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General consumer perceptions and their impact on corporate social responsibility (CSR) and environmental, social, and governance (ESG) in Vietnam

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Abstract

This study explores the impact of consumer perceptions on Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) practices in Vietnam. Given the country's rapid economic development and increasing environmental and social challenges, understanding consumer attitudes towards CSR and ESG is crucial for businesses aiming to align with market expectations. The research employs the Theory of Planned Behavior and the Corporate Reputation Influence framework to analyze how Vietnamese consumers' understanding and perceptions of CSR and ESG influence corporate strategies and decision-making. Key findings indicate that Vietnamese consumers, especially the younger and more educated demographic, are increasingly prioritizing sustainability and ethical practices. Companies that align their operations with these consumer expectations can enhance their reputation, gain competitive advantage, improve operational efficiency, attract top talent, manage risks better, and secure better access to capital. However, challenges such as resource constraints, measurement and reporting difficulties, regulatory compliance complexities, consumer skepticism, and supply chain management issues remain. The study suggests enhancing education and awareness, improving transparency and reporting, strengthening regulatory compliance, fostering stakeholder engagement, supporting SMEs, and promoting innovation and investment in sustainability to effectively integrate CSR and ESG practices.

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Introduction

In the context of global economic integration, the importance of Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) standards is increasingly recognized as vital for sustainable business practices. Particularly in emerging markets like Vietnam, where rapid economic development is often accompanied by significant environmental and social challenges, understanding consumer perceptions towards CSR and ESG can provide crucial insights for businesses (Nguyen, Nguyen, & Bosch, 2013; Tran & Yeo, 2017) ^[32, 44]. This study aims to explore the general consumer perceptions of CSR and ESG practices in Vietnam and their impact on the strategic decisions of local companies.

The relevance of CSR and ESG in today's business landscape cannot be understated. CSR refers to a business model that helps a company be socially accountable to itself, its stakeholders, and the public (Carroll, 1999) ^[4]. By practicing corporate social responsibility, companies can be conscious of the kind of impact they have on all aspects of society, including economic, social, and environmental. ESG criteria, which focus on a company's operations in relation to environmental stewardship, social justice, and governance practices, are increasingly used by investors to screen potential investments and by regulatory bodies to assess compliance and sustainability performance (Schaltegger & Wagner, 2011) ^[39].

Vietnam presents a unique context for such an investigation due to its dynamic economic landscape and evolving regulatory frameworks aimed at sustainability. Research indicates that consumer awareness and perceptions of CSR and ESG significantly influence their purchasing decisions and loyalty to brands (Bhattacharya & Sen, 2004; Cheung *et al.*, 2015) ^[2, 5]. However, there is a paucity of research focusing specifically on Vietnamese consumers, whose attitudes towards sustainability may be pivotal in driving the CSR and ESG agendas of local firms.

The proposed study will draw on the Theory of Planned Behavior (Ajzen, 1991) ^[1], which links one's beliefs and attitudes to their behavior, to analyze how Vietnamese consumers' understanding and perceptions of CSR and ESG influence their support for sustainable business practices. Moreover, the Corporate Reputation Influence framework (Fombrun, 1996) ^[10] will be utilized to assess how a company's commitment to CSR and ESG can enhance its reputation and competitive edge in the Vietnamese market.

By examining consumer perceptions in Vietnam, this research aims to provide actionable insights that can help companies better align their CSR and ESG strategies with market expectations, enhancing their sustainability profiles while maximizing economic outcomes. This introduction sets the stage for a detailed exploration of how these perceptions influence corporate strategies in the realm of CSR and ESG within the Vietnamese context.

Problem Statement

Despite the growing global emphasis on Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) standards, empirical research on consumer perceptions of these practices remains sparse, particularly in emerging markets such as Vietnam. This gap is significant because the consumer base in Vietnam is rapidly evolving, with increasing awareness and expectations regarding corporate sustainability practices (Tran & Yeo, 2017) ^[44]. The influence of consumer perceptions on CSR and ESG practices is critical as it can drive corporate strategies, affect reputational risk, and impact financial performance (Cheung *et al.*, 2015; Schaltegger & Wagner, 2011) ^[39, 5].

