

Association between Corporate Social Responsibility Disclosures and Firm Value – Empirical Evidence from Vietnam

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Abstract

A number of studies in Corporate Social Responsibility (CSR) have suggested that corporates accountable for social responsibilities had better financial performance. However, this

relationship had remained undiscovered in Vietnam. The purpose of this research was to examine a link between Corporate Social Responsibility disclosures and firm value in Vietnam. A sample of 50 companies listed on stock exchanges in Hochiminh City (HOSE) and Hanoi (HNX) were investigated from 2010 to 2013. Content of annual reports were analyzed to measure corporate social responsibilities, and Tobin's Q ratio was proxied for firm value. Regression analysis tests indicated that social responsibility disclosures are associated with following year's firm value. Specifically, the relationship between environmental information provision and following year's firm value was positive, while that between employee disclosures and firm value was negative. The results show a positive sign for Vietnamese firms that take on environmental responsibilities.

Keywords: Corporate Social Responsibility (CSR), Annual report, Firm value, Vietnam

1. Introduction

Entities around the world have been increasingly interested in Corporate Social Responsibility (CSR). Corporate Social Responsibility is not a new concept in the world, but just appeared in Vietnam around a decade ago. The reason why the concept of Corporate Social Responsibility as well as provisions of information about Corporate Social Responsibility have attracted interests is that they refer to business responsibilities and the issue of sustainable development - an urgent requirement for the global world nowadays.

A number of definitions of Corporate Social Responsibility have been proposed. In popular Carroll's definition, social responsibilities consisted of four kinds: economic, legal, ethical, and philanthropic responsibilities, in which "it has only been recent years that ethical and philanthropic functions have taken a significant place" (Carroll, 1999). Because the goal of companies is to maximize profit, the key is whether investing in socially responsible activities can financially benefit the business. Many studies showed that involvement in Corporate Social Responsibility activities benefited companies in different ways, for example, by improving corporate image, gaining credibility with diverse stakeholders, or improving financial results. However, studies in Vietnam on this issue are sparse, and many Vietnamese companies have not actively disclosed Corporate Social Responsibility information to stakeholders. This study examined the relation between disclosures of Corporate Social Responsibility on the annual report and firm value in Vietnamese firms.

2. Literature Review and Hypotheses Development

Since most of socially responsible activities are voluntary, many researchers have been interested in examining firm motivations and relationship between Corporate Social Responsibility activities and firm benefits. Results were mixed, but many showed positive effects from conducting and disclosing Corporate Social Responsibility activities on financial performance (Holbrook, 2010). Most research was studied for developed economies with database availability, such as United States or Western Europe. However, increasing number of studies have also been undertaken for developing economies by analyzing notes in annual reports when available data is limited. Chapple et al. (2005) examined disclosures of companies in seven Asian countries and found that Corporate Social Responsibility varied

according to factors in the respective national business systems (Chapple & Moon, 2005). Research of Tewari showed that Indian domestic IT companies provided less Corporate Social Responsibility disclosures than multinational companies, and further, that CSR communication was dependent upon size, age, country of origin and composition of the board of the organization (Tewari, 2012). Liu et al. (2014) found that state oil Chinese companies adopted environmental protection strategy to meet local and international regulations and requirements from western partners in an increasing global competitiveness (Liu, Garcia, & Vredenburg, 2014). Ratanajongkol et al. (2006) revealed that Corporate Social Responsibility disclosures in Thailand increased from 1997 to 2001, and most of them were descriptive and positive about environmental activities (Ratanajongkol, Davey, & Low, 2006). A research of Shafer et al. (2007) found that Perceived Role of Ethics and Social Responsibility was not affected by nationality (U.S. vs. China) but by managers' personal values (Shafer, W. E., Fukukawa, K., & Lee, 2007).

In research that focused on Vietnam, nearly 40% companies were not aware of Corporate Social Responsibility concept, while those that understood Corporate Social Responsibility accounted for less than 20% (UNIDO, 2010). Although Corporate Social Responsibility awareness of Vietnamese investors and public in general has increased, responsible investments are still uncommon. Investors stated that they faced difficulties in utilizing Corporate Social Responsibility information in valuing firms and making decisions (Pham, 2010). However, there was almost no research of relationship between disclosures of Corporate Social Responsibility and firm value in Vietnam. Therefore, our research investigated this relation. In order to study Corporate Social Responsibility disclosures in details, four dimensions of Corporate Social Responsibility - employees, environment, community, and customer and supplier¹ - were analyzed. Because we expected this relationship existed, the following hypothesis was proposed:

H₁: Disclosures of activities related to employees, environment, community, and customer and supplier on annual reports are positively related to firm value.

