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# Multinational corporations' role in developing Vietnam's public relations industry through corporate social responsibility



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## ABSTRACT

The paper argues that multinational corporations (MNCs) are best placed to progress public relations (PR) practice in Vietnam through significantly expanding their corporate social responsibility (CSR) programs. While there are many MNCs in Vietnam that warrant analysis regarding their CSR efforts, American coffee giant Starbucks is an instructive starting point as it is generally renowned for its strategic CSR efforts in the United States and other developed markets. The authors believe there is a need to examine whether there is a spillover effect in Vietnam, due to Starbucks' recent establishment in the country, to further CSR and PR research. Using content analysis, the authors investigated content relating to Starbucks Vietnam's CSR efforts on Starbuck's Facebook page and website, and in the mainstream media in Vietnam.

The authors found a remarkable lack of strategy and sophistication regarding Starbucks Vietnam's CSR efforts and the communication of these efforts, resulting in unfocused, ad hoc and short-term CSR activities with limited stakeholder engagement, including with media stakeholders. The authors' paper recommends clear identification of beneficiaries of CSR, and more strategic, sophisticated and long-term activities promoted with more engaging communication that would enable MNCs such as Starbucks to expand CSR in Vietnam and steer the country's emerging PR industry in a socially responsible direction.

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## 1. Introduction

Corporate social responsibility (CSR) is a relatively new concept in Vietnam, mostly driven by multinational corporations (MNCs), development agencies of Western donor countries and other international organizations (Hamm, 2012). Following sweeping economic reforms in 1986 that saw Vietnam open its doors to the world, the United States' cancellation of its embargo and Vietnam's inclusion in the World Trade Organization in 2007, Hamm (2012) contends Brammer et al's (2012) proposal to view CSR as an institution of transnational governance is relevant to Vietnam because CSR is pushed by international and transnational actors. Hamm (2012) argues that despite the potential for CSR to help further develop Vietnam as an export-oriented market economy, the country lacks a public CSR policy and the Vietnamese government's responsibility needs to be clarified in light of challenges Vietnam faces including the lack of a legal foundation and weak law enforcement:

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It seems there is a rather pragmatic reception of CSR in Vietnam because Western buyers ask for it, funding is being provided to enhance the topic at the political level and as a research focus, and furthermore an overall competitive advantage in the global economy is expected. Up to now, however, there is no clear responsibility for CSR within the government. More or less parallel and scarcely linked is a traditional focus on philanthropy or community investment . . . this is typical for developing countries and often goes hand in hand with a mere superficial adaptation of CSR as a marketing strategy. (p.7)

A 2012 survey by the Vietnam Academy of Social Sciences investigating socially responsible practice among Vietnamese businesses revealed that many local companies have not adhered to minimum standards of CSR ([Ha Noi moi, 2012](#)). Business misconduct, lack of basic employee benefits and deliberately causing environmental damage were identified as the most common offenses.

Meanwhile, MNCs have played a central role in pushing both CSR and public relations (PR) in Vietnam, with American and European MNCs introducing “modern” PR practice to Vietnam in the 1990s through Western practices adapted to the country’s business setting and knowledge transferred to local employees ([Mak, 2009](#)). As international companies conducting business in Vietnam, MNCs can clearly benefit from knowledge of international and local markets, and insight into extensive international and local CSR and PR understanding. Therefore, the authors argue that MNCs are in a position better than that of other organizations to advance CSR and PR in Vietnam. While the authors acknowledge that CSR and PR are not the same thing, they believe more investment in, and promotion of, CSR would help further develop Vietnam’s emerging PR industry in a favorable direction.

While there are many MNCs in Vietnam that warrant analysis regarding their CSR efforts, we contend American coffee giant Starbucks is an instructive starting point as it is renowned internationally for its CSR efforts, and coffee is an integral part of Vietnamese culture and resonates with the Vietnamese. Starbucks is well known for its strategic approach to CSR in the USA and developed markets ([Brown, 2008](#)). Has there been a spillover CSR effect in Vietnam, due to Starbucks’ recent establishment in the country that justifies further CSR and PR research in this underexplored context?