Vietnamese companies face a unique set of challenges and opportunities in integrating CSR and ESG into their business strategies. As Vietnam continues to attract foreign investment and integrate into the global economy, companies must adapt to the increasing demands for transparency and sustainability from both global and local stakeholders (Nguyen, Nguyen, & Bosch, 2013) ^[32]. However, the specific dynamics of how Vietnamese consumer perceptions shape corporate CSR and ESG strategies are not well understood. This lack of understanding poses a risk to businesses that may implement strategies that are either misaligned with consumer expectations or fail to leverage potential market opportunities associated with strong CSR and ESG practices.

Furthermore, existing studies predominantly focus on Western contexts, leaving a knowledge void about consumer attitudes in Southeast Asian markets, where cultural, economic, and social contexts significantly differ (Bhattacharya & Sen, 2004) ^[2]. This research aims to fill this critical gap by examining how general consumer perceptions in Vietnam impact the CSR and ESG practices of local companies. Understanding these perceptions is essential for businesses to effectively navigate the complexities of CSR and ESG implementation in a way that aligns with local

consumer values and expectations, thereby enhancing both corporate sustainability and competitiveness in the market.

Literature Review

Concept of Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG)

Corporate Social Responsibility (CSR) refers to a company's efforts to conduct its business in an ethical manner, taking into account its social, economic, and environmental impact. CSR initiatives often include activities related to philanthropy, ethical labor practices, and environmentally sustainable operations (Carroll, 1991) ^[3].

CSR is essential because it helps companies build a positive reputation, foster customer loyalty, attract and retain employees, and ultimately enhance financial performance. It also ensures that businesses operate in a manner that is sustainable and beneficial to society as a whole (Kotler & Lee, 2005) ^[22]. Globally, there has been a significant increase in the adoption of CSR practices. Companies are increasingly integrating CSR into their core business strategies. Trends include the focus on sustainability, ethical supply chains, and community engagement. Companies are also emphasizing transparency and reporting their CSR activities through sustainability reports (Crane, Matten, & Spence, 2019) ^[7].

Environmental, Social, and Governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights (Eccles, Ioannou, & Serafeim, 2014) ^[9]. ESG factors are critical as they help investors identify companies that are likely to perform well in the long term by managing risks related to environmental, social, and governance issues. Good ESG practices can lead to better operational performance, lower costs, improved profitability, and enhanced shareholder value (Friede, Busch, & Bassen, 2015) ^[12]. There is a growing trend towards ESG integration in investment decisions. Investors are increasingly considering ESG factors as part of their due diligence. There has also been a rise in ESG reporting standards and frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). Companies are now more focused on aligning their strategies with the United Nations Sustainable Development Goals (SDGs) (Khan, Serafeim, & Yoon, 2016) ^[20].

CSR and ESG in Vietnam

In Vietnam, CSR has been gradually gaining prominence as businesses recognize the importance of sustainable and ethical practices. Historically, CSR activities were primarily philanthropic, focusing on charity and community support. However, there is a growing trend towards integrating CSR into core business strategies. Companies are increasingly addressing broader social and environmental issues, including labor practices, environmental conservation, and sustainable development (Nguyen & Truong, 2020) ^[31].

The concept of ESG is relatively new in Vietnam but is gaining traction, particularly among multinational corporations and larger domestic companies. These companies are beginning to incorporate ESG factors into

their decision-making processes, driven by the growing awareness of global standards and the expectations of international investors. The focus areas for ESG in Vietnam include environmental sustainability, social welfare, and corporate governance improvements (Le & Nguyen, 2021) ^[25].

