



Received: 01-10-2023  
Accepted: 11-11-2023

## International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

### Business Performance of Enterprises is Associated with Green Growth in Vietnam

Do Thi Duyen

University of Labour and Social Affairs, Hanoi, Vietnam

Corresponding Author: **Do Thi Duyen**

#### Abstract

The rapid development of the world economy in the past few decades, along with the increase in world population, has brought serious consequences to the living environment. Climate change, resource depletion, natural ecosystem decline... are urgent problems that threaten the survival of humanity. In that context, the concept of "green growth" is a new approach trend in economic growth - widely recognized by economic experts, environmental experts, leaders of developed countries and international organizations. affirmed that it will be a salvation for the world and an inevitable trend for economic development in the 21st century. In Vietnam, although green growth has been applied by many businesses, it has not yet become a trend, due to its limited reach. The importance of green growth has not really been emphasized compared to promoting economic growth. Meanwhile, businesses are considered one of the key factors for the sustainable development of the economy. Through the application of science and technology, self-improvement of enterprises' production

activities towards greening and investment in green projects in the community, "green businesses" will make an important contribution to improving living environment quality as well as economic growth in the present and future. Besides, in the trend of globalization, businesses' efforts towards going green, minimizing negative impacts on the environment and society, bring many benefits to businesses in attracting customers and retain investors, because green consumption and green investment are gradually becoming investment habits and trends. However, in reality, businesses are still cautious about investing in green and clean technology. This article studies theories of green growth, criteria for evaluating green growth, business performance of businesses associated with green growth, and some typical businesses in business activities associated with green growth and from there make a number of recommendations for the government to achieve the goal of green economic growth.

**Keywords:** Green Growth, Economic Efficiency, Businesses, Criteria for Evaluating Green Growth

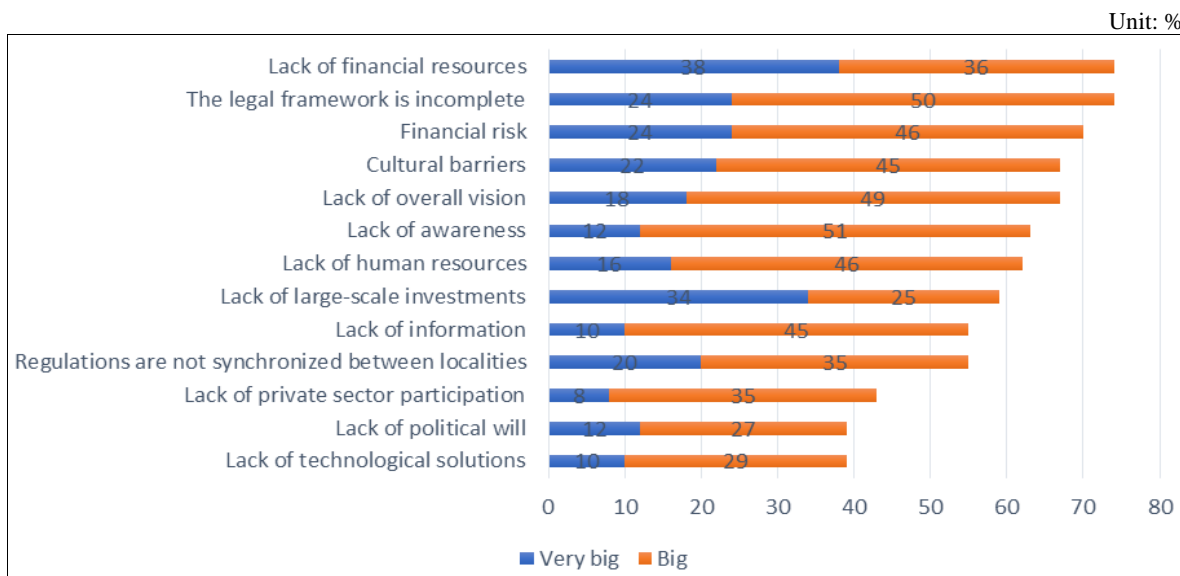
#### 1. Introduction

Currently, green growth in Vietnam has been included in the Party's guidelines and policies, and the State's legal policies. Accordingly, on October 1, 2021, the Prime Minister signed Decision 1658 approving the Action Plan on green growth for the period 2021-2030.

Next, in August 2021, the Prime Minister attended the COP 26 Conference with a commitment to bring net emissions to zero by 2050. This demonstrates Vietnam's strong political determination and commitment in solving the problem. serious global challenges and take advantage of opportunities to develop our country in a "green" direction.

