IMPACT FACTORS ON THE ADOPTION OF CORPORATE SOCIAL RESPONSIBILITY: EMPIRICAL EVIDENCE FROM AN EMERGING MARKET

Ngoc Hung Tran *

* Faculty of Accounting and Auditing, Industrial University of Ho Chi Minh City, Ho Chi Minh City, Vietnam
Contact details: Faculty of Accounting and Auditing, Industrial University of Ho Chi Minh City, 12 Nguyen Van Bao, Ward 4, Go Vap District, Ho Chi Minh City, Vietnam

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Abstract

The adoption of corporate social responsibility (CSR) practices has been recognized as a significant contributor to the success of companies. Companies that engage in CSR initiatives can achieve positive outcomes that align with economic, social, and environmental goals while maintaining a long-term perspective (Nimani et al., 2022). CSR has become an increasingly important issue for businesses in Vietnam, and several factors have been identified as significant predictors of CSR adoption by Vietnamese-listed enterprises. This study examines the impact of the size of the enterprise, corporate governance, owner structure, board gender diversity, business industry, innovation, and knowledge of environmental, social, and governance (ESG) issues on CSR adoption. The study finds that the size of the enterprise is positively related to CSR adoption. Additionally, corporate governance structures that prioritize stakeholder interests tend to promote greater CSR adoption, while a diverse ownership structure and a higher representation of women on corporate boards also positively influence. Companies in certain industries tend to adopt CSR more readily. Moreover, the study highlights the positive impact of innovation and knowledge of ESG issues on CSR practices. These findings provide valuable insights into the factors that contribute to CSR adoption and suggest that targeted interventions may be necessary to encourage more widespread adoption of CSR practices. Further research is needed to explore these factors in greater depth and to develop effective strategies for promoting CSR adoption in Vietnam.

Keywords: Corporate Social Responsibility (CSR), Impact Factors, Adoption, Emerging Market, Vietnamese-Listed Enterprises

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1. INTRODUCTION

Over the last two decades, there has been a significant increase in demand for information and transparency from institutions. This has been driven by a growing public awareness of social and environmental issues, as well as increased media scrutiny. As a result, institutions have increasingly made disclosures to demonstrate their corporate social responsibility (CSR) and to open up communication channels with stakeholders. There is now a widely held belief among researchers that socially responsible firms, which contribute to the community both ethically and economically, are more likely to enjoy better reputations and revenue than their competitors. However, according to Feldman et al. (2022), there has been limited attention given to the possible adverse impacts of CSR in previous research.

CSR is defined as an organization's contribution to the community in which it operates. However, there is no universally accepted definition of CSR, and its importance is influenced by the societal context in which it operates (Navickas et al., 2021). As such, the growing importance of CSR can be attributed to significant changes in the conditions in which the global community operates.

While there have been numerous studies on CSR reporting, research has highlighted the lack of attention given to CSR in developing countries, where it is often still voluntary (Ali et al., 2017; Azam et al., 2019). As a result, decision-makers are increasingly pressured to include CSR in their strategies due to increasing stakeholder demands for information on environmental matters.

Recent research has shifted focus from evaluating CSR disclosure to investigating the determinants of CSR adoption (Salehi et al., 2019). Firm characteristics such as size, age, management composition, and financial performance can impact the application of CSR (Činčalová & Hedija, 2020). This study aims to investigate the determinants of CSR adoption and explore the effects of corporate characteristics, corporate governance, and ownership on CSR adoption extent and quality.

Although Vietnam is a popular destination for multinational groups, limited research has been conducted on CSR adoption in the country. While some studies have examined the impact of corporate governance and profitability on CSR disclosure in Vietnamese commercial banks (Tran et al., 2020, 2021), there is a lack of research on CSR adoption in other sectors, such as fishing and aquaculture, and industry. This study seeks to contribute to our understanding of the factors that influence CSR adoption in Vietnam.

The following parts of the paper include four sections. Section 2 stands for the literature review and the hypotheses development. Section 3 describes the research method and methodology. Section 4 discuss the main findings and provide some discussions. Finally, Section 5 presents the concluding remarks.

2. LITERATURE REVIEW

2.1. Corporate social responsibility and related theories

In the realm of corporate accounting, the practice of disclosing CSR has assumed significant importance and has been approached through various theoretical frameworks. Scholars have drawn on political economy theory (Lim & Tsutsui, 2012), legitimacy theory (Alkayed & Omar, 2022), and stakeholder theory (Fox et al., 2020; Mahmud et al., 2021) to advance our understanding of CSR disclosure.