▪ **Laws and Regulations**

The Vietnamese government has been actively promoting CSR and ESG through various laws and regulations. Key regulatory frameworks include:

Environmental Protection Law: Updated in 2020, this law mandates businesses to adhere to environmental standards, conduct environmental impact assessments, and implement measures to protect the environment (National Assembly of Vietnam, 2020).

Labor Code: The revised Labor Code of 2019 emphasizes fair labor practices, employee rights, and workplace safety, aligning with international labor standards (National Assembly of Vietnam, 2019).

Corporate Governance Code: Issued by the State Securities Commission, this code provides guidelines for improving corporate governance practices among listed companies, emphasizing transparency, accountability, and ethical conduct (State Securities Commission of Vietnam, 2019).

▪ **Government Initiatives**

The Vietnamese government has launched several initiatives to encourage CSR and ESG practices, including:

National Green Growth Strategy: This strategy aims to promote sustainable economic growth by reducing greenhouse gas emissions, increasing the use of renewable energy, and encouraging sustainable agriculture and forestry practices (Ministry of Planning and Investment, 2012).

Vietnam Sustainable Business Awards: Organized by the Vietnam Chamber of Commerce and Industry (VCCI), these awards recognize companies with outstanding CSR and ESG performance, encouraging others to follow suit (VCCI, 2021).

Consumer behavior and perceptions: Factors influencing consumer awareness and attitudes towards CSR and ESG

Understanding the factors that influence consumer awareness and attitudes towards Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) practices is crucial for businesses aiming to align their strategies with consumer expectations. Several key factors play a significant role in shaping consumer perceptions in this context.

▪ **Education and Knowledge**

Education significantly influences consumer awareness and attitudes towards CSR and ESG. Higher levels of education correlate with a greater understanding and appreciation of the importance of sustainable and ethical business practices. Educational institutions and programs focusing on sustainability and corporate ethics play a pivotal role in raising awareness (Taufique & Vaithianathan, 2018) ^[43].

▪ **Media Exposure**

Media exposure, including traditional media (television, newspapers) and digital media (social media, blogs), is a critical driver of consumer awareness. Media coverage of environmental issues, corporate scandals, and positive CSR initiatives can significantly shape consumer perceptions and

expectations. Social media, in particular, allows for rapid dissemination of information and facilitates consumer engagement with CSR and ESG topics (Lim, 2017) ^[27].

▪ **Cultural Values**

Cultural values and societal norms greatly influence consumer attitudes towards CSR and ESG. In cultures that emphasize community welfare and environmental stewardship, consumers are more likely to value and support businesses that engage in responsible practices. Cultural context shapes the importance placed on various aspects of CSR and ESG, such as environmental protection versus social equity (Hofstede, 2001) ^[16].

▪ **Economic Factors**

Economic factors, including income levels and economic stability, affect consumer attitudes towards CSR and ESG. Higher income levels generally enable consumers to prioritize ethical considerations over price. Conversely, in lower-income settings, immediate economic concerns may overshadow the importance of CSR and ESG (Singh, 2016) ^[41].

▪ **Personal Values and Beliefs**

Individual values and beliefs, such as environmental consciousness and social responsibility, significantly impact consumer attitudes. Personal experiences and upbringing can shape these values, influencing how consumers perceive and prioritize CSR and ESG issues. Consumers with strong personal commitments to sustainability are more likely to support businesses that align with their values (Schwartz, 2012) ^[40].

▪ **Peer Influence and Social Norms**

Peer influence and social norms play a crucial role in shaping consumer behavior. When consumers observe their peers supporting responsible businesses or advocating for CSR and ESG, they are more likely to adopt similar attitudes and behaviors. Social norms regarding sustainability and ethical consumption can drive collective consumer actions (Ajzen, 1991) ^[1].

▪ **Corporate Transparency and Communication**

The transparency and communication efforts of businesses regarding their CSR and ESG practices significantly influence consumer perceptions. Companies that openly share their sustainability goals, achievements, and challenges can build trust and positively impact consumer attitudes. Effective communication through sustainability reports, certifications, and marketing campaigns is essential (Parguel, Benoît-Moreau, & Larceneux, 2011) ^[36].

