



Received: 30-08-2023
Accepted: 10-10-2023

International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

Social Responsibility at Vietnamese State-Owned Commercial Joint Stock Banks

¹Vũ Thị Kim Dương, ²Đỗ Thị Duyên, ³Đào Thị Thu Hoài
^{1, 2, 3} University of Labour and Social Affairs, Hanoi, Vietnam

Corresponding Author: **Vũ Thị Kim Dương**

Abstract

The study was conducted to evaluate the current situation of social responsibility implementation at Vietnamese state-owned commercial joint stock banks. With data collected from annual reports and financial reports of Vietnam State-owned Commercial Joint Stock Banks for the period 2018 to 2022 and using qualitative research methods, the study was conducted. on 4 aspects: economic social responsibility, responsibility to employees, business ethical responsibility and responsibility to the community. Research results show that in the period from 2018 to 2022, Vietnamese state-

owned commercial joint stock banks face many difficulties in business operations due to the impact of the epidemic but still focus on implementing social responsibility. The Association approved increased economic targets over the years, preferential policies for workers, fully implemented tax payment responsibilities to the State, and increased funding for social security activities. Based on the research results achieved, the research team proposes a number of solutions to improve social responsibility at Vietnam's state-owned commercial joint stock banks in the coming time.

Keywords: Vietnam State Commercial Joint Stock Bank, Social Responsibility, Social Responsibility in the Banking Sector

1. Introduction

The issue of corporate social responsibility (CSR) has been discussed by many domestic and international authors. Bowen (1953) ^[2] discussed it in the book "Social Responsibility of Entrepreneurs", which quickly became a topic. Debated in many different aspects by managers, researchers and society as a whole.

Understood in a broader sense, social responsibility includes four elements: economics, legal compliance, ethics and charity (Carrol AB, 1999) ^[3]. Specifically:

Economic responsibility: Maximizing profits, competition, efficiency and growth are prerequisites because businesses are established first and foremost from the motive of seeking profits. The remaining responsibilities must be based on the sense of economic responsibility of the enterprise.

Legal responsibility: This is part of the "contract" between business and society. The State is responsible for incorporating social and ethical rules into legal documents so that businesses can pursue economic goals within that framework in a fair manner and meet the basic standards and values that society holds. Expectation.

Ethical responsibility: are rules and values that are accepted by society but have not been included in legal documents, so compliance with the law is only considered to meet the minimum requirements and standards that society requires. Fabricate. Businesses also need to fulfill extra-legal commitments. Ethical responsibility is voluntary, but it is at the heart of CSR.

Philanthropic responsibility: is corporate behavior that goes beyond society's expectations. The difference between charitable and ethical responsibility is that business is completely voluntary. If businesses do not implement CSR to this level, they are still considered to meet the standards expected by society.

This topic is researched a lot in developed countries such as the US and Western Europe, studying businesses in the manufacturing sector. Over time, as the economy develops, the service sector also develops, research on CSR moves to developing countries and the service sector. The topic of CSR is increasingly receiving attention, leading to an increase in the scope of research on CSR-related activities as well as its effectiveness for each enterprise implementing CSR programs. In 1998, Esrock and Leichty found that 80% of Fortune 500 companies mentioned CSR topics on their corporate websites. Five years later, Kotler and Lee (2005) reported that 90% of companies on the Fortune 500 list implemented CSR programs (Nguyen Thi Thu Trang, 2020) ^[6]. Therefore, CSR has been a trend that all businesses must pay attention to, including banks. In Vietnam, the implementation of CSR is often considered an action to solve social problems for humanitarian and charitable purposes (Nguyen Dinh Tai, 2010) ^[5].

Regarding the banking sector, “It can be assumed that banks have a significant impact on society and play an important role in economic development. Banks have ways to impact society such as they can carry out social responsibility themselves, or impact businesses through granting credit to businesses' projects to handle related issues related to society, ethics and environment” (Aneta Dlugopolska & colleagues (2019) [1].

Thus, social responsibility is only realized when banks not only comply with legal regulations, but also respect ethical values that have not been legalized but are necessary to build sustainable banking development such as care for and pay attention to employee benefits and establish a friendly working environment; Protecting customers' rights through information transparency policies;... and aiming to establish social contribution funds (Nguyen Thi Kim Oanh, 2019) [4].