In particular, we have promulgated the Law on Environmental Protection, including for the first time the definition of circular economy in legal documents.

In this context, implementing assigned tasks, CIEM has developed a draft and submitted it to the Government for approval of Decision 687 on promoting circular economy in Vietnam. Recently, CIEM coordinated with the Danish Embassy to develop a research report surveying 500 businesses on the level of readiness and awareness of businesses about circular economy in Vietnam. This is to gradually raise businesses' awareness of green growth, circular economy and realize the goal of becoming a high-income developed country by 2045.



Source: CIEM Survey, 2021

Fig 1: Difficult barriers to circular business development as assessed by businesses

At the same time, the National Strategy on Green Growth was approved by the Prime Minister approved in Decision No. 1393/QĐ-TTg dated September 25, 2012, which points out three important tasks: (i) Reduce the intensity of greenhouse gas emissions and promote the use of clean energy and renewable energy. create; (ii) Greening production. Implement the "clean industrialization" strategy through reviewing and adjusting existing industry plans, using resources economically and effectively, and encouraging the development of green industry and green agriculture with industry structure, technology and equipment ensure environmental friendliness, investment in natural capital development; actively prevent and treat pollution; and (iii) greening lifestyles and promoting sustainable consumption.

In fact, many domestic businesses have been taking green business as their strategy and competitive advantage. From using environmentally friendly materials, supporting green social responsibility activities, to seriously investing in production lines that reduce waste and emissions. Promoting the role of businesses will promote Vietnam to soon achieve its goals of green and sustainable growth.

**2. Theoretical Basis for Green Growth**

**2.1 Green Growth**

The concept of Green Growth first originated in the Asia-Pacific region. At the Ministerial Conference on Environment and Development (MCED) held in March 2005 in Seoul-Korea, 52 Governments and organizations related to the Asia-Pacific region agreed to shifting economic development towards sustainability and pursuing a green growth path (Mathews, 2012) [7]. To achieve this aspiration, a Ministerial declaration and regional implementation plan for sustainable development were adopted (Barnes, 2008) [6]. These plans initiated an ambitious and comprehensive vision of green growth as a regional initiative of UNESCAP-the home of sustainable development and the millennium development goals (UNESCAP, 2012) [8]. Accordingly, green growth is defined as a new economic growth model, separating the relationship between economic growth and environmental degradation with a focus on poverty reduction, job creation,

and social development. Society, environmental sustainability, mitigating climate change and limiting biodiversity loss and ensuring access to clean energy and water (Allen and Clouth, 2012) [5].

**Box 1. Products of Green Growth**

*Economy*

1. GDP increases and distributes equitably in a sustainable way
2. Increased production of valued ecosystem services
3. Economic security, for example, improved economic risk management
4. Innovation, openness and adoption of green technology, for example, improved market confidence.

*Environment*

5. Increase production efficiency and natural resource use efficiency
6. Natural capital is used within ecological limits
7. Increase other types of capital through the use of natural capital from non-renewable resources
8. Reduce negative environmental impacts; Improved hazard and quality management

*Society*

9. Increase the opportunities, income and quality of life of the poor
10. Good jobs that benefit the poor are created and sustained
11. Enhance social, human and knowledge capital
12. Reduce inequality

Source: OECD, 2012

In November 2010, at the G20 Summit in Seoul, leaders of countries agreed that green growth allows developing countries to leapfrog and skip the development stage associated with with pollution to develop with the application of green technology. Leaders also agreed to create an environment that allows the development of clean energy and energy efficiency technologies (Barbier, 2011) with activities focusing on renewable energy, energy efficiency, carbon storage, public transport, improved electricity transmission and distribution, public investment and environmental incentives. To date, activities to promote green growth development have mainly focused on G20 countries and countries in the Asia-Pacific region.

In February 2012, the World Bank (WB) together with the United Nations Environment Program (UNEP), OECD and the Global Green Growth Institute (GGGI) launched a new

International Knowledge Sharing Forum in Mexico (GGKP) with the goal of enhancing and expanding efforts to identify and address knowledge gaps in the theory and practice of green growth and to assist countries in designing and implementing policies aimed at green growth. There are many countries that have established policy initiatives and action plans to promote green growth, for example, the Korean Government has developed a green growth strategy focusing on low carbon activities, Japan focuses on a recycling society. China focuses on energy efficiency (UNEP, 2014).

**Box 2. Definitions of Green Growth of some countries/international organizations**

Different definitions of green growth reflect that each country/organization has different visions of green growth in accordance with the conditions, mission and orientation of their own country and organization. Below is the definition of green growth by some international and national organizations.