▪ **Regulatory Environment**

The regulatory environment and government policies also affect consumer attitudes. Regulations that mandate CSR disclosures and ESG reporting increase consumer awareness and provide a benchmark for evaluating corporate performance. Government initiatives promoting sustainable practices can further enhance consumer expectations (Jamali & Karam, 2018) ^[18].

Consumer awareness and attitudes towards CSR and ESG are influenced by a complex interplay of factors, including education, media exposure, cultural values, economic conditions, personal beliefs, peer influence, corporate

transparency, and the regulatory environment. Understanding these factors can help businesses and policymakers design effective strategies to promote sustainable and ethical practices, aligning with the evolving expectations of socially conscious consumers.

Impact of Consumer Perceptions: How Consumer Expectations Shape Corporate Practices and Reporting

Consumer perceptions and expectations play a significant role in shaping corporate practices and reporting, especially concerning Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) initiatives. Understanding how these expectations influence corporate behavior can help businesses align their strategies with consumer values, thereby enhancing their reputation and competitiveness.

▪ **Influence on Corporate Practices**

Adoption of Sustainable Practices: As consumers become more environmentally conscious, companies are increasingly adopting sustainable practices to meet these expectations. This includes reducing carbon footprints, minimizing waste, and using renewable energy sources. Businesses that proactively adopt green practices can attract environmentally aware consumers, thereby gaining a competitive edge (Porter & Kramer, 2011) [38].

Ethical Labor Practices: Consumer expectations for fair labor practices have led companies to improve their labor standards, ensuring fair wages, safe working conditions, and respect for workers' rights. Companies that fail to meet these expectations risk losing consumer trust and facing boycotts or negative publicity (Hartman, Rubin, & Dhanda, 2007) [15].

Product Transparency and Safety: Consumers increasingly demand transparency regarding the sourcing, production, and safety of products. In response, companies are implementing stringent quality control measures, providing detailed product information, and ensuring that their supply chains are free from unethical practices (Frostenson, Helin, & Sandström, 2012) [13].

• **Influence on Corporate Reporting**

Enhanced Transparency: To meet consumer demands for transparency, companies are enhancing their reporting practices. This includes publishing detailed CSR and ESG reports that outline their sustainability efforts, social impact, and governance practices. Transparent reporting helps build consumer trust and demonstrates a company's commitment to responsible business practices (Eccles, Ioannou, & Serafeim, 2014) [9].

Use of Reporting Standards: The adoption of standardized reporting frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), has been driven by consumer expectations for consistency and comparability in CSR and ESG disclosures. These standards help ensure that reports are comprehensive and reliable, facilitating informed consumer decisions (KPMG, 2020) [23].

Stakeholder Engagement: Companies are increasingly engaging with stakeholders, including consumers, to understand their expectations and incorporate their feedback into CSR and ESG strategies. This engagement is often reflected in corporate reports, highlighting how stakeholder input has influenced corporate policies and initiatives (Freeman, Harrison, & Wicks, 2007) [11].

General Perceptions of Vietnamese Consumers Regarding CSR and ESG

▪ **Awareness and Importance**

Vietnamese consumers are becoming increasingly aware of and concerned about Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) issues. This growing awareness is largely driven by the younger, more educated demographic and the increasing penetration of digital media. Research indicates that Vietnamese consumers are starting to prioritize ethical and sustainable practices when making purchasing decisions (Nguyen & Truong, 2020) [31].

▪ **Environmental Concerns**

Environmental sustainability is a significant concern among Vietnamese consumers. Issues such as pollution, climate change, and resource depletion resonate strongly with the public, leading to a preference for companies that demonstrate a commitment to environmental stewardship. Consumers are particularly supportive of businesses that adopt green technologies, reduce waste, and engage in conservation efforts (Le & Nguyen, 2021) [25].