Because Corporate Social Responsibility information on annual reports may need time to be incorporated in economic decisions (Crisóstomo, Freire, & Vasconcellos, 2011), we continued to propose the second hypothesis about relationship between Corporate Social Responsibility disclosures in one year and firm value in consecutive year to capture lagged effects as followed:

H₂: Disclosures of employees, environment, community, and customer and supplier activities in one year are positively related to firm value in the next year.

3. Research Design

Sample and data selection

We analyzed fifty companies listed in Vietnamese stock exchanges in four years from 2010 to 2013. In doing so, we obtained 200 observations. To find fifty companies with sufficient information for the analysis from 2010 to 2013, we randomly investigated 135 companies listed on the Hanoi and Ho Chi Minh stock exchange, and eighty-five companies without

¹ Because there was few information on responsibilities with customers and suppliers in annual reports in our research, the two were combined in one dimension, namely customer and supplier.

Corporate Social Responsibility disclosures during four years were excluded.

Empirical models

To test the hypotheses, we employed two regression models that included response variable (firm value) and explanatory variables of interest (Corporate Social Responsibility disclosures).

To measure Corporate Social Responsibility disclosures, contents of publicly annual reports were analyzed with quantity of disclosures being based on the number of words in annual reports. Measurement via word count is more detailed than number of pages because word count ignores grammar style, picture, font size (Milne & Adler, 1999), or page size (Hackston & Milne, 1996). Four areas or dimensions of Corporate Social Responsibility contents - environment, community, employees, and customer and supplier practices – were analyzed. Environment activities could be energy savings, emission control, waste management, or recycling. Community activities could include donating for flood victims, organizing mid-autumn festivals for children in remote areas, or building houses for the poor. Activities related to employees include health care services, training programs, and team-building activities. Examples for customer and supplier activities were sale of safe products and support for partners. In general, most of these activities were voluntary and usually presented in a separate portion in the annual report such as a "Social Responsibility" section.

To identify firm value, there are many measurements, for example, calculations of free cash flows and cost of capital. In this study, Tobin's Q ratio was used as a proxy for firm value because Tobin's Q is easy to measure, reliable and widely used (Crisóstomo et al., 2011). Tobin's Q ratio is usually calculated by dividing total market value to total book value of equity and liabilities (Hackston & Milne, 1996) (Maury & Pajuste, 2005). Market value of equity is calculated by multiplying the share price and total number of outstanding shares at the end of the year, and market value of liabilities approximated to their book values at the end of the year.

Because firm value is based on a number of factors, such as firm size, financial leverage (Lang, Ofek, & Stulz, 1996), liquidity (Pourali & Arasteh, 2013), and sales growth (Zeitun & Tian, 2007)(Amouzesh, Zahra, & Zahra, 2011), those factors were added in the models as control variables. The first model to test hypothesis H₁ examined the relation between firm value and each component of Corporate Social Responsibility disclosures.

$$TOBINQ_{i,t} = \beta_0 + \beta_1 COM_{i,t} + \beta_2 ENV_{i,t} + \beta_3 EMP_{i,t} + \beta_4 CUS_{i,t} + \beta_5 SALEG_{i,t} + \beta_6 SIZE_{i,t} + \beta_7 LIQUID_{i,t} + \beta_8 LVRG_{i,t} + u_{i,t} \text{ (Model 1)}$$

The second model to test hypothesis H₂ examined the relation between firm value and each component of Corporate Social Responsibility disclosures with lagged timing effect.

$$TOBINQ_{i,t} = \beta_0 + \beta_1 COM_{i,t-1} + \beta_2 ENV_{i,t-1} + \beta_3 EMP_{i,t-1} + \beta_4 CUS_{i,t-1} + \beta_5 SALEG_{i,t} + \beta_6 SIZE_{i,t} + \beta_7 LIQUID_{i,t} + \beta_8 LVRG_{i,t} + u_{i,t} \text{ (Model 2)}$$

Where:

i, t = indices for companies and time, respectively

TOBINQ_{i,t} = Tobin's Q ratio at the end of year t, where t ranged from 2010 to 2013