Besides, through green, environmentally friendly strategies in the lending process, banks can connect commercial activities with environmental factors (Tran Thi Hoang Yen, 2014) [7].

Increasing social responsibility can lead to increased financial returns by helping businesses develop intangible but valuable assets such as reputation, image, and the ability to attract investors. Investment, reduce capital costs, increase employees' desire to work long-term and develop relationships with the community as well as competitive advantages for businesses. With the post-epidemic context negatively impacting the banking industry today, conducting the research: "Social responsibility of Vietnam State-owned Commercial Joint Stock Bank" is extremely necessary. The goal of the article is to analyze the impact aspects of social responsibility at Vietnam's state-owned commercial joint stock banks - the Big 4 are the leading commercial banks in the Vietnam commercial banking system. From there, we propose a number of solutions to improve social responsibility at state-owned commercial banks in the coming time.

2. Research Methods

- Document collection method: The article references document sources from many reputable sites such as the State Bank of Vietnam Website, annual reports of BIDV, Vietcombank, Viettinbank, Agribank; along with economic journals, dissertations, and research documents at home and abroad.
- Data collection and processing method: Information and data on profits, bad debts, total number of employees, financial policies for social security in the period 2018 to 2022 are taken from reporting sources Annually of Vietnam's state-owned commercial joint stock banks, information is filtered and processed to evaluate the scale, nature, and differences of research objects over time and space.

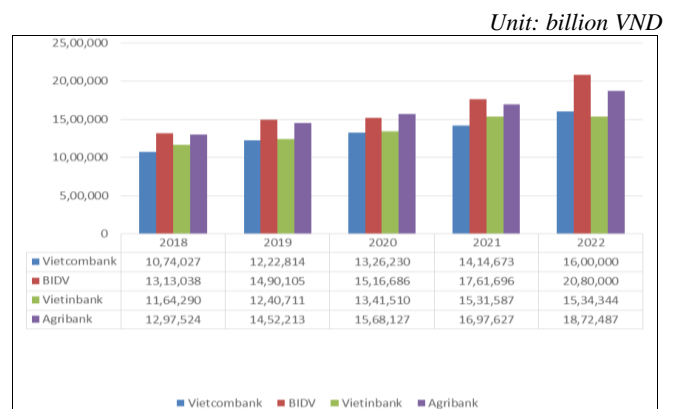
3. Current Status of Implementing Social Responsibilities of State-Owned Joint Stock Commercial Banks in the Period 2018 to 2022

Analyzing the current state of social responsibility of Vietnam's state-owned commercial banks was analyzed by the research team from author Carroll's perspective in 4 aspects:

3.1 Social Responsibility in Economic Aspects

During the 5-year period from 2018 to 2022, in the face of

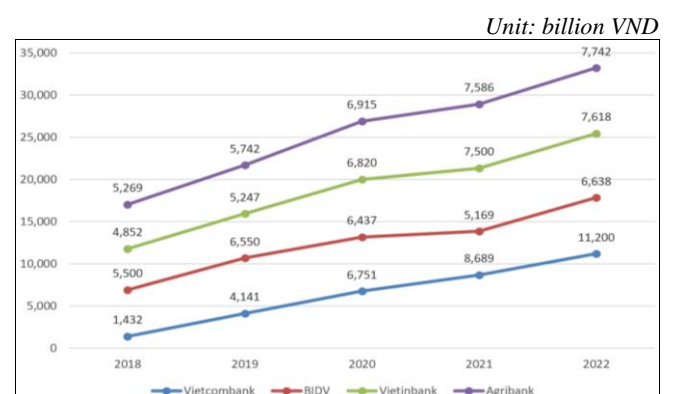
deep economic integration, especially from 2020 until now, the situation in the world, the region and Vietnam has had complicated, unpredictable developments. Outbreak of the Covid-19 pandemic, climate change, natural disasters, floods, landslides, tornadoes, epidemics taking place in many places, inflation. In an extremely difficult context, the Party, National Assembly and Government have proactively and flexibly managed monetary policy and banking activities to contribute to stabilizing the macroeconomy, controlling inflation and promptly implementing Deploy many policies to overcome difficulties and reduce damage caused by epidemics and natural disasters. As the mainstay and key state-owned commercial banks of the banking industry, state-owned joint stock commercial banks have synchronously deployed many solutions to achieve the "dual goal": Preventing, strictly control epidemics in the system and transaction customers, accompany, share, and remove difficulties for customers affected by epidemics and inflation, while ensuring safe and effective business operations. High fruit.