The study of CSR and its disclosure is grounded in political economy theory, which aims to comprehend the reasons behind corporate social activities. This theory proposes that the survival of an organization is reliant on societal support, and any negative perceptions regarding its activities can cause a loss of support and result in its downfall. As stated by Frynas and Stephens (2015), the political economy theory provides a strong foundation for explaining CSR disclosure practices by acknowledging the interplay of social, economic, and political factors and recognizing altruism as a legitimate and significant corporate motive. However, it has a limitation in ignoring internal or inter-organizational factors like managerial attitudes and knowledge, which also affect CSR disclosure. Present-day studies suggest that corporate governance, culture, media, and other corporate characteristics are crucial in comprehending CSR adoption and disclosure.

According to Jenkins (2004), legitimacy theory is the key explanation for firms' decisions to reveal their CSR activities. Given that large corporations can significantly impact the environment and communities, such information is vital for stakeholders and the general public. Nevertheless, managerial discretion often determines the disclosure of this information. Legitimacy theory argues that corporations have a social contract with the community and must fulfil it to legitimize their actions and operations. If managers fail to legitimize their actions and support these disclosures, they risk severe consequences from both interest groups, such as environmental activists, unions, community pressure, and government authorities (Crane & Glozer, 2016).

Boesso and Kumar (2007) note that legitimacy theory and stakeholder theory are closely interconnected. As stakeholder theory has gained popularity, it has led to greater expectations for demonstrating legitimacy since it recognizes that a company's actions have an impact on more than just its shareholders. According to Fox et al. (2020), top managers can strengthen their firm's relationships with stakeholders by building and preserving trust, integrity, honesty, and mutual cooperation during their engagements with stakeholders. Moreover, according to Mahmud et al. (2021), CSR serves as a tool to manage various stakeholders who grant companies the license to operate in society. Among these stakeholders, employees constitute the most significant internal group, while customers and the community make up two key external groups.

2.2. Corporate social responsibility adoption and enterprise size

According to Ho and Taylor (2007), there is evidence to suggest that larger companies experience significant economies of scale, resulting in lower costs of disclosure, and also receiving greater media attention, leading to increased disclosure at their meetings. Conversely, smaller firms may view enhanced reporting as potentially detrimental to their competitive position. The legitimacy theory argues that CSR adoption is influenced by a company's size, with Cormier et al. (2005) contending that larger firms are more visible and attract greater stakeholder interest, thereby facing greater pressure to disclose their CSR activities. Furthermore, Salehi et al.'s (2019) study on Tehran Stock Exchange firms between 2010 and 2015 found that there exists a direct association between the attributes of a company, such as its magnitude, financial leverage, profitability, length of operation, and the sector in which it operates, and the degree of disclosure concerning CSR. Činčalová and Hedija (2020) add that larger companies experience higher visibility in their community, necessitating greater CSR disclosure. As a result, the present study proposes the following hypotheses:

H1: The size of the enterprise positively impacts corporate social responsibility adoption.

2.3. Corporate social responsibility adoption and corporate governance

Corporate governance has emerged as a significant issue since the late twentieth century due to various corporate collapses and financial crises in the past decade. This has led to a rise in focus on corporate governance in both developed and developing countries. These collapses have underlined the need for greater accountability from the management and directors of companies, prompting governments and international organizations like the Organisation for Economic Co-operation and Development (OECD) to establish principles of corporate governance (Otman, 2021).

Corporate governance refers to a set of rules and principles that guide a company's actions, and it is essential for ensuring that the company's activities are legitimate and contribute to the creation of value for society and stakeholders across different countries. The framework involves the allocation of responsibilities to different stakeholders to ensure that there is accountability and transparency in decision-making and that the interests of stakeholders are taken into consideration (ElGammal et al., 2018). This definition highlights the management's responsibility for their organization, and the mechanism of corporate governance manages the interconnectivity of relationships both within and outside of the organization. CSR has emerged as a pivotal aspect of corporate governance and has now become a key item on the agenda of board members and chief executive officers (CEOs) (Gill, 2008). CSR has evolved into a crucial aspect of corporate governance, where social considerations are included in the decision-making process, while balancing the interests of stakeholders, including customers, employees, society, and shareholders. During the period of 2011–2015, Aliyu (2019) explored the correlation between corporate governance aspects, such as board size, board independence, and board meetings, and the implementation of CSR among Nigerian industrial firms. The research discovered notable affirmative associations amid board independence, board meetings, and CSR. As a result, the following hypotheses have been formulated:

H2: Corporate governance positively impacts corporate social responsibility adoption.