COM_{i,t}, COM_{i,t-1} = disclosures related to community for year t and year t-1, respectively,

where t ranged from 2010 to 2013 (hence, $t-1$ ranged from 2009 to 2012)

$ENV_{i,t}$, $ENV_{i,t-1}$ = disclosures related to environment for year t and year $t-1$, respectively, where t ranged from 2010 to 2013

$EMP_{i,t}$, $EMP_{i,t-1}$ = disclosures related to employees for year t and year $t-1$, respectively, where t ranged from 2010 to 2013

$CUS_{i,t}$, $CUS_{i,t-1}$ = disclosures related to customers and suppliers for year t and year $t-1$, respectively, where t ranged from 2010 to 2013

$SIZE_{i,t}$ = firm size, measured as logarithm of total assets, at the end of year t , where t ranged from 2010 to 2013

$LVRG_{i,t}$ = financial leverage, measured as total liabilities divided by total assets at the end of year t , where t ranged from 2010 to 2013

$LIQUID_{i,t}$ = liquidity, calculated by dividing current assets to current liabilities at the end of year t , where t ranged from 2010 to 2013

$SALEG_{i,t}$ = revenue growth rate in year t , measured as changes in revenue over two consecutive years divided by the previous year's revenue, where t ranged from 2010 to 2013

4. Data Analysis and Results

Data analysis

Data from forty-three companies listed on Hochiminh stock exchange (HOSE) and seven companies on Hanoi stock exchange (HNX) were analyzed. Companies operated in nine industries as summarized in table 1, mostly in banking and consumer goods.

Table 1. Summary of companies in industries

Industries	Number of companies
Information technology	1
Oil and gas	2
Services	2
Real estate	2
Materials	6
Medical	6
Manufacturing	7
Finance and banking	12
Consumer goods	12
Total	50

Table 2 provides descriptive statistics regarding dependent, independent and control variables by using Eviews. Table 2 shows that average Tobin's Q ratio was 1.26, indicating that, on average, market values were higher than book values. Average leverage was 49%, implying that on average, half of companies' assets were funded by debts. The average sale growth and

liquidity was 20% and 1.69, respectively. For Corporate Social Responsibility disclosures, they varied with dimensions, and community information was predominance. Except for medians of community-related words, medians of number of words for environment, employees, and customer and supplier activities were zero, implying that at least half of the participants had no disclosures for these activities in annual reports. Moreover, when analyzing report contents, we observed that information provided in annual reports regarding to Corporate Social Responsibility activities were non-negative in nature.

Table 2. Descriptive statistics of variables

Variable	Mean	Median	Standard deviation	Minimum	Maximum
TOBINQ	1.26	1.03	0.70	0.24	6.21
SALEG	0.20	0.16	0.50	-0.95	3.41
LVRG	49.41	49.44	21.37	4.98	93.22
SIZE	6.50	6.00	0.76	5.00	9.00
LIQUID	2.05	1.69	1.38	0.32	7.70
CSR	1 064	563	1 500	0	13 536
CSR_1	751	428	1 044	0	7 232
COM	479	339	572	0	3 807
COM_1	383	241	481	0	3 807
ENV	234	0	528	0	4 032
ENV_1	162	0	481	0	4 032
EMP	270	0	488	0	3 018
EMP_1	173	0	351	0	2 560
CUS	81	0	433	0	5 600
CUS_1	34	0	143	0	1 299

Note: TOBINQ = firm value proxied by Tobin's Q, SALEG = sale growth, LVRG = leverage, SIZE = company size, LIQUID = liquidity, COM = community disclosures from 2010-2013, COM_1 = community disclosures from 2009-2012, ENV = environmental disclosures from 2010-2013, ENV_1 = environmental disclosures from 2009-2012, EMP = employee disclosures from 2010-2013, EMP_1 = employee disclosures from 2009-2012, CUS = customer and supplier disclosures from 2010-2013, CUS_1 = customer and supplier disclosures from 2009-2012

Descriptive statistics of dependent variable data from table 2 show that dependent variable was not normally distributed. Hence, we want to test if loglinear model or linear model is more appropriate by performing MacKinnon-White-Davidson PE test. Results are provided in table 3 by using Eviews. Because p-value of Z1 was 0.0953 and greater than significant

level of 0.05, the null hypothesis for preference of linear model is not rejected, in other words, linear model was preferred to loglinear model.