Source: Compiled by the research team from financial reports of state-owned commercial joint stock banks for the period 2018-2022

Fig 1: Scale of total assets at state-owned commercial joint stock banks in the period 2018 to 2022

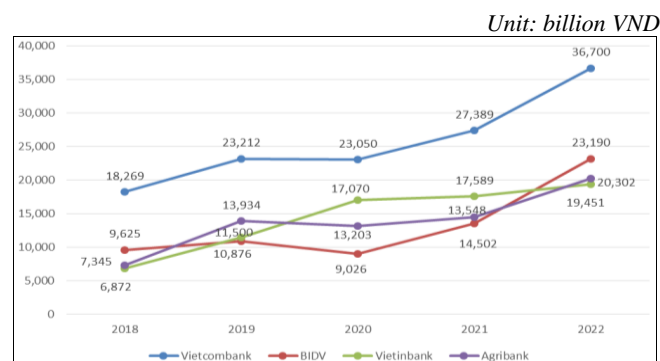
The chart shows that the total asset scale of State-owned commercial joint stock banks is constantly increasing from 2018 to 2022 and at the same time becoming listed enterprises with large capitalization on the market. Vietnamese securities.



Source: Compiled by the research team from the annual reports of state-owned commercial joint stock banks for the period 2018-2022

Fig 2: Outstanding credit debt at state-owned commercial joint stock banks in the period 2018 to 2022

Capital mobilization growth of state-owned commercial joint stock banks has increased over the years, the capital mobilization structure has shifted positively towards increasing the proportion of capital sources with low input costs. Credit balance increased from 2018 to 2022, higher than the industry average and increased focus on key sectors and areas of the economy such as infrastructure development, export promotion. Exports, rural agriculture, key industries, small and medium enterprises. Credit quality is effectively controlled, bad debt has decreased sharply over the years, the bad debt ratio has been controlled and state-owned joint stock commercial banks are the banks with the lowest bad debt ratio in the group. Major credit institutions in the market.



Source: Compiled by the research team from the annual reports of state-owned commercial joint stock banks for the period 2018-2022

Fig 3: Profit before tax at state-owned commercial banks in the period 2018 to 2022

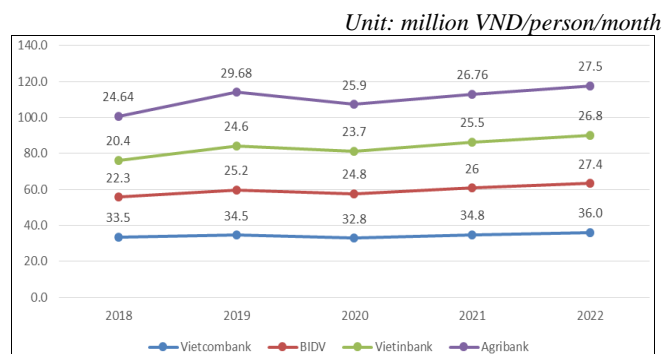
Pre-tax profits of State-owned Joint Stock Commercial Banks have increased over the years, especially during the period affected by the epidemic, State-owned Joint Stock Commercial Banks have implemented many solutions to apply digital technology, improve Improved products and services so profits still exceed those of previous years.

3.2 Social Responsibility in Terms of Caring for Employees

State-owned commercial joint stock banks always attach importance and prioritize resources in building, fostering and developing human factors. In fact, for 5 consecutive years, state-owned commercial joint stock banks have maintained their position as the banks with the best working environment in Vietnam according to the survey results "100 best places to work in Vietnam" conducted by the Company. Anphabe Company and Japanese market research company Intage publish annually.

State-owned commercial joint stock banks have created jobs for thousands of workers in society. The total number of employees from 2018 to 2022 is constantly increasing. As of December 31, 2018, the total number of employees was 46,227 employees. By 2022, the number of employees at 4 state-owned commercial joint stock banks increased to 81,671 employees. The number of employees increased, but the total income of employees also increased over the years,

but in 2020 and 2021 due to the impact of the epidemic, the average monthly income of employees decreased compared to the period before the epidemic and until 2021. Year 2022 has seen a significant recovery.



