The impact of management profile on CSR practices, mediate and moderate model: The case of textile and garment in Nam Dinh, Vietnam

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**ABSTRACT**

The objective of the paper is to verify the impact of management profile on the implementation of corporate social responsibility (CSR) in Nam Dinh garment and textile enterprises, Vietnam. Being conducted on 168 managers of Nam Dinh textile and garment enterprises, using SPSS 22 and Smart PLS 3.0 software, the study shows that management profile had a positive impact on CSR implementation. Also, the importance of ethics and social responsibility had an intermediate role in the relationship between management profile and CSR practices. In addition, the study has examined the moderate role with statistical significance of CEOs’ age and professional qualifications. The younger the CEO is, the more CSR he/she carries out and the higher the CEOs’ professional level is, the more CSR is accomplished.

**Keywords:** Management profile, Corporate social responsibility, Textile and garment, Nam Dinh, Vietnam

1. Introduction

In the context of market economy development, the matter of promoting corporate social responsibility is being appreciated in Vietnam as businesses, in order to have sustainable development, have to not only focus on profit but also pay attention to employees, complying with laws, standards on environmental protection, gender equality, labor safety, staff training and development, community support.

Studies on corporate social responsibility (CSR) have been increasingly concerned in reality and research. Previous studies mainly worked at organizational level, with little attention to the role of individuals in promoting the corporate’s CSR activities (Post et al., 2002). However, the leading managers of enterprises play an essential role on the implementation of CSR (Swanson, 2008). Whether CSR activities are carried out or not, this completely depends on managers. It is impossible for incorporations and organizations with social responsibility to be existed without managers having social responsibility and willing to support socially responsible activities.

Nam Dinh textile and garment enterprises are the main contributors for the development of Nam Dinh’s economic and are the cradle of Vietnamese textile and garment as well. Each year, Nam Dinh textile and...
garment enterprises contributed about 20% of the province's growth domestic product (GDP) and will be considered the province's priority sectors in the period 2020 - 2030. Nam Dinh textile and garment enterprises operate mainly in the form of processing orders from the world’s major brands such as HM, Zara, Next.

There are still some limitations in the implementation of CSR in Nam Dinh textile and garment enterprises. Majority of managers in Nam Dinh textile and garment enterprises come from former state enterprises equitized into private enterprises. Therefore, the influence of the old institution has great effect on the leadership style and entrepreneurial spirit of Nam Dinh textile and garment enterprises’ leaders. The CEO has the power to decide all activities of the business, including the implementation of CSR.

This paper examines the role of CEOs, specifically management profiles in implementing CSR activities of Nam Dinh textile and garment enterprises, the intermediate role of the importance of ethics and social responsibility; subordination of ethics and social responsibility in the relationship between CEOs (Management profile) and CSR practices. The structure of this paper, beside the introduction, also includes: literature review, research methods, research results and conclusions.

2. Literature review and research hypothesis

2.1. CSR Practices

CSR may be seen as a strategy of differentiation (McWilliams & Siegel, 2001). It is said that companies pursuing differentiation in product, image or reputation building strategy will have motivation to take social responsibility (Waldman & Siegel, 2008). Surveys show that most consumers consider CSR as an important factor in making their decisions of goods buying (Bhattacharya et al., 2008). CSR has become increasingly popular during the past decades (Taneja, et al., 2011). However, this term is not easily defined (Oberseder et al., 2013). As being described by some authors, CSR is as a term that includes many different overlapping areas, such as the corporate’s citizenship, the theory of stakeholders, business ethics and corporate sustainability. (Lin-Hi & Muller, 2013). Howard Bowen (1953) is believed to be the first person to specify the CSR practices definition, which is an obligation of entrepreneurs to pursue CSR policies and to make decisions or follow CSR actions of expecting about social objectives and values. This concept of CSR focuses more on individuals than on companies (Murphy & Schlegelmilch, 2013). Davis et al. (1967) expanded the definition not only for individuals but also for the companies (Sprinkle & Maines, 2010). After that, researchers moved the focus of CSR from managers to companies (Murphy & Schlegelmilch, 2013). Recently, a broader definition of the term has been suggested: The company's commitment to social responsibility behaviors to meet the social needs, the public's desire has impact and the possibility of activities to increase competitiveness and stock performance (O'Connor & Meister, 2008). This definition emphasizes the fact that CSR practices answer a demand from society, namely required/compulsory CSR. CSR may sometimes be required by law, this aspect is excluded in the following definition of CSR practice which seems to bring some social benefits, beyond the company’s interests and is required by law (Husty & Allen, 2007).