**UNESCAP:** Green growth is a growth model that focuses on economic development that ensures environmental sustainability, promotes low-carbon development and an inclusive society.

**OECD:** green growth is a model of economic growth and development, while ensuring that natural assets continue to provide resources and environmental services for people.

**World Bank:** Green growth is a growth model that ensures efficient and clean use of resources with minimal pollution and environmental impacts.

**GGGI:** Green growth is a new development model that ensures economic growth with environmental and climate sustainability. Focus on addressing challenges at the source while ensuring the creation of necessary channels for resource distribution and access to basic goods for human needs.

**Korea:** Green growth is growth achieved by saving and using resources and energy effectively to minimize climate change and environmental damage, creating a driving force for growth. Through research and development of green technology, creating new job opportunities and achieving harmony between economic development and environmental protection.

**United Nations Green Growth Initiative:** Green growth or building a green economy is the process of restructuring economic activities and infrastructure to achieve better results from investments. resources, human resources and finances, while reducing greenhouse gas emissions, exploiting and using fewer natural resources, creating less waste and reducing social inequity.

**Vietnam's definition of green growth:** Green growth is growth based on the process of changing the growth model, restructuring the economy to take advantage of comparative advantages, improve efficiency and competitiveness of the economy. economy through researching and applying advanced technology, developing modern infrastructure systems to effectively use natural resources, reduce greenhouse gas emissions, and respond to climate change, contributing to poverty reduction and creating a driving force for sustainable economic growth.

Source: OECD (2012)

Green growth is a necessary condition for building a green economy with the characteristics of sustainably increasing investment in economic activities, promoting the conservation and development of natural capital, and minimizing environmental and ecological hazards from renewable energy development, low carbon transport, energy and water efficient buildings, sustainable agriculture, forestry and fisheries management. Green growth also means promoting economic development while ensuring that natural capital assets continue to provide the resources and environmental services on which humanity depends (OECD 2012). Thus, Green Growth rejects the traditional

concept of economic growth first, cleaning later and discourages investment decisions that bring the dangers of carbon pollution and emissions, instead That is, finding solutions to encourage investment and initiatives to use inputs more effectively and sustainably for growth and development (UNESCAP 2012) [8].

In Vietnamese legal documents, green growth is growth based on green growth in the process of changing the growth model, restructuring the economy to take advantage of comparative advantages, improve efficiency and competitiveness of the economy through research and application of advanced technology, Develop modern infrastructure systems to effectively use natural resources, reduce greenhouse gas emissions, respond to climate change, contribute to hunger eradication and poverty reduction and create a driving force for economic growth in a sustainable way” [1].

In general, green growth has some basic contents:

(i) Green growth aims to use resources more effectively, increase labor productivity while reducing environmental impacts;

(ii) Green growth uses activities to reduce greenhouse gas emissions, protect the environment, and adapt to climate change as the driving force for economic growth;

(iii) Green growth also targets social goals such as poverty reduction and inequality as a result of greening the economy; and (iv) Green growth is a method of sustainable economic development, is a part of sustainable development, is not synonymous with and does not replace sustainable development [2].

In addition to implementing the action plan towards green growth, it is necessary to check and monitor this implementation. According to OECD (2011), the green growth monitoring framework includes 5 main groups of indicators and a group of indicators on the socio-economic context. Each group of indicators also includes comprehensive content and specific indicators:

**Table 1:** Evaluation criteria for green growth

Number	Target group	Targets
1	Socio-economic context and the characteristic of growth	- Growth, productivity and competition - Labor market education and income
2	Resource efficiency and environment school	- Energy and carbon efficiency - Resource efficiency - Total factor productivity (TFP)
3	Natural assets foundation	- Renewable resources - Non - renewable resources - Biodiversity and ecosystems
4	Lip quality of life school	- Health and environmental risks - Environmental services and amenities
5	Economic opportunities and feedback policy	- Technology and innovation - Environmental goods and services - International financial flows - Pricing and conversions - Regulations and management approaches - Developing training and skills

Source: Towards Green Growth: Monitoring Progress. OECD Indicators, 2011

### 2.2 Business Efficiency

Business efficiency is a category that reflects the level of utilization of resources to achieve determined business goals. Only business enterprises aim to maximize profits and therefore need to evaluate business efficiency [3]. The author uses the following factors and metrics:

**Table 2:** Factors evaluating business performance

Factor	Variable	Measure
Enterprise output efficiency	Business efficiency	- ROA is the ratio of net profit to assets. ROA measures a company's profitability per dollar of assets. - ROE is the ratio of net profit to equity that measures the profitability per dollar of capital of a business - ROS is the ratio of profit to revenue, that is, the ratio of profit to revenue, the profitability of revenue.
<b>Openness of the policy mechanism</b>	Support for preferential capital sources	- From capital providers such as banks, support funds, state budget.