Source: Compiled by the research team from the Annual Reports of State-owned Joint Stock Commercial Banks for the period 2018-2022

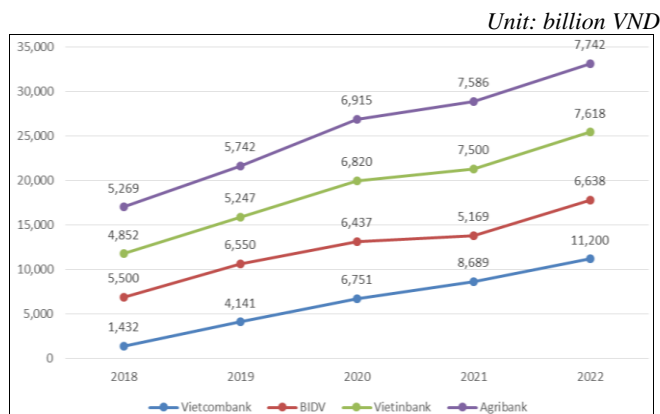
Fig 4: Average monthly income of employees at state-owned commercial joint stock banks in the period 2018 to 2022

The working regime of state-owned commercial joint stock banks is oriented towards creating favorable conditions for employees: ensuring annual leave, public holidays, and personal leave for employees in accordance with regulations. of the Labor Code, maternity and sickness leave in accordance with the provisions of law on social insurance. State-owned commercial joint stock banks have deployed information technology applications in most stages of the recruitment process (receiving applications, selecting applications, organizing online exams on computers...), implementing following clear regulations, ensuring honesty and objectivity in order to recruit staff with professional qualifications consistent with job requirements and assigned positions. Newly recruited employees must comply with regulations on probationary periods according to the type of labor contract and salary regime during the probationary period.

3.3 Social Responsibility in Terms of Business Ethics

State-owned commercial joint stock banks are all among the top largest tax paying banks in Vietnam: From 2018 to 2022, state-owned joint stock commercial banks and the General Department of Taxation have coordinated to deploy many public services. Effective benefits, typically: Connecting to the Electronic Payment Portal, paying multimedia taxes and fees on e-Banking applications, paying taxes and fees on National Information Portals. With economic efficiency outstanding business, state-owned joint stock commercial banks are always commercial banks with great contributions to the state budget. In the 3 years from 2019 to 2021, despite the negative impact of the epidemic, state-owned joint stock commercial banks still contributed more than 12,000 billion VND to the state budget.

With impressive business results, four state-owned joint stock commercial banks have become major tax paying banks among listed enterprises in Vietnam.



Source: Compiled by the research team from the annual reports of state-owned commercial joint stock banks for the period 2018-2022

Fig 5: State Budget Payments of State-owned Joint Stock Commercial Banks in the period 2018 to 2022

During the 5 years from 2018 to 2022, the four state-owned commercial joint stock banks are always the enterprises that pay the most to the budget, of which Vietcombank leads the banking system in paying the most taxes. This result recognizes the important contribution of state-owned commercial joint stock banks to the state budget.

In the period from 2018 to present, state-owned commercial joint stock banks have always implemented policies to create conditions and support businesses to borrow capital, and have preferential interest rate policies for small and medium-sized enterprises. During the covid epidemic period, state-owned commercial joint stock banks closely follow the direction of the Party, the Government and the direction of the State Bank, with a proactive spirit, actively joining hands to support people and businesses. Directly and indirectly affected by the epidemic and the impact of storms and floods in the Central region, state-owned commercial joint stock banks have implemented many solutions to support customers such as: interest and fee exemptions and reductions; restructure debt repayment terms; new loans to support customers in restoring production and business activities; Deploying credit packages with appropriate interest rates to support customers such as: Promptly issuing documents guiding the implementation of Circular 01, Directive 02, and telegram 03 of the State Bank throughout the system. Implemented multiple reductions in interest rates for maximum existing loans for businesses and individuals producing and doing business in fields heavily affected by epidemics and customers affected by storms and floods. Central. For new loans, state-owned commercial joint stock banks continue to maintain credit granting to customers who meet loan conditions with loan terms appropriate to the new business cycle and at the same time apply interest rates. Maximum discount rate of up to 1%/year for customers in fields affected by the epidemic. In addition, with a spirit of urgency and seriousness, state-owned commercial joint stock banks have drastically implemented debt restructuring according to Circular 01 throughout the system from March 2020 to support customers and ensure to limit policy profiteering. Customers whose debts are restructured by state-owned joint stock commercial banks basically maintain stable operations. With efforts, a sense of responsibility, and high determination, the results of implementing solutions to support customers

