

## Research Article

# FACTORS AFFECTING THE APPLICATION OF SOCIAL RESPONSIBILITY OF AGRICULTURAL ENTERPRISES IN VIETNAM

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### ABSTRACT

Increasing quantity in parallel with increasing quality is the goal of the agricultural industry to meet market demand. In the context that Vietnam needs to strictly implement the commitments of the Free Trade Agreements, for Vietnam's agricultural products to be accepted in international markets, in addition to product quality, businesses need to strictly implement the criteria of social responsibility. On the other hand, domestic consumers are more and more interested in corporate social responsibility, therefore, the implementation of social responsibility is an urgent issue for Vietnamese businesses, especially agriculture businesses. The article focuses on analyzing the factors affecting the application of social responsibility of agricultural enterprises and some development solutions to promote the application of corporate social responsibility in Vietnam in the coming time.

**Keywords:** agricultural enterprises, agriculture, social responsibility, Vietnam.

### INTRODUCTION

The role of agriculture in socio-economic development is extremely important, Agricultural products are one of the essential commodities, related to and directly affecting life. In particular, in the context of the severe impacts of climate change and the global Covid-19 pandemic, the agricultural sector has once again proven its role when not only ensuring the security of food but also contributing to ensuring the balance of trade. The agricultural sector affirms the supporting role of the economy, becoming a dynamic and sustainable economic sector, deeply participating in world economic integration. However, agricultural business activities have caused serious environmental pollution, especially water and soil pollution, which have dangerous impacts on people's health and the quality of agricultural products. Therefore, agribusinesses need to pay great attention to raising awareness and implementing social responsibility in its full and true sense. The benefits of implementing social responsibility for businesses are very clear, especially the benefits of social responsibility when agricultural products are increasingly being exported to international markets. However, the implementation faces many obstacles, mainly due to the limitations of financial and technical resources to implement social responsibility standards. Therefore, in the past time, most agricultural enterprises in Vietnam have not been properly aware and have not voluntarily implemented content related to corporate social responsibility, especially social responsibility for the market, consumers, and environmental protection issues. Studying the factors affecting the application of social responsibility of agricultural enterprises in Vietnam to overcome obstacles to implementing corporate social responsibility is an urgent issue that needs to be researched.

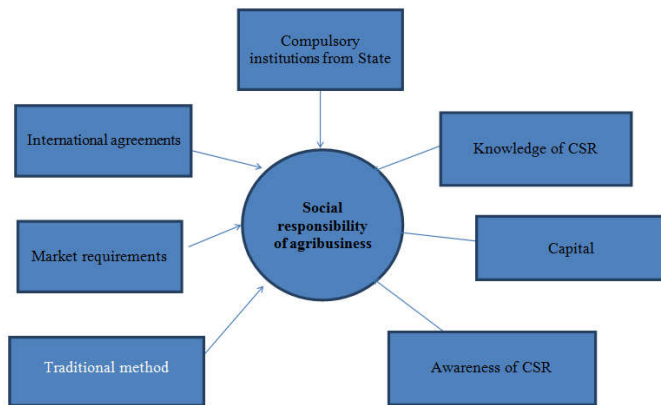
### THEORETICAL BASIS OF SOCIAL RESPONSIBILITY OF AGRICULTURAL ENTERPRISES

According to the European Commission: "CSR is the responsibility of

businesses for their impact on society". This is a simple and progressive new definition that provides a very modern understanding of corporate social responsibility. According to this concept, to be able to fully implement CSR, enterprises need to develop policies and governance processes to integrate social, environmental, human rights, and business ethics issues. At the same time, enterprises' and customers' concerns are incorporated into their core business and strategy activities in close cooperation with relevant partners. In other words, CSR is a systematic approach that integrates non-financial factors (environmental, social, and corporate governance) into decisions, production, and business activities which toward sustainable development rather than eroding or destroying the economy, society, people, and resources. According to the World Business Council on Sustainable Development: CSR is an ongoing commitment by businesses to behave ethically and contribute to economic development to improve the quality of life of the workforce and their families as well as the local community and society. According to ISO 26000 -CSR is an organization's willingness to take responsibility for the impact of its business activities and decisions on society and the environment. This implies both transparent and ethical behavior that contributes to sustainable development, including health and social welfare, considering stakeholder expectations, complying with applicable laws, and accordance with international standards of behavior. CSR is integrated into three areas: namely people (society), planet (environment), and profit (economic). Thus, the social responsibility of agricultural enterprises is understood as the commitment of enterprises to improve employees' quality of life, ensure customers' interests, protect the environment, and contribute to the sustainable development of the agricultural sector and socio-economic. CSR is considered as an important factor as other traditional factors such as cost, quality, and delivery in the business. CSR is integrated into the strategy of agricultural enterprises and becomes a mandatory condition for businesses to survive and develop. CSR can manifest in many different forms and contents, including economic responsibility, legal responsibility, environmental responsibility, ethical responsibility, and humanistic and charitable responsibility.