2.4. Corporate social responsibility adoption and owner structure

Considering the circumstances of CSR disclosure, according to Haniffa and Cooke (2005), the ownership structure of a company may result in a legitimacy gap, whereby a widely dispersed ownership structure can increase the possibility of opportunistic behaviour by managers and agency issues related to principles, as noted by Tagesson et al. (2013). Conversely, a concentrated ownership structure may lead to less accountability and reduce the drive to reveal data voluntarily (Naser et al., 2006). Therefore, suitable governance practices are necessary to influence a company's reaction to societal demands. Recently, Alshbili and Elamer (2020) researched the correlation between the disclosure of CSR and the structures of corporate governance and types of ownership in Libyan oil enterprises. Their findings indicated that external factors, including governmental and stakeholder pressures, play a crucial role in enhancing the firm's performance in terms of disclosing its CSR activities. Furthermore, findings suggest that Chinese institutional investors have a significant impact on motivating firms to enhance their CSR disclosure practices and augment the transparency of information. Based on these empirical findings, the following core hypotheses have been formulated:

H3: The owner structure positively impacts corporate social responsibility adoption.

2.5. Corporate social responsibility adoption and board gender diversity

The aim of analyzing the proportion of female board members is to explore the correlation between non-financial reporting and board gender diversity. Women tend to exhibit a greater sensitivity toward transparency of information, particularly with regard to sustainability, as demonstrated in studies by Baboukardos and Rimmel (2016), and Prado-Lorenzo and Garcia-Sanchez (2010). Moreover, the multi-dimensional nature of reporting and the interconnectedness of disclosed information necessitate the involvement of directors with diverse experiences. From another perspective, Marrone (2020) asserts that women possess superior board skills and contribute to the formation of alliances. Based on these arguments, the ensuing assumptions will undergo testing:

H4: The board's gender diversity positively impacts corporate social responsibility adoption.

2.6. Corporate social responsibility adoption and business industry

The industry variable encompasses the unique characteristics of a company, as it is assumed that firms operating in different sectors exhibit varying tendencies in their reporting of activities. Notably, the risks associated with industries such as services and manufacturing are distinct, as the latter's activities can have direct impacts on society and the environment, resulting in greater regulatory pressure from both government and stakeholders (Girella et al., 2019).

Social responsibility performance and the dissemination of information are closely connected to the corporate image (Prado-Lorenzo & Garcia-Sanchez, 2010). Consequently, a manufacturing company's reputation can act as an incentive for publicizing its CSR activities. The natural capital held by such companies plays a significant social role, as it showcases how the organization utilizes, depletes, and recycles the environmental resources essential for its fundamental activities. Consequently, it is anticipated that stakeholders will demand greater transparency, reduce agency costs, and consider competition within the sector. Thus, the study proposes the fifth hypothesis:

H5: The business industry positively impacts corporate social responsibility adoption.

2.7. Corporate social responsibility adoption and innovation

Companies globally are confronted with the pressing matter of balancing productive consumption with ecological preservation. In response to this problem, sustainable development has been identified as a viable approach, with goals centred around reducing emissions, and energy consumption, and increasing material recycling. In order to achieve these objectives, enterprises must apply green innovation at the organizational level. By doing so, they can not only meet increasingly strict environmental regulations but also improve efficiency and create new business opportunities, such as catering to environmentally conscious customers (Carayannis et al., 2015). Hence, a correlation exists between the implementation of CSR and innovation, which is favourable, and enterprises should integrate their sustainability objectives with their competitive advantages to effectively achieve their CSR and other goals through innovation.

According to a study by Zhang et al. (2020), which analyzed data from 340 Chinese companies, there is a positive correlation between environmental performance and green innovation. Similarly, in 2022, Dicuonzo et al. (2022) surveyed listed companies to examine the effect of eco-innovation on CSR practices and found a positive relationship between them. Based on these findings, they recommend that enterprises continuously increase their level of innovation to improve their CSR performance. As such, the following hypotheses have been developed:

H6: The innovation positively impacts corporate social responsibility adoption.