2.2. Management profile; Management Profile and CSR practices

Since strategic decisions are often made by leader managers, they are likely to become decisive in choosing acceptable social policies and programs. However, the ability of managers to realize their intention will depend on their decision (Hambrick, 2007). Shareholder-oriented managers will tend to have less CSR implementation to ensure shareholders' benefits rather than that for an overall stakeholder. On the other hand, stakeholder - oriented managers tend to have better CSR implementation because they seriously ensure stakeholders’ benefits rather than just shareholders’ one. Since CSR is often considered voluntary or arbitrary (Barnett, 2007) and CSR actions will much depend on the freedom to make management decisions (Hemingway & Maclagan, 2004), it is possible to propose that stakeholder - oriented managers have more rights to develop and implement CSR activities. Therefore, the following hypothesis is proposed:
H₁: Stakeholder-oriented management profiles have a positive impact on CSR practices.

2.3. The mediate role of the Importance of ethics and social responsibility

Management profile is a fundamental factor that controls the businesses’ CSR implementation behavior, but this relationship may not be simple but via mediate by perceptions of that behavior’s expected consequences. Taking into consideration the possible consequences of a behavior is known as behavioral belief (Aizen & Fishbein, 2005), the expected results (Bandura, 1977), or costs and benefits (Becker, 1974). If the acquisition advantages of implementing certain behaviors which are more outstanding than the disadvantages, managers are able to formulate favorable attitudes towards the behavior being mentioned and carry out that behavior. Some articles regarding awareness on morality and social responsibility have emphasized on the moral significance of managers (Singhapakdi et al., 2008) and about CSR activities implemented in businesses. In particular, managers will have better morality awareness and social responsibility responses if ethics and social responsibility are considered by these decision makers to be important for the organization’s effectiveness (Singhapakdi et al., 2001). Therefore, the influence of managers on CSR activities can be indirectly impacted through the managers’ awareness of Importance of ethics and social responsibility in achieving the organization's success. Hence, the following hypothesis is proposed:

H₂: Importance of ethics and social responsibility and Subordination of ethics and social responsibility play a mediate role in the relationship between management profile and CSR practices.

2.4. The moderate role of demographic variables

Some companies actively conduct CSR practice. CSR provides managers with an exit to connect their personal interests with strategies on product differentiation (McWilliams & Siegel, 2001). Thus, CSR is a strategic choice that allows companies to create common values among managers, personal interests and social careers. One of the main topics of stakeholder theory involves the way managers think about management and the way companies are actually managed (Callan & Thomas, 2011). Stakeholder theory can be divided into three categories: tools, norms and descriptions (Donaldson & Preston, 1995). The aspect of tool examines the link between stakeholder management and corporate’s traditional goals such as profitability. This aspect of tool relates to consequences (Margolis & Walsh, 2003). The normative type identifies ethical or philosophical guidelines for corporates’ operations and management (Donaldson & Preston, 1995). The role of management leadership is required in stakeholder theory because strategic decisions are made by powerful organizations and actors (Hambrick & Mason, 1984). The strategic choices of an experienced CEO, based on his or her personal explanation, are the function of his or her experience, value and personality (Hambrick, 2007). Accordingly, it is reasonable to expect that CEOs have a significant influence on CSR like a strategic course for their companies. However, to go beyond just creating a link between a company’s CEO and the company's CSR implementation, first we must determine the applicable data to represent the strategic relationship between the CEO and CSR. Finally, this study will be developed based on Hambrick's conclusion (2007) that the demographic characteristics of leaders can be used as a proxy for their cognitive frameworks.

