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Ownership Structure and Corporate Social Responsibility: Evidence from Vietnam

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Abstract

The purpose of this article is to examine the influence of ownership structure on corporate social responsibility (CSR) disclosure in Vietnamese companies. This study used the FGLS and PCSE methods on a sample collected from 87 enterprises in the consumer goods industry published on the Vietnamese Stock Exchange over 3 years from 2017 to 2019. CSR Score was rated based on a KLD scale. Findings reveal an unexpected negative link between Government Ownership and CSR Score, while Foreign Ownership shows a positive association, contradicting assumptions. Family Ownership exhibits a negative relationship, signaling potential CSR implementation challenges in family-owned firms. The study contributes to the literature by exploring ownership types and CSR in emerging markets, emphasizing the need for tailored corporate governance mechanisms. Practical implications implore policymakers and business leaders to adapt appropriate corporate governance to specific ownership dynamics, fostering CSR integration into sustainable practices.

Keywords: corporate governance, ownership structure, CSR, Vietnam.

1. Introduction

Corporate social responsibility (CSR) is a prominent concept that has gained popularity in developing countries in recent decades (Lin & Nguyen, 2022; Sahasranamam et al., 2020). This attention is due to the loss of trust in corporate behavior revealed during the financial crisis and the expectation that companies will restore the confidence of investors and stakeholders with their commitments toward ethical behaviors, increased transparency, accountability to society (Kim et al., 2018), and enhanced financial performance (Lin & Nguyen, 2022). CSR encompasses both explicit activities and implicit practices that firms voluntarily undertake to address social problems beyond their economic and legal obligations (Matten & Moon, 2008). However, CSR remains a complex and contested concept that lacks a universally accepted definition (Scherer & Palazzo, 2007; Wood, 2010). This lack of consensus has led to variations in CSR implementation across businesses (Van Marrewijk, 2003).

Given the diverse institutional pressures in emerging markets, which can shape public expectations of the scope, scale, and beneficiaries of CSR strategies (Marano & Kostova, 2016), several scholars have drawn on institutional perspectives to better understand how emerging market firms use CSR to gain legitimacy with regulators and other stakeholders (Jamali & Karam, 2018; Jamali et al., 2017). Other research has found that organizations within the same institutional context may exhibit diverse CSR practices in response to institutional pressures due to differences in organizational characteristics such as ownership structure (Goodrick & Salancik, 1996).

Investors often consider many aspects when investing in a company, and CSR is one of the concerns. Because CSR demonstrates a company's level of concern for society, investors also tend to invest in companies that care more about CSR (Nofsinger et al., 2019). Therefore, companies with high levels of CSR disclosure have several long-term and reputational advantages (Andayani, 2021; Nugraheni et al., 2022). As a result, CSR has been used as a business strategy to attract investors.

Despite growing interest in CSR since the 1950s, its implementation remains largely academically unexplored. As CSR continues to establish a fiercer position in organizational strategies, understanding its application is crucial for both literature and practice (Fatima & Elbanna, 2023). Furthermore, research on the impact of ownership structure on CSR has focused on firms in developed markets, but there is a paucity of research on how ownership in emerging market firms influences CSR (Sahasranamam et al., 2020). Considering the Vietnamese environment, this study will provide empirical evidence on the relationship between ownership structure and CSR in a developing country. This contributes to the existing literature on CSR and Ownership Structure with Vietnamese characteristics and expands the empirical literature on the impact of their relationship in emerging economies.

2. Theoretical Framework and Hypothesis Development

2.1 Agency Theory

Agency theory models the relationship between the principal and the agent. Jensen and Meckling (1976, p. 5) defined an agency relationship as "a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent." In the context of the firm, the agent (manager) acts on behalf of the principal (shareholder), leading to agency problems (Eisenhardt, 1989; Jensen & Meckling, 1976).