▪ **Social Responsibility**

Social responsibility, including fair labor practices and community engagement, is also highly valued by Vietnamese consumers. There is a growing expectation that companies should contribute to social welfare, support local communities, and ensure fair treatment of employees. Consumers are increasingly likely to support businesses that engage in philanthropic activities and exhibit ethical labor practices (Pham & Tran, 2019) [37].

▪ **Governance and Transparency**

Governance and transparency are critical factors influencing consumer trust. Vietnamese consumers are beginning to demand greater transparency in corporate operations and reporting. They expect companies to be open about their business practices, supply chains, and CSR/ESG initiatives. Transparent and honest communication is seen as a sign of integrity and trustworthiness (Vu, 2020) [51].

▪ **Consumer Behavior and Expectations**

Vietnamese consumers are showing a willingness to pay a premium for products and services from companies that align with their values on CSR and ESG. This behavior reflects a shift towards more conscientious consumption patterns. Consumers expect businesses to not only comply with local regulations but also to adopt international best practices in sustainability and ethical governance.

▪ **Influence of Global Standards**

The influence of global CSR and ESG standards is becoming more apparent in Vietnam. Exposure to international norms through global media, multinational corporations, and Vietnamese diaspora has led to higher expectations regarding corporate behavior. Consumers are increasingly comparing local companies to international standards and expecting similar levels of responsibility and transparency (Le, 2021). Overall, Vietnamese consumers are becoming more discerning and demanding when it comes to CSR and ESG. They prioritize environmental sustainability, social responsibility, and good governance, and are willing to support businesses that demonstrate genuine commitment to

these values. Companies that align with these consumer expectations are likely to build stronger relationships and achieve greater success in the Vietnamese market.

How Consumer Perceptions Influence Corporate Practices in CSR and ESG in Vietnam

Consumer perceptions in Vietnam significantly influence corporate practices in Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG). Companies are increasingly recognizing the importance of aligning their operations and strategies with consumer expectations to enhance their reputation, competitiveness, and overall sustainability. Several key areas demonstrate how these perceptions shape corporate practices.

▪ Adoption of Sustainable Practices

Environmental Initiatives: Vietnamese consumers' growing concern for environmental issues has led companies to adopt more sustainable practices. Businesses are increasingly focusing on reducing their carbon footprint, minimizing waste, and utilizing renewable energy sources. For instance, companies like Vinamilk have implemented extensive sustainability programs, including energy efficiency measures and waste reduction strategies, in response to consumer demand for greener practices (Le & Nguyen, 2021) ^[25].

Supply Chain Management: To meet consumer expectations, companies are also improving their supply chain management by ensuring that suppliers adhere to environmental and ethical standards. This includes sourcing materials responsibly, reducing emissions, and ensuring fair labor practices throughout the supply chain. Companies are increasingly conducting audits and implementing sustainability criteria for their suppliers (Nguyen & Truong, 2020) ^[31].

▪ Social Responsibility Initiatives

Fair Labor Practices: Consumer expectations for fair labor practices have led companies to prioritize employee welfare and workplace conditions. Businesses are adopting policies that ensure fair wages, safe working environments, and respect for workers' rights. This shift is particularly evident in industries such as textiles and manufacturing, where labor issues are more pronounced (Pham & Tran, 2019) ^[37].

Community Engagement: Corporate engagement in community development and philanthropic activities has increased in response to consumer demand for social responsibility. Companies are investing in local communities through education, healthcare, and infrastructure projects. For example, Vingroup has undertaken numerous initiatives to build schools and hospitals, demonstrating its commitment to social welfare (Vu, 2020) ^[51].

▪ Governance and Transparency

Enhanced Reporting: Vietnamese consumers' demand for transparency has prompted companies to enhance their CSR and ESG reporting practices. Businesses are increasingly publishing detailed sustainability reports that disclose their environmental impact, social initiatives, and governance practices. These reports often follow international standards such as the Global Reporting Initiative (GRI) to ensure credibility and comparability (Eccles, Ioannou, & Serafeim, 2014) ^[9].