Source: Business Analysis textbook, 2016

### 3. Evaluate the Business Performance of Enterprises When Implementing Green Growth

In fact, many domestic businesses have been taking green business as their strategy and competitive advantage. From using environmentally friendly materials, supporting socially responsible activities, to seriously investing in production lines that minimize waste and emissions. Promoting the role of businesses will promote Vietnam to soon achieve its goals of green and sustainable growth.

Nestle Vietnam can be taken as a testament to the sense of corporate responsibility to Vietnam's green growth strategy from the perspective of the business sector as well as the contribution of Nestle's programs, goals and actions. Vietnam is implementing in Vietnam.

As an enterprise associated with the agricultural industry (the industry with the highest emissions), Nestle' Vietnam has set a goal of sustainable development with green growth as the pillar. Nestle will work with partners and coffee farmers in the Central Highlands region to pilot planting forest trees and fruit trees right on coffee fields according to the agroforestry/intercropping model. Aiming to plant about 2.5 million trees in the period 2023-2027. When successfully implemented and achieving the expected total number of crops, the project not only brings economic value to farmers, but also contributes to the absorption and storage of CO2 gas.

Through the NESCAFE Plan program initiated in 2011, the NESCAFE Plan program has successfully linked with farmers in the Central Highlands region, improving the quality of Vietnamese coffee beans, applying sustainable farming methods, and replanting areas. Old coffee trees, increasing income for farming households, ensuring livelihoods as well as increasing the power of female farmers.

At the same time, regenerative agriculture also helps improve soil quality and fertility as well as protect water resources and biodiversity. Improving soil quality also helps increase the ability to absorb carbon into the soil, reducing emissions. The program has helped farmers replant 63,000 hectares of old coffee, reduce irrigation water by 40% and chemical fertilizers/pesticides by 20%, increase income by 30-100% thanks to applying a reasonable intercropping

model, and reduce carbon emissions per kilogram of coffee harvested.

Nestle's regenerative agriculture model has been successfully applied in coffee farming, and can also be a solution for other sectors in the agricultural sector. Nestle Vietnam also affirms its role in continuing to increase the value of agricultural products, contributing to helping Vietnam become a center connecting food innovation in Asia instead of just exporting products. rough, low value.

Or Greenfeed Group, an enterprise operating in the agricultural-food sector (greatly affected by climate change) has had impressive results in environmental protection and green growth.

According to 2022 statistics, Greenfeed has reduced nearly 9.2 tons of CO2 emitted into the environment. The above achievement is the effort from using biomass for boilers in factories, combined with installing inverters and capacitor systems to help reduce power loss, save fuel, as well as deploy electrical systems. Rooftop solar at factories and livestock farms.

Greenfeed Vietnam said that Greenfeed's energy conversion was determined through measuring the structure of energy consumption and emissions each year. From there, the Group will consider and propose appropriate initiatives to increase the proportion of renewable energy in the consumption structure.

Or an FDI enterprise with strong commitments to sustainable development in Vietnam, Tetra Pak, takes the message "Protect the good things", including food, people and the earth, to demonstrate that commitment. through the construction and operation of the Tetra Pak factory in Binh Duong. 100% of paper boxes supplied in Vietnam are labeled with the World Forest Council's FSC label, certifying the origin of raw materials harvested from controlled regenerated forests and managed according to strict international standards. In addition, the company has cooperated with big names in the retail industry such as Aeon Mall and MM Mega Market to expand the paper box collection network at shopping centers and supermarkets, increasing the total number of collection points. Collect paper boxes at up to 76 locations nationwide. In particular, cooperate with the Vietnam Packaging Recycling Alliance (PRO Vietnam) and Circular Action organization to pilot the model of purchasing paper beverage boxes in Ho Chi Minh City, from August 2022. by March 2023, with the goal of purchasing and completely recycling 3,000 tons of paper boxes into useful products such as raw paperboard and ecological roofing,...

Businesses need to be fully aware of the meaning and concept of green growth so that they can build appropriate and effective development strategies for their businesses with both short-term and long-term vision. Accordingly, it is necessary to clearly understand that green growth is not only limited to using renewable electricity, clean electricity or saving electricity, but for sustainable green growth, the transportation, construction, and manufacturing sectors must be guided and Implement regulations on emissions directly (such as the transportation industry) or indirectly (such as the manufacturing industry that produces materials or products that protect the environment, limit pollution during the formation of materials or product). Accordingly, large businesses must take the lead and spread positive messages about green growth.