A divergence arises between the actual decisions made by agents and the decisions that would maximize the principal's benefits because, when making a decision, agents would also like to maximize their own self-interests (Soudry, 2007). The traditional principal-agent conflict between owners (principals) and managers (agents) is prevalent in developed countries where separation in ownership and control exists (Young et al., 2008). However, in emerging countries where concentrated ownership is predominant, conflicts between controlling shareholders and minority shareholders arise, leading to the principal–principal conflict perspective in agency theory (Young et al., 2008). In the situation of state capital firms, this is the conflict between the government as a controlling shareholder and citizens as minority shareholders (Peng et al., 2016).

2.2 Ownership Structure

Ownership structure is a mechanism to reduce agency costs (Panda & Leepsa, 2017). Ownership structures are central unique features of financial systems (Moerland, 1995). Distribution of stock among shareholders has a significant impact on corporate actions, such as majority control, and gives the larger shareholders considerable power over key decisions (Stiglbauer, 2011). Therefore, ownership structure has received attention in the corporate governance literature with studies of different ownership types in many countries.

Studies on the relationship between ownership structure and firm performance have grown in recent years due to inconsistencies found in the literature (Hu & Izumida, 2008; Paniagua et al., 2018). The trend toward further research on this topic stems from the argument that ownership structure could be easily compared across countries. However, corporate governance differs considerably at the company-concentrating ownership levels, and future research should be conducted based on corporate-specific ownership structures to better understand the implications and consequences (Aguilera & Crespi-Cladera, 2016). Furthermore, despite agency theory and agency issues having been discussed by many authors, there are still certain gaps in the agency principal–principal problem in literature (Panda & Leepsa, 2017); principal–principal conflict is also an issue in state ownership literature (Peng et al., 2016).

2.3 CSR

Freeman (1984) argued that managers need to satisfy many different related parties who can affect the business results. In this view, managers participating in CSR activities could help create certain benefits that non-financial stakeholders consider important. Enterprises are also implementing CSR because of consumers' concerns about environmentally friendly products and services (Klassen & McLaughlin, 1996; Van Beurden & Gössling, 2008).

There have been many studies on CSR, but there is no consistent or accurate definition of it (Wood, 2010). Carroll's (1979) definition of CSR is well-known and highly appreciated by other researchers. This is considered a clear and distinguished concept in which CSR is a system of responsible activities of enterprises through the four aspects of profitability, legal, ethical, and charity responsibilities of enterprises (Chen et al., 2012; Wood, 2010).

2.4 Ownership Structure and CSR

Studies show that conflicts of principle between controlling shareholders and minority shareholders are more common in emerging markets due to weak formal protection of shareholder rights (Dharwadkar et al., 2000; Young et al., 2008). Consequently, corporate governance scholars are increasingly interested in investigating the effectiveness of different ownership structures in emerging market firms operating in environments with a weak institutional legal framework (Aguilera et al., 2008; Sahasranamam et al., 2020; Singla et al., 2017).

Ownership structure plays an important role in influencing CSR performance. Dakhli (2021) studied French listed companies over the period 2007–2018 and found that while organizational ownership has a positive impact on CSR participation, management ownership has a negative impact. Lin and Nguyen (2022) found that managerial ownership and foreign ownership are positively related to CSR performance. Nugraheni et al. (2022) noted that institutional ownership positively influences CSR disclosure, while management, foreign, and public ownership have no impact. Abeysekera and Fernando (2020) found that family firms prioritize shareholder interests over societal interests in environmental investments, in which the lack of diversification by controlling families incentivizes the financial interest of all shareholders. Additionally, Nguyen and Appiah (2022) proposed that state-owned enterprises (SOEs) and multinational enterprises (MNEs) pursue different CSR strategies, with multinational enterprises performing better in emerging markets.

2.4.1 Government Ownership and CSR

The state sector still has an important role in many economies, including the most important position (Milhaupt & Pargendler, 2017; Xie & Redding, 2018). Most State-Owned Enterprises (SOEs) pursue multiple—and conflicting—objectives (Chen, 2014; Nurgozhayeva, 2017; Wong, 2004). They are expected to pursue profits but have to guarantee social responsibilities (Chen, 2014; Nurgozhayeva, 2017; Wong, 2004). Multiple objectives have arisen because they are mandated by legislation, and different ministries might have influence on SOEs simultaneously (Wong, 2004).

