences. A t-test for differences reveals two comparable means of 24.79 and 25.00, which are virtually the same (p = 0.967).

The proportion of independent directors on the board has a moderate mean of 55.50%. The average percentage of state ownership in this study is 24.40%. State ownership in Vietnam remains highly concentrated because the country is still in the early stages of privatisation compared with other emerging economies, such as China. Managerial ownership shows a mean of 12.21% while foreign ownership shows a relatively low mean of 15.17%.

Table 3 provides further descriptive statistics for the firms' CSR disclosure practices, classified by type of industry and auditing firm. Firms within the classification of a high-profile industry disclose slightly more (mean = 18.67%) than firms within the low-profile industry category (mean = 17.50%). However, this difference is not statistically significant (p = 0.333). Similarly, a t-test is conducted to test the differences between the voluntary disclosure levels of firms audited by Big Four and by non-Big Four auditors. Surprisingly, firms audited by Big Four auditors disclose less social information (mean = 14.01%) than firms audited by non-Big Four auditors (mean = 13.09%). Again, these two means are not statistically significantly different (p = 0.067).

Table 3: Descriptive Statistics for Control variables (Industry and Audit)

Industry (CV)	No. of firms	Mean	Standard deviation	Standard error	df	t-value	p-value
Low-profile industry	80	17.50%	14.31%	1.85	108	-0.433	0.333
High -profile industry	120	18.67%	13.815	1.95			
Audit (CV)							
Big Four	44	14.01%	13.90%	1.48	108	1.509	0.067*

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

The Pearson correlation coefficient is also presented in Appendix C. The result of the correlation matrix shows that multi-collinearity is not a serious problem for the independent variables as none of the coefficients exceed the threshold value of 0.80 (the correlations in this study range from 0.000 to 0.494, with the maximum correlation observed between managerial ownership and profitability).

4.2 Multiple Regression Results

Table 4: Multiple Regression Results

Variables	Expected Sign	Beta	t	p-value
Constant			0.563	0.287
CORPGOV	+	-0.038	-0.375	0.646
STATE	-	-0.289	-2.471	0.008***
MANAGERIAL	-	-0.217	-1.957	0.027**
FOREIGN	+	-0.149	-1.364	0.912
SIZE	+	0.132	0.944	0.174
PROFIT	+	-0.07	-0.612	0.729
LEVERAGE	-	-0.04	-0.311	0.378
AUDIT	+	-0.168	-1.379	0.085*
INDUSTRY	+	0.018	0.182	0.428

Adjusted R^2= 0.28, F = 1.346, N = 200

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).

Table 4 presents the result for the multiple regression of this study. The empirical evidence suggests that corporate governance (p = 0.646) is not significantly related to the extent of voluntary disclosure in the annual reports of Vietnamese firms. Therefore, H_1 is not supported, which indicates that the proportion independent directors on the board is not an effective monitoring mechanism in Vietnam.

State ownership is found to be negatively associated with voluntary CSR disclosure (p = 0.008), which supports H_2. This finding is consistent with the results of an earlier study by Xiao et al. (2004). However, in Singapore, Eng and Mak (2003) detect a significant positive association, whereas in other studies, there is no clear evidence of a significant relationship (Naser et al., 2002, MohdGhazali and Weetman, 2006). Thus, it is thus argued that in Vietnamese listed firms, higher state ownership discourages firms from providing extra information beyond that which is mandatory. This finding illustrates the distinctive reporting practices of Vietnamese listed firms and thus contributes to the literature on voluntary disclosure.

The results also reveals that managerial ownership is related to the level of voluntary CSR disclosure (p = 0.027). Thus, H_3 is supported. The finding in this study is consistent with the earlier results of Eng and Mak (2003) and Ghazali and Weetman (2006), who note that managerial ownership has a negative impact on voluntary disclosure practices of Singaporean and Malaysian listed firms, respectively.

Foreign ownership is not associated with the level of voluntary CSR disclosure (p = 0.912), and H_4 is not supported. Amran and Devi (2008) also find that foreign ownership has no influence on CSR reporting practices of Malaysian listed firms. In regards to control variable, Vietnamese firms associated with Big Four auditors disclose lesser CSR information than others (p = 0.085).

5. Discussion and Conclusion

As prior literature indicates that CRS disclosure practices are different across countries (Imam, 2000). This study is among the first to examine the CSR reporting practices in a growing emerging economy The study of CSR disclosure in Vietnam is still limited, therefore it necessary to provide a different perspective to the extant literature. The benefit of this study provides significant contributions to the literatures in several ways. Firstly, Sarikas, Vu and Djatej (2009) recommend for more studies of contemporary Vietnamese accounting, due to lack of evidence about communication and the adequacy of corporate disclosure. This study provides an extension to the existing literature by providing insights into the status of the Vietnamese social reporting environment. Secondly, the high concentrated state ownership aspect amongst Vietnamese listed firms supplements the literature of corporate voluntary disclosure by adding another perspective to the existing debate of state ownership and corporate disclosure. Thirdly, within the Vietnamese context, this study will assist policy makers by helping them better understand corporate disclosure behaviours and strategies to facilitate them in the development of mandatory disclosure requirements.

The results from the study also suggest that the extent of CSR disclosure is relatively low comparing with other emerging markets. To maintain the development and sustainability of Vietnamese market, 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 finding also enhances the argument of earlier studies that there are less social reporting disclosure in emerging/developing countries than in wealthier/developed countries (Dobers and Halme, 2009). One possible explanation for such low level is due to the fact that social reporting disclosure practices are relatively new in Vietnam.

