A SUMMARY OF RESPONSES TO REFEREES’ COMMENTS

“CORPORATE SOCIAL RESPONSIBILITY AND SMEs IN VIETNAM: A STUDY IN THE TEXTILE AND GARMENT INDUSTRY”

Dear the Editor,

Thank you very much for the opportunity to revise and submit the paper to the Journal of Risk and Financial Management. Please be advised that all comments from the reviewer are now considered and incorporated in the revised version. More importantly, the paper will be professionally edited by the language editor recommended by the Reviewers to ensure consistency, clarity and coherence of information presented in the paper.

I would like to take this opportunity to thank you for your continuing support.

Best regards

Loan Van
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<th>Reviewers’ Comments</th>
<th>Authors’ Responses</th>
<th>A revised version</th>
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<td>Reviewer 2 The introduction lacks scientific rigour. The introduction itself should provide clear description of the research area/problems, research gaps (short literature review indicating the problem in the literature showing – here shortly and more extensively in literature review section – what has been done and what you want to add in your paper) methodology of the paper (how you want to solve the problem) and your contribution to the literature. Make the introduction text clearer, focused and in line with the subject of your paper. Moreover, the Authors should better address the context they want to investigate, i.e. why you focus on Vietnam and why Textile and Garment industry.</td>
<td>Thank you. We added information and rewrote as the reviewer said.</td>
<td>Research on CSR and SMEs has only recently emerged (Murrillo and Lozano, 2006; Morsing and Perrini, 2009; Vo, 2012). Literature needs more studies on it. One of research gaps is the engagement of CSR in SMEs (Murrillo and Lozano, 2009; Vo, 2012). Research is needed to explore why SMEs adopt CSR. Some researchers state that not many SMEs conduct CSR due to the lack of resources (see, e.g. Lepoutre and Heene, 2006; Kusyk and Lozano, 2007; Sweeney, 2007; Nguyen and Pham, 2016) or the lack of CSR understanding (Tran and Jeppesen, 2016). Others say that SMEs implement CSR because of ethical reasons (Longo et al., 2005; Jenkin, 2006), business performance and regulation (Williamson et al., 2006), relationships with community and company image improvement (Longo et al., 2005), capital and human resources (Nguyen and Pham, 2016). … The Vietnam’s textile and garment industry contribute 10 percent of the national industrial values and created 2,7 million labours—this shows the importance of the industry in the Vietnamese economy. Additionally, a characteristic of the industry is that most companies have collaborated with international partners (Song, 2018). These are our reasons for selecting the industry for the research. It may help to understand how to promote CSR in SMEs that is little known (Murrillo and Lozeno, 2009). SMEs in other industries may not want to practice CSR but SMEs in the textile and garment industry in Vietnam may do due to high expectations of their international stakeholders. … The study used a survey of 250 managers in 250 SMEs in Vietnam in the textile and garment industry. The results indicate that SMEs adopt CSR because of competitive environment, social influences, the understanding of managers about CSR and the internal environment of SMEs.</td>
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<td>In fact, there is no literature review. Suggesting that there is little research is not</td>
<td>Thank you. We added three paragraphs in</td>
<td>The concept of CSR has been introduced in Vietnam since 2002 by international organizations such as the World Bank (Tran</td>
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enough. You should analyse referenced literature indicating what has been done to date, what variables they used, what sample they have chosen in their research and make a critical statement about what they have not done which you can add to the body of knowledge. This should be also presented in the introduction section but in a limited version (as mentioned above).

Section 2.

We also put the information in the Introduction section (please see above).