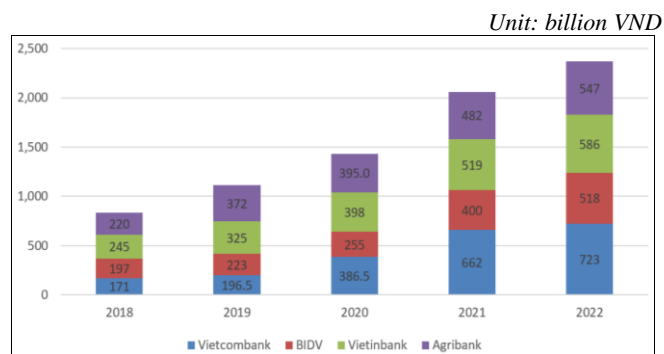
affected by the epidemic have had a great effect: State-owned commercial joint stock banks have supported more than Nearly 1 million customers are affected by the epidemic with outstanding debt of 2,400 trillion VND, lowering interest rates/applying preferential interest rates, accounting for more than 80% of the total outstanding loans of the entire system. Accumulated new loan sales for customers affected by the epidemic are nearly 3,500 trillion VND with the number of customers enjoying incentives of more than 420 thousand. Implement the debt repayment term structure, keeping the debt group unchanged according to Circular 01 of nearly 200 trillion VND.

3.4 Social Responsibility in Terms of Community Green bank

State-owned commercial joint stock banks all aim to become Green banks, developing sustainably for the community. For example, Vietcombank co-organized the program "For a Green Vietnam" with the purpose of raising awareness, responsibility and promoting the proactive and creative role of union officials, union members, and children. Countries participate in planting, caring for and protecting trees, contributing to environmental protection, responding to climate change, and sustainable development of the country. In 2019, Vietcombank was also the first bank to be granted a credit of 200 million USD by the Japan Bank for International Cooperation (JBIC) to support renewable energy, green energy and environmental protection projects in Vietnam. Male.

Social Security

State-owned joint stock commercial banks are leading banks interested in social security programs. In the period 2018-2022, despite facing many difficulties in business, especially in 2020 and 2021, which were severely affected by the epidemic with a decline in business efficiency, joint stock commercial banks. The state still funds social security activities with trillions of dong.



Source: Author's compilation from Annual Reports of State-owned Joint Stock Commercial Banks for the period 2018-2022

Fig 6: Funding policies for social security of state-owned commercial joint stock banks in the period 2018 to 2022

Outstanding social security activities of state-owned commercial joint stock banks in the period 2018 to 2022 such as: building many new schools, modernizing the management system on the basis of information technology for schools and hospitals, emergency relief to overcome the consequences of natural disasters, storms, floods, drought, salinity, severe cold, harmful cold, tens of thousands of Tet gifts sent to poor people across the country, Disease

prevention support programs,... are practical numbers that mark the mark of state-owned commercial joint stock banks in their journey of contributing to the community.

Social security activities of state-owned commercial joint stock banks are constantly being promoted with many practical and meaningful programs, contributing to the overall development of the community and society. A series of social security activities have been implemented by state-owned commercial joint stock banks for many years with active participation from headquarters to branches nationwide, the goals of the activities are not limited to sharing difficulties and improving the quality of life of poor people in difficult localities across the country, especially great support in epidemic prevention. With the good traditions of the banking industry, implementing the Party and State's policies on promoting social security creates motivation for sustainable development.