Stakeholder Engagement: To build trust and meet consumer expectations, companies are engaging more with stakeholders, including customers, employees, and local communities. This engagement helps businesses understand stakeholder concerns and incorporate their feedback into corporate strategies. Transparent communication and regular updates on CSR and ESG initiatives are essential components of this engagement (Freeman, Harrison, & Wicks, 2007) ^[11].

▪ Strategic Alignments and Innovations

Strategic Integration: Companies are increasingly integrating CSR and ESG into their core business strategies rather than treating them as peripheral activities. This strategic alignment ensures that CSR and ESG principles guide decision-making processes across all levels of the organization. For example, businesses are incorporating sustainability goals into their long-term strategic plans and performance metrics (Porter & Kramer, 2011) ^[38].

Innovation and Investment: In response to consumer expectations, companies are investing in innovative technologies and practices that promote sustainability. This includes developing eco-friendly products, improving energy efficiency, and adopting circular economy principles. Such innovations not only meet consumer demands but also drive competitive advantage and operational efficiency (Unilever, 2021) ^[47].

Consumer perceptions and expectations are powerful drivers of corporate practices in CSR and ESG in Vietnam. By aligning their strategies with these expectations, companies can build stronger relationships with consumers, enhance their reputation, and achieve sustainable growth. The shift towards more responsible business practices reflects a broader trend of increased awareness and demand for ethical and sustainable corporate behavior in Vietnam.

Key Factors Driving Consumer Awareness and Concern about CSR and ESG

Understanding the key factors that drive consumer awareness and concern about Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) practices is essential for businesses aiming to meet the evolving expectations of their stakeholders. Several factors contribute significantly to this growing awareness and concern.

▪ Education and Knowledge

Education plays a crucial role in shaping consumer awareness and concern about CSR and ESG. Higher levels of education correlate with a greater understanding of social and environmental issues. Educational institutions and programs focusing on sustainability and corporate ethics help raise awareness among students, who carry these values into their consumer behavior (Taufique & Vaithianathan, 2018) ^[43].

▪ Media Exposure

Media exposure, including traditional media (television, newspapers) and digital media (social media, blogs), is a powerful driver of consumer awareness. Media coverage of environmental disasters, corporate scandals, and positive CSR initiatives can significantly shape consumer perceptions. Social media platforms, in particular, facilitate rapid dissemination of information and enable consumers to engage with CSR and ESG topics more interactively (Lim, 2017) ^[27].

▪ **Cultural Values**

Cultural values and societal norms significantly influence consumer attitudes towards CSR and ESG. In cultures that emphasize community welfare, environmental stewardship, and social equity, consumers are more likely to value and support businesses that engage in responsible practices. The cultural context determines the importance placed on various aspects of CSR and ESG (Hofstede, 2001) ^[16].

▪ **Economic Factors**

Economic factors, including income levels and economic stability, affect consumer attitudes towards CSR and ESG. Higher income levels generally enable consumers to prioritize ethical considerations over price. Conversely, in lower-income settings, immediate economic concerns may overshadow the importance of CSR and ESG. Economic development and stability allow consumers to focus more on sustainability and ethical issues (Singh, 2016) ^[41].

▪ **Personal Values and Beliefs**

Individual values and beliefs, such as environmental consciousness and social responsibility, significantly impact consumer attitudes. Personal experiences, upbringing, and moral values shape these beliefs, influencing how consumers perceive and prioritize CSR and ESG issues. Consumers with strong personal commitments to sustainability are more likely to support businesses that align with their values (Schwartz, 2012) ^[40].

▪ **Peer Influence and Social Norms**

Peer influence and social norms play a crucial role in shaping consumer behavior. Observing peers supporting responsible businesses or advocating for CSR and ESG can lead to similar attitudes and behaviors. Social norms regarding sustainability and ethical consumption drive collective consumer actions and amplify the impact of individual choices (Ajzen, 1991) ^[1].