2.8. Corporate social responsibility adoption and knowledge of environmental, social, and governance

The disclosure of information to stakeholders in terms of its nature, timing, and extent is closely associated with strategic, operating, and management activities. High-quality CSR reporting helps organizations to decrease information asymmetry and enhance accountability for their CSR performance (Alrazi et al., 2015). However, a recent global survey conducted by PricewaterhouseCoopers (PwC) found that respondents expressed discomfort about environmental, social, and governance (ESG) regulations and standards, which emerged as one of the significant challenges hindering ESG reporting progress. Similarly, in Vietnam, 61% of the survey participants pointed out a lack of knowledge as a significant obstacle preventing them from committing to CSR (PwC, 2022). Thus, the seventh hypothesis can be formulated as follows:

H7: The knowledge of environmental, social, and governance positively impacts corporate social responsibility adoption.

3. METHODOLOGY

The current investigation explores the correlation between seven independent variables and the dependent variable of *CSR adoption (CSRA)* using the following model:

$$CSRA_i = \alpha + \beta_1 SIZE_i + \beta_2 GOVE_i + \beta_3 OWNE_i + \beta_4 GEND_i + \beta_5 INDU_i + \beta_6 INNO_i + \beta_7 KNOW_i + \varepsilon \quad (1)$$

where,

- the acronym $CSRA_i$ refers to the factors influencing CSR adoption, which include:
  - *CSRA1* — implementation of CSR disclosures;
  - *CSRA2* — making a commitment to CSR and developing a detailed plan;
  - *CSRA3* — being in the planning phase for the next 1–2 years;
  - *CSRA4* — lacking plans to make a commitment to CSR in the next 1–2 years;
- α — constant term;
- β_i — coefficient of variables;
- ε — residual.

The study incorporated seven independent variables, namely *SIZE, GOVE, OWNE, GEND, INDU, INNO*, and *KNOW*, representing the size of the enterprise, corporate governance, owner structure, board gender diversity, business industry, innovation, and knowledge of environmental, social, and governance issues. The study postulates that these variables are significantly related to the adoption of CSR practices among Vietnamese-listed enterprises.

The study employed several scales to measure the independent variables, which are detailed as follows:

1) *SIZE* — represents factors related to the size of the enterprise, including:
- *SIZE1* — number of employees;
- *SIZE2* — number of departments;
- *SIZE3* — number of branches;
- *SIZE4* — market share;
- *SIZE5* — ranking position in the market;
- *SIZE6* — total assets.

2) *GOVE* — represents factors related to corporate governance, which included:
- *GOVE1* — board size;
- *GOVE2* — family directors;
- *GOVE3* — foreign directors;
- *GOVE4* — non-executive directors;
- *GOVE5* — CEO duality.

3) *OWNE* — represents factors related to owner structure, including:
- *OWNE1* — government ownership;
- *OWNE2* — institutional ownership;
- *OWNE3* — family ownership;
- *OWNE4* — foreign ownership;
- *OWNE5* — individual ownership.

4) *GEND* — represents factors related to board gender diversity, including:
- *GEND1* — percentage of women owners;
- *GEND2* — percentage of women on boards;
- *GEND3* — percentage of women on C-suites;
- *GEND4* — percentage of women managers;
- *GEND5* — percentage of women heads.

5) *INDU* — represents factors related to the business industry, including:
- *INDU1* — industries that heavily rely on natural resources;
- *INDU2* — industries that have a significant impact on local communities;

– *INDU3* — industries that may face intense scrutiny regarding social and environmental practices;

– *INDU4* — industries that may face intense regulation regarding social and environmental practices;

– *INDU5* — the renewable energy industry.

6) *INNO* — represents factors related to innovation, including:

– *INNO1* — process innovation;

– *INNO2* — product innovation;

– *INNO3* — managerial innovation;

– *INNO4* — R&D expenditure;

– *INNO5* — number of patents.