Research about CSR in Vietnam might begin since that time. My literature review shows that research on it is little, particularly relating to SMEs. Most research focuses on customers’ perception towards CSR (see, e.g. Bui, 2010; Thi and Van, 2016; Nguyen, 2016; Tran et al., 2017; Van, 2019). In other words, they explored how Vietnamese customers understand CSR. Their findings show that the concept of CSR is still new to research participants. In addition, many studies in Vietnam used CSR dimensions by Carroll (1991) such as economic, legal, ethical and philanthropic responsibilities (see, e.g. Bui, 2010; Nguyen et al., 2014; Thi and Van, 2016; Nguyen, 2016). They have not pointed out drivers such as the internal environment of SMEs that impacting the implementation of CSR in firms—this will be explored in our research.

Our review on literature shows that research about CSR in Vietnam usually studies the views of consumers, rather than managers, especially relating to SMEs (see, e.g. Bui, 2010; Thi and Van, 2016; Tran et al., 2017; Van, 2019). Collecting CSR opinions by customers may be easier than that by managers—this implies that our research, which studies manager perspectives, may be invaluable for literature. Research by Tran and Jeppesen (2016) is one of few studies exploring the voice of managers about CSR in SMEs in Vietnam. Tran and Jeppesen (2016) interviewed 20 managers and 125 workers in 20 Vietnamese textile, garment and footwear firms. Their study explored the way to practice CSR in the firms such as physical environment, working conditions, wages and benefits. Their research findings showed that CSR was not implemented in the firms because financial resources were limited; and managers and workers did not understand the concept of CSR.

Nguyen and Pham (2016) are other researchers studying factors influencing the implementation of CSR in Vietnamese firms. Four factors such as regulatory system, knowledge of CSR, capital and human resources were used to test in their research. They sent a questionnaire to 207 firms in
different business fields. Their research results showed that only the two factors affecting the way the firms practiced CSR are capital and human resources. As can be seen that SMEs in Vietnam may not be ready for adoption of CSR due to cash limitations, however, in the industry of textile and garment, they may do due to the pressure of international partners, or competitive environment. Factors impacting the adoption of CSR in firms in Vietnam such as competitive context, social influences, the understanding of managers about CSR and the internal environment of firms have not been focused in these studies yet. Our research will examine them from the view of managers who can play a decisive role in putting CSR in firms’ developmental strategy.

As analyzed above, in order to study factors affecting the engagement of CSR in SMEs, hypotheses were developed as below:

H1: An understanding of managers about CSR has a significant impact on the implementation of CSR in SMEs.

H2: External and internal environment of SMEs affect positively their engagement in CSR. The environment consists competitive context, social influences and the internal environment of companies.

Possibly it would be good idea to add section (before Method section) presenting Textile and Garment industry in Vietnam in the context of CSR development. It would increase understanding of Vietnam context as well as Textile and Garment industry in Vietnam for foreign audience.

Thank you. The paper now is long (15 pages; before reviewing: 12 pages). We talked it in the Introduction Section.

…The Vietnam’s textile and garment industry contribute 10 percent of the national industrial values and created 2.7 million labours—this shows the importance of the industry in the Vietnamese economy. Additionally, a characteristic of the industry is that most companies have collaborated with international partners (Song, 2018). These are our reasons for selecting the industry for the research. It may help to understand how to promote CSR in SMEs that is little known (Murrilo and Lozeno, 2009). SMEs in other industries may not want to practice CSR but SMEs in the textile and garment industry in Vietnam may do due to high expectations of their international stakeholders.

Although the industry exported more than 36 billion US dollars in 2018—reached the top three in the world, together with China and India (Song, 2018), problems still occurred relating to CSR. For example, on July 2019, Big C supermarket, a foreign one in Vietnam,
has announced to stop the collaboration with 200 textiles and garment SMEs because of product quality (Kieu, 2019).

It is customary to add main results of the paper as well as an outline of the paper at the end of the introduction section.

Thank you. We added information at the end of the Introduction section.

The study used a survey of 250 managers in 250 SMEs in Vietnam in the textile and garment industry. The results indicate that SMEs adopt CSR because of competitive environment, social influences, the understanding of managers about CSR and the internal environment of SMEs.