The ultimate owners of SOEs are the public; hence, it is mandated for SOEs to take responsibility for all stakeholders' interests in society, and the disclosure of social activities is necessary for their legitimacy (Ghazali, 2010). The state, in the name of public interest, can put pressure on company management to carry out more social activities and, thus, more proactive CSR in SOEs (Calza et al., 2016). It can be argued that SOEs would engage more in social activities as they are considered role models for the whole society (Lau et al., 2016).

Garanina (2023) studied Russian firms and found that market players appreciated the participation of SOEs in CSR activities and placed greater expectations on the responsibility of these companies on social events. Huang et al. (2023) found that Chinese SOEs' CSR disclosure increased investment efficiency. However, Garanina and Kim (2023) discovered that state ownership has a significantly negative impact on CSR disclosure. Although existing empirical studies show mixed results on the association between government ownership and CSR performance, empirical evidence shows that companies with government ownership are more likely to engage in CSR activities due to their specific nature or different legal requirements (Garanina, 2023; Huang et al., 2023). There might be a positive association between government ownership due to the fact that SOEs are often monitored by many stakeholders and because SOEs pursue different social goals. The Vietnamese government often wants SOEs to participate in solving existing social problems, so SOEs are still considered social organizations rather than for-profit economic organizations. These SOEs lead to better alignment between government ownership and social and environmental goals. As a result, the following hypothesis is proposed:

H_1: Government ownership is positively associated with CSR Score.

2.4.2 Foreign Ownership and CSR

The flows of foreign investment are important sources of finance for developing countries' corporations. Foreign investment brings governance qualities from developed countries to developing countries' companies, including participation in social activities (Oh et al., 2011). Chapple and Moon (2005) found that globalization enhances the CSR engagement of companies in Asian countries. It can be argued that high foreign ownership may force company management to participate more in social activities, especially when foreign shareholders are familiar with and regularly participate in social activities in their home countries (Oh et al., 2011). In addition, foreign investors often invest in local companies with a long-term vision; therefore, they value CSR activities as a measure to protect the long-term survival of the company (Al-Gamrh et al., 2020). Foreign investors also face larger information asymmetry due to different laws and regulations. Companies can try to mitigate these risks by enhancing their reputation through increased social responsibility by increasing their CSR activities (Kabir & Thai, 2021). Finally, foreign shareholders are familiar with mechanisms to monitor management decisions to reduce agency costs and improve firm performance. Therefore, they often urge corporations to pay more attention to CSR activities (Lin & Nguyen, 2022).

Das et al.'s (2023) study of the Bangladesh market examines how different types of ownership, in particular director ownership, institutional ownership, and foreign ownership, affect the sustainability reporting of the company. The study found that foreign ownership significantly impacts the publication of sustainability reports in Bangladesh. Lin and Nguyen (2022) also found a positive relationship between foreign ownership and CSR performance. Therefore, according to theoretical arguments about the role of foreign ownership in enhancing CSR outcomes in firms and along with empirical findings demonstrating the existence of a positive relationship between them, the following hypothesis is proposed:

H_2: Foreign ownership is positively associated with CSR Score.

2.4.3 Family Ownership and CSR

Family ownership is popular around the world (Schickinger et al., 2018). Claessens and Fan (2002) argued that family ownership has a dominant role in Asia, as the concentration of ownership in the hands of the family would lower transaction costs among family members. Additionally, the problem of information asymmetry between insiders and outsiders could be reduced in the family model. Because of high ownership and low diversification, company performance is of particular importance to family owners because their wealth is closely tied to the company's performance. Simultaneously, family owners expect to benefit from many non-economic benefits associated with their company (Abeysekera & Fernando, 2020). As a result, family owners participate in CSR activities to maximize their wealth (Abeysekera & Fernando, 2020; Su et al., 2022).