7) *KNOW* — represents factors related to knowledge of ESG issues:

– *KNOW1* — boards' knowledge of ESG;

– *KNOW2* — owners' knowledge of ESG;

– *KNOW3* — C-suites' knowledge of ESG;

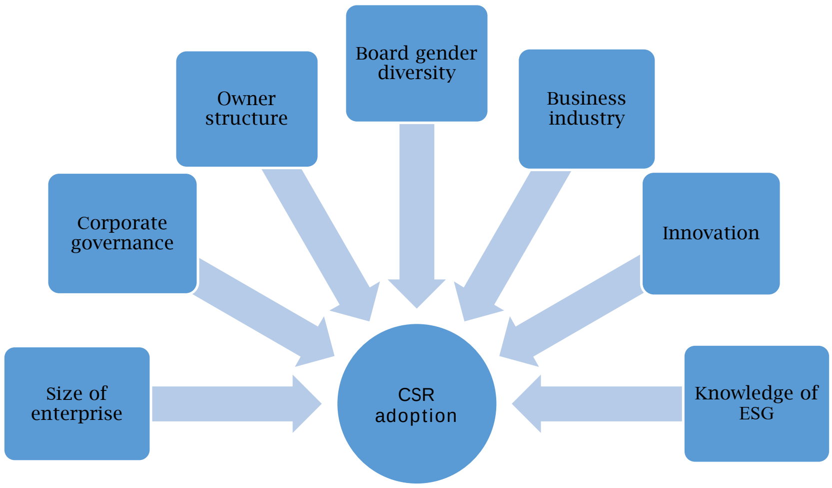
– *KNOW4* — managers' knowledge of ESG;

– *KNOW5* — knowledge of ESG among employees below managers.

According to Green's (1991), suggested formula for calculating the sample size (N) in multiple regression analysis, N should be greater than or equal to 50 plus 8p, where p represents the number of independent variables. Therefore, with seven independent variables in this study, the minimum required sample size was 106. To collect feedback from CEOs, chief financial officers (CFOs), chief accountants, and managers of other operational departments in Vietnamese listed enterprises, we distributed 500 questionnaires. Out of the 500 questionnaires distributed, 335 valid feedback responses were received, representing a response rate of 67%. All the questions in the questionnaire was designed using a 5-point Likert scale ranging from "Strongly disagree" to "Strongly agree". To check the research model, theoretical model, and hypothesis testing, we used the exploratory factor analysis (EFA) method with Statistical Package for the Social Sciences (SPSS 24.0) during the research process.

This research adopts an exploratory approach to examine the determinants of CSR adoption in Vietnamese-listed companies. A quantitative survey methodology was utilized to gather data, employing non-probability purposive and snowball sampling techniques.

Figure 1. Overview of the theoretical framework



Source: Author's synthesis of the theoretical overview by Fernandes and Barbosa (2022), and Salehi et al. (2019).

The survey questions were formulated using the existing literature and divided into three parts. The initial part of the questionnaire aimed to collect demographic information about the respondents, which included CEOs, CFOs, chief accountants, and managers of other operative departments. The second section collected data on the listed enterprises, followed by an area related to the impact of ESG pursuit. A preliminary version of the questionnaire was reviewed by various academics and professionals specializing in constructing questionnaires to assess the wording, content, question appropriateness, coverage of CSR adoption dimensions, simplicity, and presentation. After making the necessary adjustments, the survey was distributed to targeted respondents working in Vietnamese-listed enterprises. All items pertaining to the model constructs were assessed using a 5-point Likert scale, ranging from "Strongly disagree" to "Strongly agree".

4. RESULTS AND DISCUSSION

The utilization of SPSS 24.0 in the examination of exploratory factor analysis models yielded several research findings as follows.

Table 1. The outcomes of the assessment of reliability and validity

Name of scale	***Corrected item-total correlation***	***Cronbach's alpha (number of observed variables)***
Enterprise size (*SIZE*)	0.540–0.794	0.866 (06)
Corporate governance (*GOVE*)	0.585–0.742	0.855 (05)
Owner structure (*OWNE*)	0.374–0.507	0.694 (05)
Board gender diversity (*GEND*)	0.524–0.763	0.829 (05)
Business industry (*INDU*)	0.453–0.557	0.732 (05)
Innovation (*INNO*)	0.562–0.727	0.843 (05)
Knowledge of ESG (*KNOW*)	0.527–0.708	0.807 (05)
Corporate social responsibility adoption (*CSRA*)	0.616–0.722	0.833 (04)

Source: Author's elaboration using SPSS 24.0 software.

Table 1 presents Cronbach's alpha values for all variables, indicating that the quality of the measures is suitable for analysis, as all values exceed the threshold of 0.6. The scales consisted of 40 variables, comprising 36 independent variables and four dependent variables.