4. Solutions to Improve the Quality of Social Responsibility at Vietnam's State-Owned Commercial Joint Stock Banks

Facing increasing challenges and requirements for socio-economic development and the banking industry, integrating with the world increasingly deeply, to improve the quality of social responsibility at Joint Stock Commercial Banks The state needs to implement the following solutions:

In terms of Economics

In 2023, state-owned commercial joint stock banks set main goals in business activities including: Target profit reaching 77,600 billion VND (up 42.4%), credit balance growth of 12%. Complying with the credit limit approved by the State Bank. Capital mobilized from economic organizations and individuals grew by 8%, adjusted in accordance with the credit growth rate, ensuring safety ratios according to regulations of the State Bank. The bad debt/credit balance ratio is controlled below 1%. Operational safety ratios comply with regulations of the State Bank.

In particular, in 2021, state-owned commercial joint stock banks have built a development strategy until 2025, with a vision to 2030, continuing to help banks develop safely, effectively, sustainably and gradually. Enhance the role, position, and reputation of state-owned commercial joint stock banks in the Vietnamese banking system, as well as in the region and the world. This requires state-owned joint stock commercial banks to continue to make huge changes in thinking and working methods, meeting new requirements and new standards in business activities.

To achieve the set goals in 2023, state-owned commercial joint stock banks need to continue closely following the new socio-economic situation in 2023 to promptly assess the impact on business and investment activities. Private, and at the same time proactively take measures to deal with situations that arise in practice.

In terms of Business Ethics

State-owned commercial joint stock banks need to strengthen human resources and financial resources for their business activities to increase profits, thereby increasing tax payments to the budget, actively contributing fully and correctly. Deadline for payment to state budget.

State-owned commercial joint stock banks need to enhance the quality of products and services, strictly comply with quality standards of products and services, and fulfill service

commitments after providing them as stated above. Guaranteed to customers, no advertising beyond the truth. State-owned joint stock commercial banks must ensure their brand by maintaining the quality and stability of products and services without going beyond the provisions of law.

In the post-epidemic context that has a major impact on the income of businesses and individuals, to reduce bad debt for banks, state-owned commercial joint stock banks should further support policies on loans and interest rates for banks. with customers, proactively reducing the bank's profits to support customers through difficult times.

In Terms of Concern for Employees

On the banking side: State-owned commercial joint stock banks need to focus on allocating financial resources to the salary fund to increase income for workers, increase spending on activities to improve professional qualifications and health care. for workers.

On the employee side: Must also respect commitments in labor contracts, working at state-owned joint stock commercial banks in accordance with commitments when receiving training and improving qualifications. The law must ensure a balance of interests between employers and employees. Both parties must regularly exchange information to understand each other, avoiding unnecessary misunderstandings or excessive incentives for one side.

About the Community Aspect

State-owned commercial joint stock banks need to commit not to participate, not grant credit or provide other financial support activities to customers involved in activities on the list that have a negative impact on the economy. the social environment. For business interests, state-owned joint stock commercial banks must ensure compliance with required regulations to be able to continue maintaining business relationships. When banks still invest in categories that "cause countless social conflicts, people protest, people do not like them, people will follow the trend of not depositing money in banks. Thus, Banks will lose customers."

State-owned commercial joint stock banks continue to accompany the Government and international organizations to contribute to solving important environmental and social issues for the Earth through policy development and implementation. Take actions to manage environmental and social risks in your credit granting activities and gradually develop green credit support products to eliminate projects and production plans that have environmental impacts. Negative society, minimizing ecological footprint and climate change, preserving biodiversity as well as fulfilling social responsibilities.

State-owned commercial joint stock banks need to continue to maintain financial resources for social security activities, continue to accompany and provide financial support to the Government in handling the consequences after the epidemic.

5. Conclusion

The terms social responsibility and sustainable development are being mentioned with more frequency in recent years. Social responsibility gradually becomes an essential set of indicators to measure a business's performance. The previous outdated view was that businesses had no responsibility to society but only had responsibility to shareholders and employees. Businesses have paid taxes to

the government, so the government must be responsible to society. In recent years, more and more managers have realized that businesses use social resources, which in the process of operation can damage the natural environment. Therefore, just paying taxes is not enough, banks must be responsible to shareholders, customers, the environment, the community and employees. The typical situation in implementing social responsibilities of state-owned joint stock commercial banks in recent times shows initial successes in retaining old customers and building trust for the community through programs. specific operations.

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