Many scholars have found a positive relationship between family firm ownership and CSR activities (Kim et al., 2020; Su et al., 2022). Abeysekera and Fernando (2020) found that family firms are more responsible to shareholders in CSR. Block and Wagner (2014) showed that family ownership is positively associated with multiple aspects of CSR. Aragon-Amonarriz and Iturrioz (2020) confirmed the positive relationship between family ownership and CSR in SMEs. Sahasranamam et al. (2020) found that family ownership is beneficial for community-related CSR. In addition to general family ownership, Zeng (2021) also found that family firms with the second largest shareholders were also involved in more CSR activities.

Although there is an argument that family owners might use their dominant voting power to distract resources from CSR activities from other shareholders, family owners may find it more effective to pursue CSR activities in a more direct way through their family foundations (Abeysekera & Fernando, 2020). This follows with theoretical arguments for a positive relationship between family ownership and CSR performance in that family owners gain benefits from participating in social activities. Along with the empirical findings, the resulting hypothesis is proposed:

H_3: Family ownership is positively associated with CSR Score.

3. Data And Methodology

3.1 Data

Data for the variables was collected from firms listed on the Ho Chi Minh Stock Exchange (HOSE) and Hanoi Stock Exchange (HNX). Information was collected from 87 enterprises in consumer goods industry groups published on the Vietnamese Stock Exchange over three years, 2017–2019. The CSR Score is rated based on a KLD scale in terms of community, diversity, employees, environment, and products (Di Giuli & Kostovetsky, 2014). In the strengths category, community, diversity, and employees all scored 6 points, while environment and products followed with scores of 5 and 4, respectively. The weaknesses show that environment leads with a score of 7, followed by employees and community with scores of 5 and 4, respectively, while diversity and products have less weakness with scores of 2 and 4, respectively (refer to Appendix). Companies in this industry were selected for the study because of their operating and financial characteristics. Specifically, companies in this industry often experience large fluctuations in accounts receivable, which can significantly impact their financial performance and strategic decisions, including CSR decisions. Furthermore, companies in this industry are known to engage in various social activities to develop and maintain relationships with their stakeholders, as these relationships can influence their reputation and long-term success (Triliawati, 2020). This makes the consumer goods industry suitable for studying CSR activities. In 2020 and 2021, Vietnam was heavily affected by the COVID-19 pandemic, with strong social distancing measures seriously affecting business operations. The lockdown forced organizations to change their focus on the solvency and liquidity of the organization instead of focusing on the CSR agenda. Therefore, CSR activities were also significantly affected in these years; hence, the samples after 2019 were excluded to correctly reflect the usual CSR activities.

Data was collected based on two main sources: 1) financial statements published on the website of business and data sources from the FiinPro data system, and 2) the reputational websites of CafeF and Vietstock. These are data sources used to calculate dependent variables and control variables.

3.2 Model and Variables

To investigate the relationship between ownership structure and the level of CSR disclosure, this study uses an estimated model inherited from studies, e.g., Oh et al. (2011), Shasranamam et al. (2020), Abeysekera and Fernando (2020), and Lin and Nguyen (2022), as follows:

$$\boldsymbol{CSR\ Score_{i,t}} = \beta_0 + \beta_1 Government\ Ownership_{i,t} + \beta_2 Foreign\ Ownership_{i,t} + \beta_3 Family\ Ownership_{i,t} + \beta_4 ROA_{i,t} + \beta_5 Leverage_{i,t} + \beta_6 Market\ to\ Book_{i,t} + \beta_7 Firm\ Size_{i,t} + \beta_8 Firm\ Age_{i,t} + \varepsilon_{i,t} \quad (1)$$

where $CSR\ Score_{i,t}$ is the dependent variable representing CSR disclosure of firm *i* in year *t*, β_0 is an intercept, and $\varepsilon_{i,t}$ is the error term. β is the coefficient of the relationship between independent variables of the ownership structure and control variables. The sign of this coefficient would be used to test the research hypotheses.