The outcomes of the assessment presented in Table 2 demonstrate that the Kaiser-Meyer-Olkin (KMO) value equals 0.775, indicating that 0.5 < KMO = 0.801 < 1. Additionally, the Bartlett test yielded a statistically significant p-value < 0.05. Thus, utilizing the EFA model to evaluate the scale values of the independent variables was deemed appropriate.

The analytical outcomes presented in Table 3 indicate that the observed variables explain 63.123% of the variance in the factors, surpassing the threshold of 50%. This indicates that the EFA model is appropriate, thereby validating the acceptance of the scale.

Table 2. KMO and Bartlett's Test

KMO measure of sampling adequacy		0.801
Bartlett's test of sphericity	Approx. Chi-square	498.842
	Df	6
	Sig.	0.000

Source: Author's elaboration using SPSS 24.0 software.

Table 3. Total variance explained

Component	*Initial eigenvalues*			*Extraction sums of squared loadings*			*Rotation sums of squared loadings*
	Total	*% of variance*	*Cumulative %*	*Total*	*% of variance*	*Cumulative %*	*Total*
1	4,686	13.015	13.015	4,686	13.015	13.015	3,333
2	4,208	11.688	24.703	4,208	11.688	24.703	3,288
3	3,209	8.915	33.618	3,209	8.915	33.618	3,156
4	2,924	8.123	41.742	2,924	8.123	41.742	3,152
5	2,397	6.657	48.399	2,397	6.657	48.399	2,937
6	2,058	5.718	54.117	2,058	5.718	54.117	2,545
7	1,772	4.921	59.038	1,772	4.921	59.038	2,322
8	1,471	4.085	63.123	1,471	4.085	63.123	1,992

Source: Author's elaboration using SPSS 24.0 software.

To ensure the reliability of the factors comprising the eight groups of independent variables, the researchers conducted a factor analysis test utilizing the 36 observed variables. The findings of this analysis are presented in Table 4.

Table 4. Matrix of rotational factors

	Component							
	1	***2***	***3***	***4***	***5***	***6***	***7***	***8***
SIZE1	0.828							
SIZE2	0.938							
SIZE3	0.780							
SIZE4								0.948
SIZE5	0.934							
SIZE6								0.950
GOVE1		0.723						
GOVE2		0.859						
GOVE3		0.842						
GOVE4		0.832						
GOVE5		0.704						
OWNE1							0.701	
OWNE2							0.677	
OWNE3							0.728	
OWNE4							0.638	
OWNE5							0.586	
GEND1			0.681					
GEND2			0.860					
GEND3			0.819					
GEND4			0.746					
GEND5			0.587					
INDU1						0.677		
INDU2						0.658		
INDU3						0.655		
INDU4						0.722		
INDU5						0.739		
INNO1				0.807				
INNO2				0.810				
INNO3				0.591				
INNO4				0.803				
INNO5				0.728				
KNOW1					0.829			
KNOW2					0.735			
KNOW3					0.738			
KNOW4					0.746			
KNOW5					0.680			

Source: Author's elaboration using SPSS 24.0 software.

The outcomes of the EFA performed on the independent variables of the rotation factor matrix (Table 4) demonstrate that all observed variables exhibit factor loadings surpassing the threshold of 0.5, indicating their statistical significance. The factor analysis consisted of five factors, which aligns with the initial hypothesis regarding the measurement variables corresponding to each factor.

Table 5. Summary of the regression model

Model	*R*	*R-square*	*Adjusted R-square*	*Std. error of the estimate*	*Change statistics*		
					R-square change	*F-change*	*Df.1*
1	0.826	0.683	0.675	0.56995685	0.683	87.771	8

Source: Author's elaboration using SPSS 24.0 software.

Table 5 reveals that the adjusted R^2 coefficient equals 67.5%, surpassing the threshold of 50%. Furthermore, the table of analysis of variance (ANOVA) (Table 6) indicates that the F-test yielded a statistically significant value for Sig. < 0.05. Thus, it can be inferred that the model is suitable, and the independent variables (*SIZE, GOVE, GEND, INNO, KNOW, INDU, OWNE*, and *SIZESUB*) account for 67.5% of the variability in the dependent variable (*CSRA*). The remaining 32.5% can be attributed to unaccounted factors in the model.

Table 6. ANOVA results

Model		*Sum of squares*	*Df*	*Mean square*	*F*	*Sig.*
1	Regression	228.099	8	28.512	87.771	0.000
	Residual	105.901	326	0.325		
	Total	334.000	334			

Source: Author's elaboration using SPSS 24.0 software.