Table 3. The results of MacKinnon-White-Davidson PE test

Dependent Variable: TOBINQ

Sample: 2010 - 2013

Periods included: 4

Cross-sections included: 50

Total panel (balanced) observations: 200

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	1.2952	0.5764	2.2470	0.0258
COM_1	-0.0002	0.0001	-1.4238	0.1562
ENV_1	0.0007	0.0002	3.5468	0.0005
EMP_1	-0.0002	0.0002	-1.3203	0.1883
CUS_1	-0.0007	0.0005	-1.6364	0.1034
SALEG	0.1288	0.0967	1.3316	0.1846
SIZE	0.1323	0.0803	1.6464	0.1013
LIQUID	-0.0495	0.0435	-1.1377	0.2567
LVRG	-0.0135	0.0039	-3.4810	0.0006
Z1	-1.8613	1.1103	-1.6763	0.0953
R-squared	0.1648	Mean dependent var		1.2217
Adjusted R-squared	0.1252	S.D. dependent var		0.7170
S.E. of regression	0.6706	Akaike info criterion		2.0874
Sum squared resid	85.4429	Schwarz criterion		2.2523
Log likelihood	-198.7409	Hannan-Quinn criter.		2.1541
F-statistic	4.1651	Durbin-Watson stat		0.8944
Prob(F-statistic)	0.0001			

Note: The regressions are performed using Panel Least Squares. TOBINQ = firm value proxied by Tobin's Q, SALEG = sale growth, LVRG = leverage, SIZE = company size, LIQUID = liquidity, COM_1 = community disclosures from 2009-2012, ENV_1 = environmental disclosures from 2009-2012, EMP_1 = employee disclosures from 2009-2012, CUS_1 = customer and supplier disclosures from 2009-2012. Table 4 presents Pearson correlation matrix between each pair of variables included in the study by using

Eviews. The matrix reveals that each pair of variables relating to Corporate Social Responsibility disclosures – that is, community (COM), environment (ENV), employees (EMP), customer and supplier (CUS) – had low correlations. Other coefficients also show that variables in the model were not likely to suffer from autocorrelation.

Table 4. Correlation matrix

	TOBINQ	COM	ENV	EMP	CUS	SALEG	SIZE	LVRG	LIQUID
TOBINQ	1								
COM	0.042	1							
ENV	0.244	0.317	1						
EMP	0.020	0.453	0.475	1					
CUS	-0.016	0.443	0.221	0.495	1				
SALEG	0.103	-0.079	0.032	-0.048	-0.041	1			
SIZE	0.106	0.381	0.183	0.087	0.100	0.138	1		
LVRG	-0.200	-0.030	-0.211	-0.151	0.015	0.062	0.362	1	
LIQUID	0.116	0.264	0.292	0.197	0.130	0.039	-0.016	-0.530	1

Note: TOBINQ = firm value proxied by Tobin's Q, SALEG = sale growth, LVRG = leverage, SIZE = company size, LIQUID = liquidity, COM = community disclosures, ENV = environmental disclosures, EMP = employee disclosures, CUS = customer and supplier disclosures. Periods included: 2010-2013.

To employ panel data regression analysis for model 1 and 2, three methods can be applied - independently pooled panels, fixed effects model (FEM) or random effects model (REM). The following tests were performed to decide which of the three approaches was most appropriate for panel regression. Firstly, likelihood ratio test was conducted for comparison between independently pooled panels and fixed effects model. Table 5 and 6 showed results of that test for model 1 and 2, respectively. As p-values of cross section chi-square were less than 0.05, null hypothesis that independently pooled panels are more efficient was rejected, implying that fixed effects models were preferred to independently pooled panels. Then, Hausman test was employed to test appropriateness of fixed effects model (FEM) and random effects model (REM). Table 7 and 8 showed that p-values of cross section random for model 1 and 2, respectively, were less than 0.05, hence null hypothesis that random effects model estimators are more efficient was rejected, implying that fixed effects model was preferred to random effects model (REM). Therefore, fixed effects model was used in analyzing this study's panel data.