Table 1: Variables and definitions

Variable Name	**Definition**
Independent Variables	
Government Ownership	The percentage of company shares owned by government (exclude SCIC).
Foreign Ownership	The percentage of shares owned by foreign investors.
Family Ownership	The percentage of company shares owned by a family. To be considered a Family firm, an individual or a family must be the largest shareholder and hold at least 20% of ultimate voting rights (La Porta et al., 1999).
Control Variables	
Leverage	Ratio of debt to net assets.
Market to Book	The book value of assets, less the book value of equity, plus the market value of equity, divided by Net Assets.
Firm Size	The natural logarithm of total assets.
Firm Age	The year since the establishment.
Year	Dummy variable for year.
Dependent Variable	
CSR Score	CSR Score is measured by CSR implementation via KLD scale based on five main items, i.e., community, diversity, employees, environment, and products. There are 49 questions to score CSR adopted from Di Giuli and Kostovetsky (2014), with 27 questions about strengths and 22 questions about weaknesses. Satisfying strength questions add 1 point and deduct 1 point for answers satisfying weakness. The final score for each firm is manually evaluated by the authors with Cross Check methodology. The CSR_SCORE rate shows that the enterprise has disclosed information about the implementation of CSR activities based on the items of the KLD scale.

Note: Author compiled. In our research model, year dummies are included to capture macroeconomic and time trend effects.

3.3 Methodology

The model is estimated by Feasible Generalized Least Square (FGLS), and Panel-Corrected Standard Error (PCSE) regression techniques are used to test the hypotheses. FGLS is more suitable for panel data and has more advantages than pool OLS, especially in the case of the presence of heteroskedasticity, serial correlation, or non-zero covariance. However, FGLS assumes that the error process is known but not estimated and could lead to extreme overconfidence or underestimating variability. As a result, time-series cross-section data should be used for the lagged dependent variable or to transform the data to eliminate serial correlation of the errors using PCSE. Before regression, correlation analysis is conducted to ensure non-multicollinearity between the variables used in the model. If there is multicollinearity between independent variables, regression analysis can have severe effects on the estimated parameters and on the estimation techniques. The endogeneity problem of ownership and performance could be solved by using panel data, while Gugler and Weigan (2003) found that large shareholders are exogenous to performance.

4. Results and Discussion

4.1 Data Description

Table 2: Descriptive statistics of observed variables

Stats	N	Mean	Median	Min	Max	Standard Deviation
CSR Score	256	4.582	3	0	15	3.641
Government Ownership	264	0.108	0	0	0.810	0.200
Foreign Ownership	264	0.141	0.08	0	0.643	0.161
Family Ownership	264	0.126	0	0	0.770	0.181

Descriptive statistics of observed variables provide an overview of aspects related to CSR and ownership structure in the Vietnamese business context. The CSR Score, with a mean of 4.582 and standard deviation of 3.641, shows a remarkable degree of variation across sampled companies, from a minimum score of 0 to a maximum score of 15. This difference shows the diverse landscape of CSR activities in Vietnam, with some companies demonstrating greater social responsibility than others. When considering ownership structure, the average values of Government Ownership (10.8%), Foreign Ownership (14.1%), and Family Ownership (12.6%) indicate a relatively low ownership concentration in the sample. The standard deviations are 0.529, 0.161, and 0.181 for Government, Foreign, and Family Ownership, respectively, indicating different levels of ownership concentration in Vietnamese companies. Notably, the maximum value of Government Ownership reaches 81%, indicating the presence of the dominant role of the state in some companies. Together, these findings highlight the diverse nature of CSR activities and ownership structures across Vietnamese firms, emphasizing the need for a deep understanding of these dynamics in the context of sustainable business practices.

Table 3: Independent and control variables correlation matrix

	Government Ownership	Foreign Ownership	Family Ownership	Leverage	M/B	Firm Size	Firm Age
Government Ownership	1						
Foreign Ownership	0.0294	1					
Family Ownership	-0.363***	-0.144*	1				
Leverage	-0.0664	-0.0991	0.0920	1			
M/B	-0.0260	0.00316	-0.0520	0.0392	1		
Firm Size	-0.168**	0.363***	0.121	0.381***	0.0170	1	
Firm Age	0.169**	0.0831	-0.0335	0.0826	0.124*	0.127*	1

Note: ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively. The independent variables have low correlations. The pair correlation did not reach 0.8 and are still within an acceptable threshold (Gujarati, 1995).