Table 7. Regression weighting

Model		*Coefficients*				
		Unstandardized coefficients		*Standardized coefficients*	*t*	*Sig.*
		B	*Std. error*	*Beta*		
1	Constant	-1.455E-16	0.031		0.000	1.000
	REGR factor score 1 for analysis 1	0.393	0.031	0.393	12.610	0.000
	REGR factor score 2 for analysis 1	0.361	0.031	0.361	11.590	0.000
	REGR factor score 3 for analysis 1	0.294	0.031	0.294	9.440	0.000
	REGR factor score 4 for analysis 1	0.307	0.031	0.307	9.849	0.000
	REGR factor score 5 for analysis 1	0.260	0.031	0.260	8.337	0.000
	REGR factor score 6 for analysis 1	0.264	0.031	0.264	8.450	0.000
	REGR factor score 7 for analysis 1	0.167	0.031	0.167	5.345	0.000
	REGR factor score 8 for analysis 1	0.228	0.031	0.228	7.296	0.000

Source: Author's elaboration using SPSS 24.0 software.

Based on the outcomes presented in the regression weight table (Table 7), the regression equation can be deduced as follows:

$$CSRA = 0.393 * SIZE + 0.361 * GOVE + 0.294 * GEND + 0.307 * INNO + 0.260 * KNOW + 0.264 * INDU + 0.167 * OWNE + 0.228 * SIZESUB \quad (2)$$

The results above bear consequences. Firstly, the most crucial factor affecting *CSR adoption* in this study is the *size of the enterprise*. Studies indicate that corporations with larger sizes tend to adopt CSR practices more than those with smaller sizes. This may be because larger enterprises have more resources, both financial and human, to invest in CSR initiatives. Additionally, larger enterprises are often more visible in their respective industries and therefore may feel more pressure to embrace CSR practices to uphold a favourable image and compete with other businesses. This study result is consistent with prior research (Činčalová & Hedija, 2020; Salehi et al., 2019).

Secondly, the *corporate governance* factor is also crucial for *CSR adoption*. Effective governance mechanisms can ensure that CSR initiatives are aligned with the overall corporate strategy and that appropriate resources are allocated to support these initiatives. In this context, several governance factors have been recognized as key drivers of *CSR adoption* in the literature. One important governance factor is board size, which has been found to positively influence the adoption of CSR practices. A larger board can provide greater diversity of perspectives and expertise, facilitating the identification and implementation of socially responsible initiatives. Additionally, larger boards may be more inclined to prioritize CSR as a strategic objective, given the increased representation of stakeholder interests. Another key factor is the presence of non-executive directors, who can provide independent oversight and expertise in social and environmental issues. Non-executive directors have been found to play a critical role in promoting CSR practices, particularly in industries with significant social or environmental impacts. CEO duality, where the CEO also serves as the board chair, has been found to have a negative impact on *CSR adoption*. This is due to the potential for conflicts of interest between the CEO's role in driving financial performance and their role in promoting socially responsible behaviour. Finally, family ownership has been found to have mixed effects on *CSR adoption*. While family firms may be more likely to prioritize long-term social and environmental impacts, they may also be more resistant to external pressures for transparency and accountability. It supports the prior research of Alkayed and Omar (2022).

Thirdly, another factor mentioned here is *innovation*. *Innovation* has been identified as a key driver of CSR practices. Innovative firms tend to have a higher level of awareness of the impact of their operations on the environment and society and are more likely to adopt socially responsible practices as a result. This is because innovation is often accompanied by a shift towards sustainable practices, which can involve a greater focus on environmental concerns, such as reducing waste and emissions and promoting resource efficiency. Innovative firms also tend to be more responsive to changing market conditions and societal expectations, which can lead to a greater emphasis on ethical behaviour and CSR practices. In addition, innovation can enable firms to develop new products and services that address societal challenges, such as climate change or poverty. This can enhance their reputation and create new business opportunities. Furthermore, innovation can drive collaboration and partnerships with stakeholders, such as suppliers, customers, and non-governmental organizations, which can help firms to identify and address social and environmental concerns. It is consistent with prior research by Dicuonzo et al. (2022).