▪ **Corporate Transparency and Communication**

The transparency and communication efforts of businesses regarding their CSR and ESG practices significantly influence consumer perceptions. Companies that openly share their sustainability goals, achievements, and challenges can build trust and positively impact consumer attitudes. Effective communication through sustainability reports, certifications, and marketing campaigns is essential (Parguel, Benoît-Moreau, & Larceneux, 2011) ^[36].

▪ **Regulatory Environment**

The regulatory environment and government policies also affect consumer attitudes. Regulations that mandate CSR disclosures and ESG reporting increase consumer awareness and provide benchmarks for evaluating corporate performance. Government initiatives promoting sustainable practices can further enhance consumer expectations and drive corporate accountability (Jamali & Karam, 2018) ^[18]. Consumer awareness and concern about CSR and ESG are driven by a combination of educational, cultural, economic, personal, social, corporate, and regulatory factors. Understanding these drivers helps businesses and policymakers design effective strategies to promote sustainable and ethical practices, aligning with the evolving expectations of socially conscious consumers.

Challenges and Opportunities for Businesses Implementing CSR and ESG Practices in Response to Consumer Expectations

Implementing Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) practices in response to consumer expectations presents both challenges and opportunities for businesses. Understanding these aspects can help companies navigate the complexities and leverage the benefits of sustainable and ethical business practices.

• **Challenges**

Resource Constraints: Implementing CSR and ESG initiatives can be resource-intensive, requiring significant financial and human capital investments. Small and medium-sized enterprises (SMEs) often struggle with limited resources, making it difficult to adopt comprehensive CSR and ESG programs (Jenkins, 2006) ^[19].

Measurement and Reporting: Accurately measuring and reporting on CSR and ESG performance is challenging. Companies must develop robust metrics and reporting frameworks to track their progress and communicate their efforts transparently. The lack of standardized reporting guidelines can lead to inconsistencies and difficulties in comparing performance across companies (Hummel & Schlick, 2016) ^[17].

Regulatory Compliance: Navigating the regulatory landscape for CSR and ESG can be complex. Businesses must comply with various local and international regulations, which can be time-consuming and costly. Inconsistent regulations across different jurisdictions add to the complexity (Kolk & Perego, 2010) ^[21].

Consumer Skepticism: There is a risk of consumer skepticism and accusations of "greenwashing" if CSR and ESG initiatives are perceived as superficial or insincere. Building genuine trust with consumers requires consistent, long-term commitment and transparent communication (Delmas & Burbano, 2011) ^[8].

Supply Chain Management: Ensuring that suppliers adhere to CSR and ESG standards can be challenging, especially in global supply chains. Businesses must conduct thorough due diligence and continuously monitor their supply chains to ensure compliance with ethical and sustainable practices (Lee & Kim, 2009) ^[26].

▪ **Opportunities**

Enhanced Brand Reputation: Companies that effectively implement CSR and ESG practices can significantly enhance their brand reputation. Positive consumer perceptions of a company's commitment to sustainability and ethical practices can lead to increased customer loyalty and trust (Porter & Kramer, 2011) ^[38].

Competitive Advantage: Businesses that lead in CSR and ESG practices can differentiate themselves from competitors. This differentiation can attract socially conscious consumers and investors, providing a competitive edge in the market (Eccles, Ioannou, & Serafeim, 2014) ^[9].

Operational Efficiency: Implementing sustainable practices often leads to improved operational efficiency. For example, reducing energy consumption and minimizing waste can lower operational costs. These efficiencies contribute to both environmental benefits and financial performance (Hart & Dowell, 2011) ^[14].

Attracting Talent: Companies known for their strong CSR

and ESG commitments are more attractive to top talent, especially among younger workers who prioritize working for ethically responsible employers. This can improve employee morale, retention, and overall productivity (Turban & Greening, 1997) ^[45].