The next section of the article is a review of the existing literature on CSR and SMEs. Next, we will talk about the collection of data for the study. Then, we present our research findings and discuss them. The last part is a conclusion in which we show limitations of the study and implications for future research.

I suggest authors to rewrite the introduction and conclusions sections…

Thank you. We rewrote the introduction and conclusion as the reviewer said. Please see the paper.

The introduction section and conclusion section were rewritten.

There is a discrepancy between the title and the content in section 2, since there is nothing about hypotheses. Hypotheses should be added to this section, clearly formulated and listed and be backed up with literature review and/or theory.

Thank you. We put hypotheses in Section 2.

As analyzed above, in order to study factors affecting the engagement of CSR in SMEs, hypotheses were developed as below:

H1: An understanding of managers about CSR has a significant impact on the implementation of CSR in SMEs.

H2: External and internal environment of SMEs affect positively their engagement in CSR. The environment consists competitive context, social influences and the internal environment of companies.

In Method section you should better backed up the choice of your variables. Was it your own choice or maybe you have based on previous literature?

We did as the reviewer said. Thank you very much.

Quantitative research was a survey on 330 top, middle and low-level managers in different SMEs in Vietnam. We chose the firms based on the list of registered SMEs in the textile and garment industry provided by Ho Chi Minh City Tax Department. The managers were not in the same companies. The surveys in Vietnamese undertook from March to October in 2017 were used for the study. After the returned questionnaires were reviewed and the invalid ones were eliminated, 250 valid answered questionnaires were coded to SPSS 23.0 for analysis purpose.

We measured CSR from the managers’ perspectives using 5 factors with 25 observed
items: the understanding of managers about CSR (4 variables), the internal environment of companies (6 variables), competitive context (6 variables), social influences (4 variables) and the implementation of CSR in SMEs (5 variables). These variables were employed from research by Burke and Logsdon (1996), Spence et al. (2003), Murillo and Lozano (2006), Porter and Kramer (2007), Darnall and et al. (2010). These were translated into Vietnamese. The scale is designed as 5 point-scales Likert from 1- Totally disagree to 5-Totally agree (see Table 1). The study used Cronbach’s Alpha to test reliability of the scale; exploratory factor analysis (EFA) to identify relationships between measured variables; and Pearson to study the correlation coefficient between dependent and independent variables (see also Section 4).

In conclusion section there is nothing about research limitations and future research possibilities. Moreover, contribution of the paper should be the main part of conclusion section thus this item must be extended (at least contribution to literature, managers, policy makers).

Thank you. We added two paragraphs in Conclusion Section including contributions of the paper and limitations of our research.

This study is conducted in Vietnam where scholarship is emerging. This contributes to a broader understanding of CSR in SMEs especially in the developing world. The research is also significant because it explores the SMEs’ engagement of CSR in a country where CSR is new to the public. Another contribution of this study relates to the research sample. The study collected the data from SMEs perspectives, not large enterprise ones. In other words, our research findings reflect the view of SME managers who have an important role in making decisions about why firms need to put CSR in their business strategy. Finally, this research provides empirical evidence in the textile and garment industry. SMEs may have resource limitations, however, they are ready to practice CSR due to the pressure of competitive context and social influences.

There are limitations in this study that needs to be considered in future research. Firstly, this study was conducted only in the textile and garment industry. Thus, generalizability of the research results is limited. Research in future should explore in other industries so that it can find out similarities and differences among them. Secondly, our research was surveyed in SMEs only. Future studies need to examine in large companies in order to compare the practice of
CSR between SMEs and large enterprises in the developing world such as Vietnam. Finally, future studies should use cross-country ones for better understanding the use of CSR theories in different countries.

Example, in SMEs, in majority cases ownership and management are not separated so owners have power to decide all business activities in the way of their personal choices (Spence, 1999; Perez-Sanchez, 2003; Davies and Crane, 2010)…