#### 4. Discuss Research Results

Vietnam's strategy on green growth, period 2011-2020 and vision to 2050<sup>[4]</sup>, has identified 3 goals: Encourage economic sectors to effectively use natural resources with added value increase, limit and gradually eliminate industries that wastefully use natural resources and pollute the environment. Apply and develop modern technology to effectively use natural resources, reduce greenhouse gas emissions, and contribute to effective response to climate change. Improve people's lives through creating more jobs from green industries and improving quality of life through building an environmentally friendly lifestyle. If the green growth strategy is to be successful, a comprehensive solution will help share vision and clarify medium to long-term goals on green growth, be able to advise and cooperate, convince all parties and promote Effective coordination between ministries, branches and relevant localities. The proactive participation of the community will create a sustainable foundation for green growth. Therefore, there is a need for policies that clearly demonstrate actions with community participation, increasing community awareness of green growth, in order to change community behavior. Besides, government intervention can maximize the power and influence of the market on green growth, having an appropriate incentive system with private sector participation.

Realizing the effectiveness brought about by implementing production and business activities associated with the green growth model, businesses continue to research and develop a roadmap to implement other indicators related to green growth to applied in practice during production and business activities with the goal of saving costs and improving operational efficiency through the use of energy sources from natural resources, using renewable energy, environmentally friendly, ensuring production and business development according to the model of green growth and sustainable development. However, there are two things that need to be done to do this:

Firstly, Vietnam's policy system for green economy is gradually being researched

Research, build and implement step by step. However, this policy system also has limitations and shortcomings. To overcome, it is necessary to implement strategic solutions and a reasonable roadmap for the periods from now to 2020 and vision to 2030.

Second, in terms of investment capital and support for green growth related to technological innovation, ecosystem restoration, effective and economical use of natural resources and low carbon emissions, investment develop some new fields. To do that requires a large amount of capital to not only create many jobs but also reduce greenhouse gas emissions, especially using renewable energy. Mobilizing this total capital from developing countries is not easy, requiring support from developed countries. Vietnam needs to carefully research and make the most of investment capital for green growth from countries and international organizations.

#### 5. Recommendations

To achieve the goals of the Green Growth Strategy, we need to make more efforts and learn from international experience, apply creativity to Vietnam's specific circumstances, and clearly see the obstacles and challenges that will arise. Encountered, and from there come up with

appropriate policies. The author would like to make some subjective recommendations as follows:

Firstly, there needs to be a policy to disseminate, propagate, and raise awareness of the Green Growth Strategy and Action Plan that the Government has issued to leaders, state management agencies, and businesses. Businesses and people throughout the country.

Second, there needs to be priority policies to increase the attraction of investment capital from all economic sectors in green growth.

Third, there needs to be preferential policies and expansion of capital sources from commercial banks to deploy investment capital support for businesses applying production and business associated with green growth.

#### 6. References

1. Prime Minister. Decision No 76/QD-TTg of the Prime Minister dated January 11, 2016 on Approving the National Action Program on sustainable production and consumption to 2020, vision to 2030 Hanoi, 2016.
2. OECD. Towards Green Growth: Monitoring Progress. OECD Indicators. OECD Publishing, 2011.
3. Nguyen Van Cong. Business Analysis Textbook. National Economics University Publishing House Hanoi, 2016.
4. Prime Minister. Decision No. 1393/QD-TTg dated September 25, 2012 of the Prime Minister approving the National Strategy on Green Growth in Hanoi, 2012.
5. Allen C, Clouth S. A Guidebook to the Green Economy Issue 1: Green Economy, Green Growth, and Low-Carbon Development-History, Definitions and a Guide to Recent Publications, United Nations Division for Sustainable Development, Department of Economic and Social Affairs (UNDESA): New York, NY, USA, 2012.
6. Barnes I. The Green Growth Approach for Climate Action. Background document for the 3rd Policy Consultation Forum of the Seoul Initiative Network on Green Growth, 2008.
7. Mathews JA. Green growth strategies-Korean initiatives. *Futures*. 2012; 44(8):761-769.
8. UNESCAP. Low carbon green growth roadmap for Asia and the Pacific, background policy paper. Water resource management: policy recommendations for the development of eco-efficient infrastructure. Prepared by: Dr Reeho Kim, Dr Jungsoo Mun and Dr Jongbin Park, Korea Institute of Construction Technology. United Nations publication, 2012.