The society is becoming more and more developed, the requirements of stakeholders with businesses are higher and higher. CSR activities directly affect the customers’ intention of purchase. Enterprises with more or less CSR practice depend mainly on the trust of managers (McGuire et al., 2003). The authors point out the relationship between the CEO's personal values and the culture of the company they manage (Giberson et al., 2009). This motivation is understandable but not simple to verify because managers may not always tell the truth about their own values and pretend to take social and environmental concerns while they do not do so. We have had a look at the correlation between management profile and their abilities to pursue CSR strategy (Manner, 2010). Most previous studies tended to agree on the fact that managers with economic degrees would be less likely to pursue CSR practices than those with a human or social sciences degree (Frank, 2004). Surveys carried out among economic student CEOs show that students were less honest in their answers and less willing to cooperate (Frank et al., 1993). In contrast,
CEO with a bachelor's degree in social sciences or humanity was more likely to be proactive in social meaning and comply with environmental standards (Rivera & De Leon, 2005). Regarding the impact of MBA study, some theories exist (Manner, 2010). This is mainly due to the fact that MBA programs are developing and increasingly considering the social efficiency of businesses and other stakeholders on profit maximization (Kuhn, 1998). Therefore, managers undertaking MBA have deeper and deeper awareness of social and environmental issues. That’s why we proposed the next hypothesis:

H3: CEO’s demographic variables moderate the relationship between Management Profile and CSR Practices.

3. Research methodology

3.1. Research samples

Data were collected from 168 managers of textile and garment enterprises in Nam Dinh province. A questionnaire with an envelope asking for permission to answer the survey and the expenses for survey of 50,000 VND / people were sent from January to March 2019. Surveys questionnaires were sent to 190 managers and 181 were collected, after checking, the remaining 168 questionnaires were eligible for analysis.

3.2. Research model

The research model is as follow:

**Independent variable:** Management profile: Measured by 6 observations developed from the study of Godos-Díez et al. (2011). These 6 observations are measured by a 5-point Likert scale from 1 - Strongly disagree to 5 - Strongly agree. These observations reflect the CEOs’ psychological factors and how they feel about the factors related to situations in the company they manage. Factors are work motivation, organizational identity, use of power/authority, philosophy and organizational culture.

**Mediate variable:** Importance of ethics and social responsibility; Subordination of ethics and social responsibility describe the role of CEO's cognition of ethics and social responsibility. The scale with 16 items was developed from research by Axinn et al. (2004) and Valentine & Fleischman's (2008). These 16 scales are assessed through a 5-point Likert scale from 1 - Strongly disagree to 5 - Strongly agree.
Dependent variable

**CSR practices:** Includes 5 scales related to CSR certificates achieved by the business. If the enterprise has a certificate, it gets 1 point, if not, there will be no point. These 5 scales were developed from Prado-Lorenzo et al. (2008) and contents from guidelines of the Global Reporting Initiative (GRI). This includes the following certificates: ISO 9001; ISO 14001; OHSAS 18001; Code of Ethics; CSR Report.

To analyze the data, first the reliability of the scale was analyzed by SPSS 22 software. Evaluation was based on Cronbach Alpha coefficients and correlation coefficients of total variables. According to Hair et al. (2006), Cronbach Alpha is greater than 0.6 and correlation of total variables is above 0.4 are eligible for further analysis. According to the survey results, all scales are satisfactory for data analysis. Then, hypothesis testing was conducted using Smart PLS 3.0 software.

**4. Research result**

The testing results of the scale’s reliability on SPSS show the Importance of ethics and social responsibility scale; Subordination of ethics and social responsibility have 4 scales with Cronbach Alpha coefficients less than 0.6 and total correlation coefficient under 0.4 so were removed from the analysis model (Henseler et al., 2009). The CSR practices variable scale with ISO 9001 scale has no variation so was also excluded from the analysis model. The remaining scales of hidden variables are put in Smart PLS software for analysis as follows:

The result of composite reliability test is as follows:

**Table 1**

<table>
<thead>
<tr>
<th>Construct Reliability and Validity</th>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Practices</td>
<td>0.949</td>
<td>0.951</td>
<td>0.949</td>
<td>0.650</td>
</tr>
<tr>
<td>Importance of ethics and social responsibility</td>
<td>0.945</td>
<td>0.947</td>
<td>0.945</td>
<td>0.774</td>
</tr>
<tr>
<td>Management profile</td>
<td>0.920</td>
<td>0.920</td>
<td>0.919</td>
<td>0.696</td>
</tr>
<tr>
<td>Subordination of ethics and social responsibility</td>
<td>0.838</td>
<td>0.848</td>
<td>0.839</td>
<td>0.636</td>
</tr>
</tbody>
</table>