## Factors affecting the application of social responsibility of agricultural enterprises in Vietnam

Studying the factors affecting the application of social responsibility of Vietnamese agricultural enterprises, in addition to the influencing factors according to the research model of Yeh, Chen and Wo (2014) are compulsory institutions from State, Knowledge of CSR, Capital; The author proposes additional factors of market requirements, commitments to international agreements, traditional methods, and awareness of CSR. The model of factors affecting the application of social responsibility of agricultural enterprises is as follows:



Source: Yeh, Chen and Wo (2014)

**Figure 1: Factors affecting the application of social responsibility of agricultural enterprises**

### External factors

- The State's legal provisions on social responsibility: Agricultural enterprises carry out business activities such as investment in production and exploitation and processing of agricultural products. These business activities use natural resources (such as land, water resources, and air); human resources; capital resources (investment in the purchase of machinery, equipment, etc.). Therefore, agribusinesses need to fulfill responsibilities such as the scope of use and exploitation of resources, and the responsibility to regenerate resources to ensure sustainable development. On the other hand, agricultural and food consumption are two of the most important drivers of environmental pressures, especially in terms of habitat change, climate change, water use, and harmful emissions (International Resource Council under the United Nations Environment Program, 2010). Agricultural enterprises that increase productivity with genetically modified crops raise concerns about food safety; raise many questions about nutritional quality and potential health and economic impacts. The above issues are of concern to the Governments of all countries and require agricultural enterprises to comply with legal documents on social responsibility.
- Commitments to international agreements: The process of deep global integration makes the flow of goods, money, people, and technology strongly circulate across national borders. That puts some pressure on agribusinesses to apply social responsibility. Free trade agreements allow agricultural products to enter international markets but must meet strict requirements on rules of origin; regulations on food hygiene and safety and animal and plant quarantine; environment; Technological process. Implementing social responsibility to meet the above requirements is a "passport ticket" for businesses to bring agricultural products to the international market.

- Market requirements: Green consumption is becoming more and more familiar and becoming a shopping trend for consumers. In addition to the issue of price and product quality, consumers also require businesses to demonstrate social responsibility such as producing and supplying environmentally friendly products that do not pose risks to human health and do not threaten the functions or diversity of natural ecosystems. Therefore, applying social responsibility is an effective marketing measure of agribusiness to reach and retain consumers.