Table 5. The results for Likelihood ratio test for model 1

Redundant Fixed Effects Tests

Equation: Untitled

Test cross-section fixed effects

Effect Test	Statistic	d.f.	Prob.
Cross-section F	3.913	(49,142)	0.000
Cross-section Chi-square	170.914	49	0.000

Cross-section fixed effects test equation:

Dependent variable: TOBINQ

Method: Panel Least Squares

Sample: 2010-2013

Periods included: 4

Cross-section included: 50

Total panel (balanced) observations: 200

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.650401	0.481628	1.350423	0.1785
COM	-3.49E-05	0.000111	-0.313447	0.7543
ENV	0.000324	0.000110	2.944507	0.0036
EMP	-0.000176	0.000131	-1.343672	0.1806
CUS	2.90E-06	0.000136	0.021398	0.9830
SALEG	0.119608	0.099361	1.203774	0.2302
SIZE	0.164437	0.081575	2.015777	0.0452
LIQUID	-0.034511	0.044242	-0.780050	0.4363
LVRG	-0.009300	0.003095	-3.005230	0.0030
R-squared	0.127468	Mean dependent var		1.221721
Adjusted R-squared	0.090922	S.D. dependent var		0.716889
S.E. of regression	0.683617	Akaike info criterion		2.121119
Sum squared resid	89.26050	Schwarz criterion		2.269543
Log likelihood	-203.1119	Hannan-Quinn criter.		2.181184
F-statistic	3.487888	Durbin-Watson stat		0.914726
Prob (F-Stat)	0.000881			

Table 6. The results for Likelihood ratio test for model 2

Redundant Fixed Effects Tests

Equation: Untitled

Test cross-section fixed effects

Effect Test	Statistic	d.f.	Prob.
Cross-section F	3.746506	(49,142)	0.000
Cross-section Chi-square	165.955497	49	0.000

Cross-section fixed effects test equation:

Dependent variable: TOBINQ

Method: Panel Least Squares

Sample: 2010-2013

Periods included: 4

Cross-section included: 50

Total panel (balanced) observations: 200

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.744228	0.475762	1.564287	0.1194
COM_1	-6.92E-05	0.000118	-0.585809	0.5587
ENV_1	0.000437	0.000117	3.328797	0.0003
EMP_1	-0.000152	0.000170	-0.892084	0.3735
CUS_1	-0.000278	0.000361	-0.768364	0.4432
SALEG	0.121644	0.097092	1.252881	0.2118
SIZE	0.151552	0.079899	1.896808	0.0594
LIQUID	-0.034855	0.042839	-0.813611	0.4169
LVRG	-0.009434	0.003045	-3.098710	0.0022
R-squared	0.152432	Mean dependent var		1.221721
Adjusted R-squared	0.116932	S.D. dependent var		0.716889
S.E. of regression	0.673766	Akaike info criterion		2.092090
Sum squared resid	86.70660	Schwarz criterion		2.240514
Log likelihood	-200.2090	Hannan-Quinn criter.		2.152155
F-statistic	4.293848	Durbin-Watson stat		0.841996
Prob (F-Stat)	0.000090			

Table 7. The results for Hausman test for model 1

Correlated Random Effects - HausmanTests

Equation: Untitled

Test cross-section random effects

Test summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	32.792760	8	0.0001

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var (Diff.)	Prob.
COM	-0.000004	-0.000026	0.000000	0.6381
ENV	-0.000130	0.000066	0.000000	0.0000
EMP	0.000037	-0.000075	0.000000	0.0215
CUS	-0.000005	0.000001	0.000000	0.8862
SALEG	0.032875	0.082256	0.000620	0.0474
SIZE	-0.707896	0.193110	0.295981	0.0977
LIQUID	-0.092092	-0.042193	0.002760	0.3422
LVRG	-0.009393	-0.010887	0.000034	0.7973

Table 8. The results for Hausman test for model 2

Correlated Random Effects - HausmanTests

Equation: Untitled

Test cross-section random effects

Test summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	22.253759	8	0.0045

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var (Diff.)	Prob.
COM_1	-0.000031	-0.000073	0.000000	0.5266
ENV_1	-0.000158	0.000226	0.000000	0.1095
EMP_1	-0.000045	-0.000082	0.000000	0.6409
CUS_1	-0.000065	-0.000160	0.000000	0.4991
SALEG	0.034862	0.085664	0.000628	0.0426
SIZE	-1.005090	0.166245	0.306140	0.0343
LIQUID	-0.103361	-0.050635	0.002681	0.3086
LVRG	-0.008529	-0.010507	0.000032	0.7263

To test for heteroskedasticity, we performed a modified Wald test for groupwise heteroskedasticity in the fixed effect model, implemented in Stata, using `xttest3` command. The null hypothesis is homoskedasticity (or constant variance). Results are provided in table 9 and 10 for model 1 and 2, respectively. The results indicate that the null hypothesis of homoskedasticity is rejected, or heteroskedasticity existed ($P < 0.05$).