**Table 2**

**Discriminant Validity Fornell-Larcker Criterion**

<table>
<thead>
<tr>
<th>CSR Practices</th>
<th>Importance of ethics and social responsibility</th>
<th>Management profile</th>
<th>Subordination of ethics and social responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Practices</td>
<td>0.806</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Importance of ethics and social responsibility</td>
<td>0.339</td>
<td>0.880</td>
<td></td>
</tr>
<tr>
<td>Management profile</td>
<td>0.514</td>
<td>0.237</td>
<td>0.834</td>
</tr>
<tr>
<td>Subordination of ethics and social responsibility</td>
<td>0.280</td>
<td>0.356</td>
<td>0.223</td>
</tr>
</tbody>
</table>

**Table 3**

**Model Fit Summary**

<table>
<thead>
<tr>
<th></th>
<th>Saturated Model</th>
<th>Estimated Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRMR</td>
<td>0.043</td>
<td>0.063</td>
</tr>
<tr>
<td>d_ULS</td>
<td>0.499</td>
<td>1.255</td>
</tr>
<tr>
<td>d_G</td>
<td>0.414</td>
<td>0.431</td>
</tr>
<tr>
<td>Chi-Square</td>
<td>792.104</td>
<td>815.102</td>
</tr>
<tr>
<td>NFI</td>
<td>0.892</td>
<td>0.889</td>
</tr>
</tbody>
</table>

**Table 4**

<table>
<thead>
<tr>
<th>R Square</th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Practices</td>
<td>0.365</td>
<td>0.360</td>
</tr>
</tbody>
</table>
The above results show that variables have composite reliability coefficients satisfactory for further analysis. The model is consistent with survey data. At the same time, the coefficient $R^2 = 0.36$ is consistent with suggestions of previous researchers (Hair et al., 2016). From the above data, the hypothesis was tested as follows:

**Table 5**

<table>
<thead>
<tr>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T</th>
<th>Statistics (O/STDEV)</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance of ethics and social responsibility → CSR Practices</td>
<td>0.195</td>
<td>0.191</td>
<td>0.051</td>
<td>3.851</td>
<td>0.000</td>
</tr>
<tr>
<td>Management profile → CSR Practices</td>
<td>0.417</td>
<td>0.418</td>
<td>0.046</td>
<td>9.068</td>
<td>0.000</td>
</tr>
<tr>
<td>Management profile → Importance of ethics and social responsibility</td>
<td>0.221</td>
<td>0.222</td>
<td>0.060</td>
<td>3.697</td>
<td>0.000</td>
</tr>
<tr>
<td>Management profile → Subordination of ethics and social responsibility</td>
<td>0.197</td>
<td>0.200</td>
<td>0.048</td>
<td>4.095</td>
<td>0.000</td>
</tr>
<tr>
<td>Subordination of ethics and social responsibility → CSR Practices</td>
<td>0.107</td>
<td>0.108</td>
<td>0.050</td>
<td>2.150</td>
<td>0.032</td>
</tr>
</tbody>
</table>

**Table 6**

**Confidence Intervals**

<table>
<thead>
<tr>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>2.5%</th>
<th>97.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance of ethics and social responsibility → CSR Practices</td>
<td>0.195</td>
<td>0.191</td>
<td>0.099</td>
</tr>
<tr>
<td>Management profile → CSR Practices</td>
<td>0.417</td>
<td>0.418</td>
<td>0.318</td>
</tr>
<tr>
<td>Management profile → Importance of ethics and social responsibility</td>
<td>0.221</td>
<td>0.222</td>
<td>0.098</td>
</tr>
<tr>
<td>Management profile → Subordination of ethics and social responsibility</td>
<td>0.197</td>
<td>0.200</td>
<td>0.098</td>
</tr>
<tr>
<td>Subordination of ethics and social responsibility → CSR Practices</td>
<td>0.107</td>
<td>0.108</td>
<td>0.009</td>
</tr>
</tbody>
</table>