4.2 Regression Analysis and Hypothesis Testing

The FGLS and PCSE are employed to test the hypotheses, and subsequently, Breusch-Pagan/Cook-Weisberg and Wooldridge tests denote the existence of heteroskedasticity and for autocorrelation in panel data. PCSE regression is used to fix the problems of heteroscedasticity and autocorrelation. The results are described in Table 4.

Table 4: Impacts of Ownership Structure on CSR Implementation

VARIABLES	FGLS CSR Score	**PCSE** CSR Score
Government Ownership	-1.158***	-1.668*
	(0.209)	(0.937)
Foreign Ownership	2.840***	4.428***
	(0.459)	(1.619)
Family Ownership	-3.313***	-3.511***
	(0.192)	(1.144)
Leverage	-1.286***	-0.773
	(0.201)	(1.036)
Market to Book	5.75e-05	-0.00308
	(0.000280)	(0.00273)
Firm Size	1.097***	1.040***
	(0.0212)	(0.169)
Firm Age	-0.0307***	-0.0409
	(0.0107)	(0.0440)
Year	Yes	Yes
Constant	-25.00***	-23.57***
	(0.594)	(4.290)
Observations	252	253
R-squared		0.299
Number of id	86	87

Note: Standard errors in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

The regression results presented in Table 4 reveal the noticeable impacts of ownership structure on CSR implementation, as assessed through both FGLS and PCSE methodologies. Notably, the coefficient estimates associated with Government Ownership expose a statistically significant negative influence on CSR Scores in both FGLS and PCSE models, suggesting that firms with higher levels of Government Ownership tend to exhibit diminished CSR implementation, contradictory to *H1*. This result is contrary to the arguments of this hypothesis originating from the nature of SOEs, as many different empirical studies (e.g., Milhaupt & Pargendler, 2017; Xie & Redding, 2018) have presented. Accordingly, SOEs are often tasked with pursuing conflicting goals, including profit and social responsibility, from the Government (Chen, 2014; Nurgozhayeva, 2017; Wong, 2004). This result is consistent with Garanina and Kim (2023), who noted a significant negative effect of state ownership on CSR information disclosure. One possible explanation for this negative association stems from the financial incentives of state-owned enterprises, which often receive government subsidies (Taussig et al., 2015). These subsidies can create a situation where there is less pressure on SOEs to optimize their performance, including their engagement in CSR activities. Government support may lead to the perception that SOEs have less incentive to allocate resources to CSR initiatives because of their reliance on subsidies instead of investors' capital. This result, however, is inconsistent with Garanina (2023) and Huang et al. (2023), where state ownership is associated with enhanced CSR disclosure.

Conversely, Foreign Ownership exhibits a significant positive relationship, with CSR Scores at the 1% level. This implies that businesses with increased Foreign Ownership are more likely to engage in comprehensive CSR practices. This result supports *H2*. Foreign investment is recognized as an important source of finance for companies in developing countries like Vietnam.

Foreign investors bring governance standards from developed countries, promoting greater participation in the social activities of domestic companies (Oh et al., 2011). As pointed out by Chapple and Moon (2005), foreign investors help increase CSR engagement in Asian countries. This result is consistent with the theory and experimental studies of Das et al. (2023), as well as Lin and Nguyen (2022), who found a significant impact of foreign ownership on sustainability reporting and a positive relationship between foreign ownership and CSR effectiveness.

Family Ownership displays a negative relationship with CSR scores, as indicated by the statistically significant coefficients in both FGLS and PCSE models at the 1% level, suggesting a potential obstacle to CSR implementation in family firms. This result contradicts *H3* and contrasts with arguments that because of high ownership and low diversification and because their wealth is closely tied to firm performance, family owners expect to enjoy many non-economic benefits associated with their companies and will engage in CSR activities to maximize their wealth (Abeysekera & Fernando, 2020; Su et al., 2022). The findings support the argument of Oh et al. (2011) that family-owned firms are less likely to engage in CSR activities because there are fewer conflicts of interest between parties in family-owned companies and because the interests of managers and stakeholders are often the same. Family business owners also do not favor CSR activities because of the uncertainty of these activities when assessing their value in the enterprise price (Oh et al., 2011). In addition, family firms tend to avoid risks related to CSR for the long-term benefit (Falck & Heblich, 2007). Moreover, family ownership is primarily motivated by personal interests instead of improving the broader society (Morck & Yeung, 2004). The result is inconsistent with Kim et al. (2020), Su et al. (2022), Abeysekera and Fernando (2020), Aragon-Amonarriz and Iturrioz