By engaging in more CSR advocated activities and disclosure, it allows company to obtain more external finance at a lower cost of capital (Barako, 2004, Khurana, Pereira and Martin, 2006). Thus, in order to raise additional funds to facilitate the process of privatization, listed firms in Vietnam should be encouraged to provide higher levels of CSR disclosures. The results of the study also reveals that corporate governance is not significantly associated with social reporting disclosure. This implies that although there is high level of compliance (in form), the presence of independent directors may not itself be an effective monitoring mechanism (in substance). Hence, this study recommends that Vietnamese authorities should consider the regulations of corporate governance mechanism. State ownership and managerial ownership are found to be negatively with CSR disclosure. This supports the view of agency theory. According to the agency theory, strong legal and financial infrastructure will results in higher information disclosure. In Vietnam the financial market and the market infrastructure is not well-developed, hence, resulting in a lower level of disclosure comparing with other emerging countries. In Vietnam, there is also a weak legal infrastructure environment and the high level concentrated ownership, therefore, lesser information is disclosure.

Although the study provides significant contribution to the study of disclosure in emerging market, the limitation of this study must be considered. As it is a cross-sectional research that focuses solely on 2013 annual reports, the results generated from this study could be biased as disclosures can change over time. Future research could expand to a longitudinal study in order to examine the pattern of social reporting and voluntary disclosures over time under differing economic conditions.

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Appendices

Appendix A: Vietnamese Corporate Social Responsibility Disclosure Index

Employee/human resources dimension (15 items)	***n***
Employee appreciation	58
Nature of training	35
Discussion of workplace safety (costs and measurement)	34
General retrenchment or redundancy information	23
Categories of employees by gender	18
Effects of Employment Contract Act	15
Employees by line of business	13
Number of employees trained	8
Statements concerned with wealth created (eg., value added statement)	7
Equal opportunity policy statement	6
Amount spent on training	5
Reasons for changes in employee numbers or categories	5
Geographical distribution of employees	4
Data on accidents	4
Employee welfare	3
Community involvement (5 items)	
Company awards	55
Community programs (health and education) implemented	36
General philanthropy	24
Participation in government social campaigns	18
Charitable donations	13
Environmental dimension (3 items)	
Statement of firm's environmental policies	17
Environmental protection programs (qualitative)	8
Environmental protection programs (quantitative)	2
Product relation dimension (1 item)	
Safety of the products	21
Vietnamese Social Reporting Voluntary Disclosure (24 items)	

Legend: *n* represents number of firms engage in CSD of an individual item.

Appendix B: Measurements of Independent and Control Variables

Independent variables	**Measurements**	**Type of variable**
Corporate governance (*CG*)	Number of independent directors divided by the total number of all directors	Continuous
State ownership (*STATE*)	Number of shares held by the Vietnamese government divided by the total number of shares	Continuous
Managerial ownership (*MAN*)	Number of shares held by managers on corporate boards divided by the total number shares	Continuous
Foreign ownership (*FOREIGN*)	Number of shares held by foreign owners divided by the total number of shares	Continuous

Control variables	**Measurements**	**Type of variable**
Firm size (*SIZE*)	Natural logarithm total assets	Continuous
Profitability (*PROFIT*)	Ratio of net profit to total assets	Continuous
Leverage (*LEV*)	Ratio of total liabilities to total assets	Continuous
Industry (*IND*)	One for firms in the High-profile industries category and zero for otherwise.	Categorical
Auditing firm (*AUDIT*)	One for firms audited by Big Four and zero for otherwise.	Categorical

Appendix C: Pearson and Spearman Correlation Matrices

	VnCSRDI	CORPGOV	STATE	MANAGERIAL	FOREIGN	ASSET	PROFIT	LEVERAGE	AUDIT	INDUSTRY
VnCSRDI	1	-.043 .328	-.182** .029	-.073 .223	-.083 .194	-.050 .303	-.101 .146	-.004 .485	-.144 .067	.042 .333
CORPGOV	-.025 .398	1	-.066 .245	-.015 .436	.154 .054	.150* .059	-.062 .260	-.146* .063	.198** .019	-.056 .279
STATE	-.124* .099	-.065 .249	1	-.473*** .000	-.230*** .008	.054 .287	.089 .177	.160** .048	.163** .044	.035 .358
MANAGERIAL	.022 .410	-.201** .018	-.588*** .000	1	.034 .361	.043 .327	-.001 .494	.022 .408	-.059 .270	-.171** .037
FOREIGN	-.078 .210	.122 .102	-.237*** .006	.036 .356	1	.244*** .005	.244*** .005	-.234*** .007	.067 .242	-.006 .477
ASSET	-.040 .339	.064 .252	.032 .369	-.022 .408	.248*** .005	1	.009 .464	.395*** .000	.592*** .000	.101 .146
PROFIT	-.088 .180	-.029 .383	.028 .386	-.016 .435	.328*** .000	-.042 .331	1	-.430*** .000	-.061 .265	-.042 .330
LEVERAGE	-.015 .437	-.101 .148	.132* .084	.066 .245	-.235*** .007	.387*** .000	-.548*** .000	1	.206** .015	-.011 .456
AUDIT	-.174** .034	.184** .027	.115 .116	-.155* .053	.119 .108	.517*** .000	-.092 .171	.210** .014	1	.137* .077
INDUSTRY	.065 .250	-.079 .205	.015 .437	-.157* .051	.006 .475	.045 .321	-.082 .198	-.029 .381	.137* .077	1

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