Next, the mediate role of the two variables was tested: Importance of ethics and social responsibility; Subordination of ethics and social responsibility:
Table 7
Specific Indirect Effects including Mean, STDEV, T-Values, P-Values

| Management profile → Importance of ethics and social responsibility → CSR Practices | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|---|---|---|---|---|---|
| Management profile → Subordination of ethics and social responsibility → CSR Practices | 0.043 | 0.043 | 0.017 | 2.571 | 0.010 |
| Management profile | 0.021 | 0.021 | 0.011 | 1.925 | 0.055 |

From the above results, only the variables Importance of ethics and social responsibility had mediate role in the relationship between Management profile and CSR practices with an impact coefficient of $22 = 0.221 \times 0.195$ with significance level 5% (P -value = 0.010). The Subordination of ethics and social responsibility have no statistically significant mediate role in the relationship between Management profile and CSR practices (P-value = 0.055). Next, the moderate role of CEO demographic variable that regulates the Management Profile’s impact on CSR practices was tested as follows:

The model examines the moderate role of CEO’s age and professional qualifications

Fig. 3. The model examines the moderate role of CEO’s age and professional qualifications

Hypothesis test results by Smart PLS model through bootstrap technique are as follows:

Fig. 4. Test result on the moderate role of CEO’s age and professional qualifications
It can be concluded from the above results that both age and professional qualifications of CEO had statistically significant moderate roles with a coefficient of impact respectively of 0.060 and 0.089 at significance level 1% (P-value = 0.000). Based on the impact coefficient, the moderate role of the moderate variables was modeled as follows:

Fig. 5. Moderate role with a: Age; b: Specialized qualifications

It can be seen that the younger the CEOs are, the higher their awareness on the importance of business ethics are, so more affects the implementation of CSR, which means that the younger the CEOs are, the more CSR implementation, perhaps recent training programs have emphasized on the role of CSR, so when start up, they are aware of implementing CSR from the beginning. On the contrary, the older the CEOs are, the less CSR implementation is as they are still affected by institutions and the old viewpoints which consider the profitability of the business and ensure of the highest benefit for shareholders as the top goal of the business. The more professional the CEO is, the more CSR activities are carried out, and the lower level the CEO is, the less CSR activities are implemented. Because both master and doctoral programs emphasize the importance of CSR, higher qualified CEOs will be better aware of CSR implementation.

5. Conclusion

This study suggests that psychological characteristics and behavior of leaders affect CSR practices in the enterprise and this relationship are through a mediate role of CEO’s awareness on Importance of ethics and social responsibility. CEOs in the corporate management model tend to value ethics and social responsibility with stakeholders will do more and better CSR, this point supports Barnett's (2007) study. CSR is considered to bring more long-term benefits (Peters & Mullen, 2009). Research results show that managers' decisions make CSR activities easier in businesses where managers value profits for shareholders rather than ensuring the interests of stakeholders. We also support the idea that the behaviors of CEO in a moral and socially responsible manner will positively impact on the performance of the enterprise, this result supports the stakeholder theory and is the same as views by Hasan et al. (2018); Aras et al. (2010). At the same time, the manager's awareness of ethics and socially responsible behavior plays a mediate role in the relationship between administrator's behavior and CSR implementation.

From the above research results, in Nam Dinh textile and garment enterprises, CEOs with high awareness of ethics and social responsibility will implement CSR better. CSR has been proven in many studies to bring about the increase in financial performance for enterprises (Hasan et al., 2018). Therefore, Nam Dinh textile and garment enterprises should consider CSR as a strategy, a corporate culture to gradually better implement CSR and enhance the advantage of competitiveness as well as the business’s performance effectiveness. Also, it is necessary to organize or take a training course to encourage CEOs to
value morality and social responsibility, maybe strengthen the moral values of the company. Therefore, organizations need not only to have a good moral code of conduct but also to be willing and committed to following it by implementing specific sanctions to punish immoral behaviors. Moreover, the government needs to make strong efforts to create an environment in which business ethics and CSR are promoted and seriously respected.

References


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