Table 9. The results for Modified Wald test for model 1

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.xttest3
```

Modified Wald test for groupwise heteroskedasticity in fixed effect regression model

H0: $\sigma(i)^2 = \sigma^2$ for all i

Chi2 (50) = 1.4e+06

Prob>chi2 = 0.0000

Table 10. The results for Modified Wald test for model 2

```
.xttest3
```

Modified Wald test for groupwise heteroskedasticity in fixed effect regression model

H0: $\sigma(i)^2 = \sigma^2$ for all i

Chi2 (50) = 9.4e+05

Prob>chi2 = 0.0000

To correct for heteroskedasticity, we used GLS weights (Cross section weights) in Eviews to estimate the models.

Results

Table 11 reports the results based on model 1 and 2, where we regressed firm value for community, environment, employees, customer and supplier disclosures and control variables. We proposed hypothesis H_1 for a link between firm value and Corporate Social Responsibility disclosures in the same year, and hypothesis 2 for the relation between firm value and Corporate Social Responsibility disclosures in the previous year, using fixed effects model.

Table 11. The results for regression model 1 and 2

	Model 1		Model 2	
	Estimate	t-statistic	Estimate	t-statistic
CONSTANT	4.47337	4.77664***	6.10278	-6.05826***
COM	0.00001	-0.33834		
ENV	-0.00005	-1.07135		
EMP	-0.00004	-1.07135		
CUS	-0.00001	-0.28093		
COM-1			-0.00003	-0.51119
ENV-1			0.00014	-3.50118***
EMP-1			-0.00012	-2.83138**
CUS-1			-0.00006	-0.33309
SALEG	0.02598	-1.35136	0.02934	-1.59940
SIZE	-0.44041	-2.96931**	-0.69791	-4.47699***
LIQUID	-0.08028	-3.23786***	-0.08358	-3.20852***
LVRG	-0.00441	-1.73711*	-0.00367	-1.73148*
R ²	0.89423		0.91369	
R ² Adjusted	0.85177		0.87904	
Durbin Watson	2.09183		2.05729	

Note: Dependent variable is TOBINQ, independent variables are disclosures on community, environment, employees, and customer and supplier activities; and control variables are sale growth, financial leverage, firm size, and liquidity. TOBINQ = firm value proxied by Tobin's Q, SALEG = sale growth, LVRG = leverage, SIZE = company size, LIQUID = liquidity, COM = community disclosures from 2010-2013, COM_1 = community disclosures from 2009-2012, ENV = environmental disclosures from 2010-2013, ENV_1 = environmental disclosures from 2009-2012, EMP = employee disclosures from 2010-2013, EMP_1 = employee disclosures from 2009-2012, CUS = customer and supplier disclosures from 2010-2013, CUS_1 = customer and supplier disclosures from 2009-2012.

*, **, *** indicates significant at the 0.10, 0.05, 0.01 level, respectively.

Table 11 shows that, for model 1, there was insufficient evidence of a relationship between each dimension of Corporate Social Responsibility information, which is community, employees, environmental, customer and supplier disclosures, for year t with firm value at the end of year t. This result was attributed to a period of at least three months between year-end

date and report release date, making it nearly impossible for current investment decisions to be affected by annual report released three months later, except that investors were informed about this information via other means of communication. By investigating websites of Vietnamese companies, we found that firms provide concentrated and comprehensive Corporate Social Responsibility information either in an annual report or in a separate Sustainable Report, which is also available at about the same time as annual report. Therefore, investors almost have no comprehensive Corporate Social Responsibility information for making decisions at the end of the year. Not affected by Corporate Social Responsibility information, firm values were explained by other factors instead, such as financial liquidity, leverage, and firm size ($t = -3.2, -2.97, -1.7$, respectively). The adjusted R^2 of model 1 is 85%.

Reports on table 11 for model 2 documents that if lagged effects was investigated, relation between Corporate Social Responsibility disclosures and firm value did exist. Specifically, we found that environmental disclosures was positively related to firm value in the following year ($t = -3.5$), such that firms with higher positive environmental disclosures were associated with higher firm value than other firms. However, contrary to our prediction, employee disclosures on annual reports were negatively associated with firm value in the following year ($t = -2.8$), suggesting that firms disclosed more employee information had a lower firm value relative to those that did not. For community and customer and supplier information, each of them did not correlate at statistical significance level with firm value. Control variables such as liquidity (LIQUID), leverage (LVRG), company size (SIZE) were all inversely correlated with firm value at significant level ($t = -3.2, -4.5, -1.7$, respectively). In other words, higher liquidity, higher leverage or larger size companies related with lower firm value.

5. Discussion