(2020), Sahasranamam et al. (2020), and Zeng (2021). This result is compatible with the results of Alsaadi (2022).

The control variable Firm Size shows a statistically significant positive relationship with CSR Scores. This result is consistent with the argument that large-sized companies are predicted to have high levels of CSR disclosure because they have a clearer vision, including social contribution. In addition, better performance allows them to engage in more CSR activities (Barnea & Rubin, 2010). Other control variables, such as Leverage, Market to Book ratio, and Firm Age, do not exhibit a significant relationship with CSR Scores.

These findings contribute to a deeper understanding of the different dynamics between ownership structure and CSR implementation, shedding light on the distinctive role of different types of ownership in shaping implementation practices of CSR in Vietnamese enterprises.

5. Conclusion

The research results provide significant insights into the complex relationship between Ownership Structure and the implementation of CSR. Contrary to expectations, the findings show a statistically significant negative effect of Government Ownership. This unexpected result challenges common arguments stemming from the nature of SOEs, which often grapple with conflicting goals of profit and social responsibility and, therefore, force SOEs to participate more in social activities. This negative association is consistent with Garanina and Kim (2023), which shows a consistent impact of state ownership on CSR information disclosure. A plausible explanation for this negative association lies in the possibility that state-owned enterprises are less pressured by receiving subsidies from the government (Taussig et al., 2015) and, thus, reduce the pressure on them to optimize performance, including participating in CSR activities.

In contrast, Foreign Ownership exhibits a strong positive relationship with CSR Score. This finding is consistent with the notion that foreign investors adopt governance standards from developed countries, promoting greater CSR engagement in domestic companies (Oh et al., 2011). The observed positive association is consistent with theoretical and empirical studies, emphasizing the role of foreign ownership in enhancing sustainability reporting and overall CSR performance.

Family ownership, in contrast, exhibits a negative relationship with CSR Score, suggesting a potential obstacle to CSR implementation in family-owned firms. This result differs from arguments asserting that family owners, due to their close relationship with firm performance, engage in CSR activities to maximize wealth. The negative association is consistent with the view that family firms may avoid CSR activities to minimize risk and uncertainty, focusing on personal gain rather than improving broader society (Falck & Heblich, 2007; Morck & Yeung, 2004; Oh et al., 2011).

This study contributes significantly to the theoretical basis of the relationship between ownership structure and CSR activities, especially in the context of emerging markets characterized by weak institutional legal frameworks. While existing research has highlighted the prevalence of shareholder conflict in such environments, this study extends this argument by providing views on the complex dynamics between ownership structure and CSR implementation in Vietnamese businesses. The unexpected negative association between Government Ownership and CSR Score represents a significantly different viewpoint from traditional theoretical perspectives. Furthermore, the observed positive relationship between Foreign Ownership and CSR Score is consistent with the broader literature on positive impacts in developing countries, emphasizing the role of the transfer of corporate governance standards across countries. The negative association between Family Ownership and CSR Score, contrary to prevailing arguments and research findings, highlights the need for a deeper understanding of family dynamics in the field of CSR. These findings contribute to existing research that sheds light on the complex interactions between ownership structures and CSR practices in emerging markets within the context of Vietnam.