### Internal factors

- Capital: Traditional agriculture is causing many serious problems to the environment; agriculture contributes to climate change by anthropogenic emissions of greenhouse gases and the conversion of non-agricultural lands such as forests used for agriculture, and animal husbandry causing greenhouse effects and the proportion of metal in the world and infertile future land and wildlife movement. Therefore, agricultural enterprises need to actively transform their business activities into high-tech applications. Enterprises apply high technology to create agricultural products of high quality, productivity, value, and efficiency. High-tech enterprises apply environmentally friendly and energy-saving measures in the production and quality control of agricultural products up to Vietnamese standards, technical regulations, or international standards. However, to become a high-tech agricultural enterprise requires large investment capital, maintained for a long time, and the payback period is usually medium-term, thus creating great pressure for agricultural enterprises. Because of capital barriers, many agricultural enterprises, although aware of social responsibility and the benefits of social responsibility, have not yet applied it in business activities.
- Awareness of social responsibility: Awareness of social responsibility in agricultural enterprises is quite limited. For the sake of profit, many agricultural enterprises have deliberately ignored the negative impacts of the production process on the environment for a long time. Many agricultural enterprises, especially small and medium-sized enterprises in the agro-food processing industry, are still using outdated technology, have not treated wastewater or waste, or only treated it initially before discharge. to the environment. The phenomenon of abuse of chemical fertilizers, pesticides, and growth stimulants in the process of agricultural production is still quite common in agricultural production. In the past time, although there have been many violations causing environmental pollution by many enterprises, the local authorities have not taken strong enough measures to handle it, while the majority of enterprises find all ways to avoid social responsibility. Therefore, raising awareness of social responsibility is an effective measure to increase the application of social responsibility to agribusinesses.
- Knowledge of CRS: Currently, there are many sets of standards on social responsibility such as the United Nations Guidelines on Business and Human Rights, the ISO group of standards(ISO 14000, ISO 26000), SA 8000 on social responsibility, BSCI- Set of standards to assess compliance with social responsibility, United Nations Principles for Responsible Investment, National Standards for Social Responsibility (TCVN ISO 26000:2013, TCVN ISO 14001: 2015, TCVN ISO 9001:2015). While regulations on social responsibility have many different sets of standards, the implementation guidelines also have many differences according to each stage, territory, and object in agriculture. But businesses have not invested in training human resources on knowledge of implementing social responsibility. Therefore, increasing investment in training human resources on

CRS knowledge will promote the application of social responsibility of agricultural enterprises.

- Traditional method: Water sources infected with parasites due to poor management of wastes, livestock, and poultry manure... are factors that increase the incidence of diseases, especially skin diseases and gynecological diseases. Organic fertilizers that have not been composted and properly handled when used in agricultural production are harmful to the soil environment because the manure contains many bacteria and parasites such as helminths, worm eggs, and worms. bugs, germs, and other pathogens. Treating straw and stubble by burning causes waste of resources, the greenhouse effect, and causes air quality to be alarming. Traditional and outdated methods of production and processing in agriculture cause many environmental problems and waste of resources Therefore, eliminating polluting methods and replacing them with modern methods and scientific processes are factors that promote the application of social responsibility.

## SITUATION OF APPLYING SOCIAL RESPONSIBILITY IN AGRICULTURAL ENTERPRISES

### Ethical employment

The social insurance policy for employees and managers at the Cooperative has been revised and completed to protect employees. Accordingly, subjects participating in compulsory social insurance for employees working under labor contracts with a term of a full 1 month or more in cooperatives. However, statistics as of December 31, 2021, Vietnam has 27,342 agricultural cooperatives, and the number of agricultural cooperatives participating in compulsory social insurance is 7,451 units, accounting for 28.61% of the cooperatives. The number of people participating in compulsory social insurance in agricultural cooperatives is 41,560 people, accounting for less than 2% of regular workers in cooperatives. Thus, the awareness of workers in agricultural cooperatives is still low, not fully aware of their rights. Employers in agricultural cooperatives are also not fully aware and, in many cases, deliberately "forget" the obligation to pay social insurance contributions for employees. That shows the use of ethical labor in agricultural cooperatives needs to be taken seriously and monitored more closely.

### Environmental protection

According to the World Bank Group report on Agricultural Pollution in Vietnam (2017), the intensification of livestock production has further increased spatially concentrated waste streams. The problem of livestock pollution is seen most clearly in the pig industry. Pigs produce the most waste in both absolute and relative (per animal). An estimated 80 million tons of livestock waste is generated each year of nutrients, pathogens, and volatile compounds that affect water and air quality and damage soil (DLP-MARD, 2015). For example, in pig production, about 70-90% of nitrogen, minerals (phosphorus, potassium, magnesium, and others), and heavy metals contained in the feed are thought to be released into the environment (Dinh, 2017). Contamination of contaminated water by coli forms by small livestock farms is 278 times higher than the permissible level, while commercial livestock production is 630 times higher than the permissible level in one study (Phung *et al.*, 2009). The concentration of ammonia in the exhaust gas from pig farms in the Northern region was 7 to 18 times higher than the permissible level, and hydrogen sulfide was 5 to 50 times higher (Vu 2014). Wastewater from livestock farm systems is often untreated, because of which organic substances, nutrients, medicines, and feed additives such as heavy metals are released into the environment. Livestock farming is one of