The results show that, Corporate Social Responsibility disclosure practice was not popular in Vietnamese companies. Most corporations paid attention to disclose financial information in annual reports, i.e. compliance with mandated requirements in Vietnamese accounting standards. For companies that provided Corporate Social Responsibility information, the findings indicate that they would benefit from higher firm value in the next year, implying that this year's Corporate Social Responsibility disclosures might have affected firm value next year. This relation was consistent with prior researches in western countries (Blacconiere & Patten, 1994) (Al-Tuwaijri, Christensen, & Hughes, 2004) as well as Asian countries (Saleh, Zulkifli, & Muhamad, 2011). Therefore, although Vietnam is a developing economy and documentation of Corporate Social Responsibility in Vietnam was limited (Pham, 2010), firms demonstrating socially responsible practices in the context of globalization reaped a number of financial benefits. For instance, many Vietnamese exporters in textile industry conformed to environmental and social standards, and in turn, met requirements in global supply chains to export their products to developed markets (UNIDO, 2010).

Among four dimensions of Corporate Social Responsibility disclosures, only information on environmental practices correlated positively with firm values. The increasing public awareness after many environmental scandals may attribute to this. In recent decades, the Vietnamese economy has developed rapidly but unsustainably, noted by several published

detrimentally environmental cases. Some of these cases have made headlines, most notably the Vedan case, in which untreated waste was discharged into Thi Vai River. Therefore, to reduce information asymmetry, companies provided environmental responsible activities information as a communication tool to distinguish themselves from other companies, resulting in a much-improved public image.

However, disclosures concerning community, customer and supplier practices had no association with firm value at significant level. Descriptive statistics from table 2 suggest that firms provided little information regarding to their accountability with customers and suppliers. Accordingly, hardly any connections were discovered. Regarding community responsibilities, although this kind of information was popularly disclosed, such activities as charitable donations or funding for contests indistinguishably occurred among firms, and did not seem to make any difference in comparison with other corporations. Furthermore, disclosures were communicated through mediums including public banners or television advertisings that were seen as a component of advertising campaigns. Hence, it is possible that decision makers considered community disclosures to be trivial and hence do not appreciate companies with disclosures more than those without.

The results show that information about employee issues negatively correlated with firm value, which contradicted our expectation. It is possible that such employee disclosures are considered to be excessive operating expenses, compared to future benefits. Hence, they devalued firm value. However, we propose further researches to clarify this relationship.

Overall, our study affirms the positive relationship between environment disclosures and firm value in Vietnam. It can be seen as a positive sign for firms disclosing their socially responsible activities, especially when accounting requirements of environmental disclosures have not been mandated. The needs for relevant information provision may lead to relevant actions, and that would be a necessary step to the sustainable development for Vietnam in the long run.

6. Conclusion

Disclosure of Corporate Social Responsibility is an essential requirement for the international economic integration due to its benefits for society. In Vietnam, this issue is just the starting point but plays an important role for survival and success of corporations in the long run.

This empirical research analyzed data collected from annual reports of fifty listed companies in Vietnam from 2010 to 2013. The study found that Corporate Social Responsibility yearly disclosures correlated with firm value in the following year. Among disclosed Corporate Social Responsibility dimensions, only information on environmental practices was positively related to firm value.

Prior research showed that most managers and information users in Vietnam have modest awareness of Corporate Social Responsibility. Therefore, actions of government agencies as well as researchers to raise public consciousness about Corporate Social Responsibility are necessary. Establishing conferences, which bring together large international and domestic firms for sharing experiences about Corporate Social Responsibility, is an example. Also, government agencies can develop and implement communication and education strategies to increase consumer awareness of Corporate Social Responsibility. In addition, Corporate

Social Responsibility concepts and related issues should be taken into syllabi in universities. These actions can spur firms to carry out Corporate Social Responsibility activities and disclose Corporate Social Responsibility information, improving the firm's competitive capacity in the global economy.

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