Fourthly, *board gender diversity* could influence *CSR adoption* practices in organizations. In general, the presence of women on boards of directors is considered an indication of effective governance and can lead to improved organizational performance. Specifically, board gender diversity can impact *CSR adoption* practices in several ways. First, women on boards may be more likely to prioritize issues related to social responsibility and sustainability. They may also bring a unique perspective to decision-making that takes into account the interests of multiple stakeholders, including employees, customers, and the wider community. Second, the presence of women on boards can also lead to more inclusive decision-making processes, which may in turn lead to the adoption of more socially responsible practices. Women on boards may be more likely to challenge traditional ways of thinking and encourage the consideration of diverse perspectives and experiences. Finally, board gender diversity can signal a company's commitment to promoting diversity and inclusion, which can enhance its reputation and appeal to socially conscious stakeholders. This can create a virtuous cycle in which the company's *CSR adoption* practices attract socially responsible investors, customers, and employees, further reinforcing the company's commitment to social responsibility (Alkayed & Omar, 2022).

Fifthly, the *business industry* in which a firm operates can have a significant impact on its *CSR adoption* practices. Understanding these industry-specific factors can help firms develop appropriate CSR strategies that are aligned with their business context and stakeholder expectations. Industries differ in terms of the social and environmental issues they face, as well as the level of stakeholder pressure they experience to address these issues. For instance, some industries, such as the energy and mining sectors, may face greater pressure to address environmental concerns due to the potential negative impact of their operations on the environment. Similarly, industries that rely heavily on natural resources, such as agriculture or forestry, may be expected to adopt sustainable practices to ensure the long-term viability of their operations.

Sixthly, the *knowledge of ESG* factors is a critical determinant of *CSR adoption* in Vietnamese-listed enterprises. Organizations with a comprehensive understanding of ESG are more likely to adopt CSR practices than those without this knowledge. The concept of ESG has become increasingly popular due to its relevance to sustainability, CSR, and the assessment of an organization's long-term value. Enterprises that prioritize ESG have been shown to be more successful in managing risks, enhancing stakeholder relationships, and improving their financial performance. A firm's understanding of ESG factors can influence its approach to CSR adoption. ESG knowledge can facilitate the identification of ESG issues and the creation of strategies to address them, thereby increasing the likelihood of CSR adoption. It can also support the development of effective monitoring and reporting mechanisms, which are essential for CSR implementation and evaluation (Alrazi et al., 2015).

Last but not least, the *ownership structure* of an enterprise can have an impact on *CSR adoption* practices. Different types of *ownership structures* may have distinct interests, priorities, and goals, which may affect the extent to which an enterprise engages in CSR activities. For instance, government-owned enterprises may have a greater emphasis on social responsibility, as they are subject to more public scrutiny and accountability. In contrast, family-owned enterprises may prioritize long-term sustainability and legacy over short-term financial performance. Institutional ownership may also influence *CSR adoption* practices, as institutional investors may increasingly focus on ESG factors and encourage companies to adopt CSR practices to reduce risks and enhance long-term value creation. Furthermore, foreign ownership may bring in different CSR practices from other countries and promote the adoption of international standards, while individual ownership may have a more personal motivation for engaging in CSR activities (Alkayed & Omar, 2022).

5. CONCLUSION

In conclusion, this study has shown that several factors influence the adoption of CSR by Vietnamese-listed enterprises. The size of the enterprise, corporate governance, owner structure, board gender diversity, business industry, innovation, and ESG issues have all been identified as significant predictors of CSR adoption.

Larger enterprises with more resources are more likely to adopt CSR practices, while corporate governance structures that prioritize stakeholder interests tend to promote greater CSR adoption. A diverse ownership structure and a higher representation of women on corporate boards also tend to positively influence CSR adoption. In addition, companies in certain industries, such as banking and finance, tend to adopt CSR more readily.

Innovation and knowledge of ESG issues have also been found to have a positive impact on CSR adoption, with companies that are more innovative and have greater knowledge of ESG issues being more likely to adopt CSR practices.

Overall, these findings suggest that multiple factors contribute to the adoption of CSR by Vietnamese listed enterprises and that a variety of strategies may be necessary to encourage more widespread adoption of these practices.

The results of this study contribute significant insights into the determinants of CSR implementation, indicating that tailored interventions may be required to foster more widespread adoption of CSR practices. This research is not an exception which contains limitations. The present investigation is circumscribed by specific limitations, namely the constraints of time and resources, which precluded an exhaustive examination of various factors that may influence the adoption of CSR. Further research endeavours should endeavour to explore additional factors that were not encompassed in the current study, including but not limited to governmental directives, customer demands, and related variables.

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