Risk Management: Proactively addressing CSR and ESG issues can help companies manage risks more effectively. This includes mitigating environmental risks, improving supply chain resilience, and avoiding reputational damage. Strong CSR and ESG practices can enhance a company's long-term sustainability and resilience (Orlitzky, Schmidt, & Rynes, 2003) ^[35].

Access to Capital: Investors are increasingly considering ESG criteria in their investment decisions. Companies with strong ESG performance may have better access to capital, as they are viewed as lower-risk and more sustainable investments. This trend is particularly evident among institutional investors and socially responsible investment funds (Friede, Busch, & Bassen, 2015) ^[12].

While businesses face several challenges in implementing CSR and ESG practices, including resource constraints, measurement difficulties, regulatory compliance, consumer skepticism, and supply chain management, there are significant opportunities as well. Enhanced brand reputation, competitive advantage, operational efficiency, talent attraction, risk management, and better access to capital are compelling reasons for companies to embrace CSR and ESG practices. By addressing these challenges and leveraging the opportunities, businesses can meet consumer expectations and achieve sustainable success.

Conclusion

The study on consumer perceptions and their impact on Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) in Vietnam highlights the increasing importance of these practices in the country's business landscape. Vietnamese consumers are becoming more aware and concerned about environmental and social issues, significantly influencing corporate strategies. Companies are responding by adopting sustainable practices, improving labor standards, engaging in community development, and enhancing transparency in their operations and reporting.

However, the implementation of CSR and ESG initiatives presents several challenges, including resource constraints, measurement and reporting difficulties, regulatory compliance complexities, consumer skepticism, and supply chain management issues. Despite these challenges, businesses that effectively align their CSR and ESG practices with consumer expectations can enhance their brand reputation, gain competitive advantage, improve operational efficiency, attract top talent, manage risks better, and secure better access to capital.

▪ Suggestions

Enhance Education and Awareness

- Increase efforts to educate consumers about CSR and ESG through public awareness campaigns and partnerships with educational institutions.
- Utilize media platforms, including social media, to disseminate information on sustainable and ethical business practices, leveraging their broad reach to engage consumers.

Improve Transparency and Reporting

- Develop and adopt standardized metrics and reporting frameworks such as the Global Reporting Initiative (GRI) to ensure consistency and comparability of CSR and ESG disclosures.
- Engage in transparent communication with stakeholders, providing regular updates on CSR and ESG initiatives and progress, building trust and demonstrating genuine commitment.

Strengthen Regulatory Compliance

- Advocate for clearer and more consistent regulations to simplify compliance for businesses, reducing the complexity and cost associated with regulatory adherence.
- Support government initiatives that promote sustainable practices and provide incentives for companies adopting CSR and ESG standards, encouraging broader industry compliance.

Foster Stakeholder Engagement

- Actively engage with consumers, employees, and local communities to understand their expectations and incorporate their feedback into corporate strategies.
- Build trust through open dialogue and show a genuine commitment to CSR and ESG values, fostering stronger relationships and consumer loyalty.

Support Small and Medium-Sized Enterprises (SMEs)

- Provide resources and support for SMEs to adopt and implement CSR and ESG practices, such as financial assistance, training programs, and access to sustainability networks.
- Encourage larger corporations and government bodies to collaborate with SMEs, sharing best practices and resources to facilitate broader adoption of sustainable practices.

Promote Innovation and Investment in Sustainability

- Invest in innovative technologies and practices that promote sustainability, driving operational efficiencies and reducing environmental impact.
- Develop and market eco-friendly products and services that align with consumer values and demand, leveraging innovation to gain competitive advantage.

In conclusion, understanding and integrating consumer perceptions into CSR and ESG strategies is vital for businesses in Vietnam. Companies that effectively navigate the challenges and leverage the opportunities of sustainable and ethical practices will be well-positioned to achieve long-term success and contribute positively to Vietnam's economic and social development.

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