The way to becoming a world-renowned socially responsible company has not been entirely smooth for Starbucks. The company was embroiled in a serious two-year long dispute with the Ethiopian government over the trademark of the country’s coffee regions ([Adamy & Thurow, 2007](#)) which resulted in a settlement under which Starbucks would further promote Ethiopian coffee and assist local farmers. The human rights group Global Exchange has accused Starbucks in the past of not purchasing enough ethically sourced Fair Trade coffee, while Starbucks has also come under fire about the use of genetically modified dairy ingredients ([Koehn, Besharov, & Miller, 2008](#)).

Despite numerous controversies, Starbucks has continued to be a CSR forerunner ([DePass, n.d.](#)). [Brown \(2008\)](#) contends Starbucks is considered to be in the civil phase of CSR development, meaning it has developed a competitive advantage “through the strategic development of social responsibility as their brand” (p.6). In its 2013 Starbucks Responsibility Report, Starbucks states it focuses on three areas: ethical sourcing, environmental stewardship and community involvement.

As Starbucks, which entered Vietnam in February 2013, is well known globally for its CSR efforts, the authors suggest it is ideal for analysis and among the best placed of MNCs to lead by example and promote sustainability and other CSR practices in Vietnam. [Koehn et al. \(2008\)](#) have hinted that because of Starbucks’ phenomenal growth, there is potential for the company to continue to expand on a strong financial trajectory while remaining true to its core values: “The potential impact that Starbucks . . . could have was enormous . . . at a time when most governments around the world lacked sufficient resources to tackle public problems” (p.26). The authors suggest that Starbucks warrants analysis as a case study of simultaneously building CSR and PR in Vietnam.

Unlike other Starbucks franchise stores at least partially owned by locals, Starbucks’ Vietnamese operations result from a franchise contract signed between Starbucks and Coffee Concepts, a subsidiary of the Hong Kong company Maxim’s Group ([Starbucks Vietnam, 2013](#)). Starbucks opened its first Vietnamese store in Ho Chi Minh City, the country’s economic hub, in February 1, 2013; Vietnamese queued down the street to buy coffee and other products. Three months later, Starbucks’ CEO Howard Schultz told the media that sales at the first store had exceeded revenue expectations ([Hookway, 2013](#)). Starbucks’ presence has since mushroomed across Ho Chi Minh City, totaling eight stores at the time this case study was written in 2014. The first three Starbucks stores in Vietnam’s capital Hanoi opened simultaneously on July 23, 2014, also attracting long queues, with the coffee giant announcing more stores would appear in the future. However, the Vietnam Institute of Management’s Director told the media that despite the initial interest in Starbucks, Starbucks Vietnam was “disillusioned” as it was out of touch with a vibrant local coffee culture because Vietnamese preferred local coffee with a stronger taste. The Vietnamese media have more recently commented that Starbucks needs to consider whether it is going against its traditional values of choosing local partners and adapting to local tastes ([Unknown, 2013](#)).

## 2. Literature review

CSR has generally been defined as an organization’s responsibility to its society(ies) and stakeholders, with consideration of its impact upon them ([Tench & Yeomans, 2009](#)). Peach’s (1987, cited in [Tench & Yeomans, 2009](#)) analogy of corporate social responsibility entails three levels of impact illustrating a ripple effect to encapsulate the impact of business upon its environment. These levels range from basic, whereby a company obeys society’s rules and regulations, to societal, when organizations significantly contribute to improving the societies in which they operate.

However definitions of CSR are increasingly being questioned in a more globalized context due to numerous variables including, for example, MNCs adhering to laws in various jurisdictions ([Sharfman, Shaft, & Tihanyi, 2004](#)). [Chapple and](#)

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