Based on the above results, some practical implications might be proposed. First, for businesses with a significant level of Government Ownership, recognizing the potential impact that may hinder the implementation of CSR, policymakers and business leaders must consider improving incentive structures and corporate governance mechanisms. This could involve reviewing subsidy frameworks to ensure they do not demotivate CSR engagement and suggesting possibilities for policy adjustments to SOEs with more rigorous ones, including suggestions for the social goals they are required to fulfill. Second, CSR activities can be promoted by encouraging an increase in foreign ownership in businesses to take advantage of the experience of foreign investors, as well as promoting cross-border cooperation and knowledge transfer between domestic and foreign businesses. Policymakers can strengthen initiatives that facilitate the transfer of corporate governance standards and best practices from developed countries to domestic organizations to improve the operational efficiency of CSR activities. Finally, for family firms, a reassessment of internal dynamics and risk perceptions is required for them. Family-owned businesses are encouraged to take a long-term view and consider CSR as a path to sustainable growth, which can drive a more positive impact.

Although this study contributes valuable insights into the relationship between ownership structure and CSR activities in Vietnamese enterprises, it still has some limitations. Research based on the specific context of Vietnam may potentially generalize the results to other cultural and institutional contexts. Additionally, the relatively modest sample size may limit the ability to draw broad conclusions. Future research efforts could consider expanding the geographic scope to include diverse emerging markets, allowing for a more comprehensive understanding of the contextual factors that influence ownership structure and CSR practices. Furthermore, a larger and more diverse sample size would enhance the robustness and external validity of the study's findings. Addressing these limitations and exploring proposed directions for future research will contribute to a more comprehensive understanding of the interaction between ownership structure and CSR implementation.

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Appendix

CSR score evaluation scale in KLD perspective in Vietnamese companies

Variables	Description	Formula	Data Source
Community	Strengths: • Charitable Giving • Innovative Giving • Support for Housing • Support for Education • Non-US Charitable Giving • Other Strengths Concerns: • Investment Controversies • Negative Economic Impact • Tax Disputes • Community Other Concerns	COM_STR_A + COM_STR_B + COM_STR_C + COM_STR_D + COM_STR_F + COM_STR_X COM_CON_A+ COM_CON_B+ COM_CON_D+ COM_CON_X	MSCI ESG KLD
Diversity	Strengths: • Promotion • Work-Life Benefits • Women and Minority Contracting • Employment of the Disabled • Gay and Lesbian Policies • Diversity Other Strength Concerns: • Controversies • Diversity Other Concerns	DIV_STR_B + DIV_STR_D + DIV_STR_E + DIV_STR_F + DIV_STR_G + DIV_STR_X DIV_CON_A + DIV_CON_X	MSCI ESG KLD
Employee Relations	Strengths: • Union Relations • Cash Profit Sharing • Employee Involvement • Retirement Benefits Strength • Health and Safety Strength • Employee Strengths - Other Strengths Concerns: • Union Relations • Health and Safety Concern • Workforce Reductions • Retirement Benefits Concern	EMP_STR_A + EMP_STR_C + EMP_STR_D + EMP_STR_F + EMP_STR_G + EMP_STR_X EMP_CON_A+ EMP_CON_B + EMP_CON_C + EMP_CON_D+ EMP_CON_X	MSCI ESG KLD

	• Emp. Relations Other Concerns		
Environment	Strengths: • Beneficial Products and Services • Pollution Prevention • Recycling • Clean Energy • Environment Other Strength Concerns: • Hazardous Waste • Regulatory Problems • Ozone Depleting Chemicals • Substantial Emissions • Agriculture Chemicals • Climate Change • Environment Other Concerns	ENV_STR_A + ENV_STR_B + ENV_STR_C + ENV_STR_D + ENV_STR_X ENV_CON_A+ ENV_CON_B + ENV_CON_C + ENV_CON_D+ ENV_CON_E + ENV_CON_F + ENV_CON_X	MSCI ESG KLD
Product Quality	Strengths: • Quality • R+D-Innovation • Benefits to Economically Disadvantaged • Product Other Strengths Concerns: • Product Safety • Marketing-Contracting Concern • Antitrust • Product Other Concerns	PRO_STR_A + PRO_STR_B + PRO_STR_C + PRO_STR_X PRO_CON_A + PRO_CON_D + PRO_CON_E + PRO_CON_X	MSCI ESG KLD