the main causes of climate pollution in Vietnam and the fastest growing source of greenhouse gas emissions. Agricultural input pollution has increased significantly in Vietnam with the expansion and intensification of crops. Pesticide use in Vietnam is estimated to have increased about 3-5 times in about 25 years, with imports of pesticide active ingredients ranging from 20,000 to 30,000 tons/year in the 1990s to almost 100,000 tons. in 2015 (Lien. T, 2015; Khanh and Thanh, 2010; Truong QT 2015, Nguyen Tho 2017). Pesticide abuse is also pervasive in some areas of Vietnam, where farmers quickly use pesticides from minimal to quite high levels (compared to recommendations), with concerns about abuse, particularly for rice, although levels are higher than average (Anh, 2002; Pham *et al.*, 2012)

## SOLUTIONS TO PROMOTE THE APPLICATION OF SOCIAL RESPONSIBILITY OF AGRICULTURAL ENTERPRISES IN VIETNAM

### *Increasing the application of science and technology in agriculture*

Increasing the application of high technology to production and business in agriculture is an inevitable direction. The application of high technology such as biotechnology has contributed to the selection and creation of many high-yielding, high-quality, resistant plant varieties. Many biological products have been researched and applied to agricultural production to provide nutrients for plants and animals, limit disease and disease, thereby limiting the number of pesticides and reducing pollution environment due to agricultural production. High-tech applications in agricultural product processing also reduce the amount of waste and wastewater released into the environment.

### *Improve the process of production, processing, and trading of agricultural products*

Many traditional methods and processes of production, harvesting, and processing of agricultural products pollute the environment, adversely affect workers' health, and waste resources. The improvement of production and processing processes that are both safe for workers, safe for consumers, and non-polluting to the environment will cost agricultural businesses more. However, it is this job that will help increase the reputation of the business, causing sympathy in the hearts of consumers.

### *Raise awareness of social responsibility*

On the State side: The State needs to strengthen information and propaganda on the application of social responsibility. At the same time, develop codes of conduct, especially in businesses, managers, and macro policymakers so that people and business leaders are fully aware of the content and importance of CSR. Promote the role of professional associations, ministries, and branches in forming information channels on social responsibility for businesses, especially providing updated information on the Code of Conduct; advising businesses in the process of implementing social responsibility and the Code of Conduct, etc. On the business side: The leadership of agricultural enterprises needs to show a high commitment to specific directions to guide businesses towards sustainable development, through building a culture and standard policies on CSR. Enterprises need to set up a dedicated group on implementing social responsibility and consider this a strategic issue in the new context.

### *Branding the product*

Agricultural enterprises need to build strong brands, supply high-quality products, and ensure food hygiene and safety. In addition, they need to use environmentally friendly production and processing

technology. Agricultural enterprises need to rebuild their brand identity, in which social responsibility is an important and leading factor for brand identity.

*Completing the legal corridor, strengthening support for agricultural enterprises to apply social responsibility*

The State should promulgate mechanisms and legal documents on social responsibility; strictly handle cases of violation of social responsibility. In addition, the State also needs to have supportive policies so that businesses can carry out social responsibility because of the process of implementing social responsibility and the Code of Conduct, agricultural enterprises need to Great investments and long-term maintenance. Therefore, combining legal regulations with a preferential policy for agricultural enterprises to implement social responsibility will promote the application of social responsibility.

Management agencies need to strengthen their work of understanding the situation, inspecting, examining, and monitoring the environment, enforcing workers' rights, and exploiting natural resources... to detect, prevent and handle promptly and thoroughly violate acts of social responsibility such as causing environmental pollution, human rights violations, etc.

## CONCLUSION

Corporate social responsibility in general and enterprises, in particular, is an issue that has been mentioned quite a lot in recent times. However, awareness of applying social responsibility is still quite limited. Therefore, the implementation of social responsibility of agricultural enterprises fully following its true requirements also has many shortcomings. Implementing social responsibility is an indispensable and objective requirement in the integration process, bringing businesses many benefits, and creating a sustainable competitive advantage for agricultural enterprises. Agricultural enterprises are highly social because they are often located in rural areas and have close relationships with rural communities. Therefore, the social responsibility of agricultural enterprises is often not encapsulated in each business but has a great influence and impact on the community.

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