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MỐI QUAN HỆ GIỮA CHIẾN LƯỢC ĐA DẠNG HÓA VÀ CÔNG BỐ THÔNG TIN TRÁCH NHIỆM XÃ HỘI CỦA DOANH NGHIỆP NIÊM YẾT TẠI VIỆT NAM

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Tóm tắt

Ngày nay, việc thực hiện trách nhiệm xã hội (TNXH) và công bố thông tin (CBTT) liên quan đang nhận được sự quan tâm rất lớn từ các doanh nghiệp trên toàn thế giới, tuy nhiên, mối quan hệ giữa CBTT TNXH và chiến lược tăng trưởng bằng cách đa dạng hóa của doanh nghiệp đang là chủ đề hiếm khi được nghiên cứu. Đặc biệt, ở một quốc gia đang phát triển như Việt Nam, đề tài nghiên cứu này vẫn chưa được tiến hành. Kết quả nhóm tác giả chúng tôi chỉ ra rằng chiến lược đa dạng hóa địa lý và đa dạng hóa ngành có tác động thuận chiều tới mức độ CBTT TNXH bên cạnh những đặc điểm doanh nghiệp như đòn bẩy, lợi nhuận, quy mô và việc sử dụng đơn vị kiểm toán độc lập. Kết quả của bài nghiên cứu không chỉ góp phần vào cơ sở lý thuyết về các nhân tố tác động đến việc CBTT TNXH của doanh nghiệp mà còn đề xuất các giải pháp cho doanh nghiệp nhằm tăng cường minh bạch thông tin về phát triển bền vững tại Việt Nam và trên thế giới.

Từ khóa: Trách nhiệm xã hội, Công bố thông tin, Chiến lược đa dạng hóa, Đa dạng hóa địa lý, Đa dạng hóa ngành.

THE RELATIONSHIP BETWEEN DIVERSIFICATION STRATEGY AND CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE OF VIETNAM LISTED COMPANIES

Abstract

Despite the increasing attention on corporate social responsibility disclosure (CSR) over the world, the relationship between CSR and a common form of growth strategy known as diversification has been rarely examined. Especially in a developing country like Vietnam, this research topic has not been conducted yet. Aside from showing positive influence of firms' characteristics such as leverage, profitability, broad size and audit firms on corporate social responsibility (CSR) reporting, the findings indicate that geographical and industry diversification

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is significantly and positively related to the extent of CSRD. By introducing new independent variables into the CSRD research topic in Vietnam, this paper is expected to extend the scope of earlier studies. It will enrich current knowledge of determinants of CSRD and propose several implications for enterprises to improve the sustainability development disclosure in Vietnam context specifically or over the world in general.

Keywords: Corporate social responsibility (CSR), CSRD, Diversification strategy, Segment diversification, Geographical diversification.

1. Introduction

In the contemporary corporate world, concern for corporate social responsibility (CSR) has become a key component of significant success. In that context, people expect the organizations to go beyond the legal or regulatory requirement to invest more into human capital, environment, and stakeholder relations, as well as to engage in social or environmental behavior that makes a great contribution to society (Kitzmueller & Shimshack, 2012).

Recently, CSRD is receiving increasing attention from the mainstream accounting research community, thus there have been a lot of studies examining the determinants that affect CSR transparency. A study by Ali, Frynas and Mahmood (2017) found that the degree of CSRD is influenced by both company characteristics and environmental factors. However, the specific impact of an internal factor known as diversification strategy has been a topic of scarce examination, especially in a developing country like Vietnam.

Diversification is commonly recognized as an important growth tactic for businesses to gain market share, build brand loyalty, and boost overall market performance. In diversification strategy, geographic diversification and industry diversification have been identified as the two dominant development techniques (Caves, 1996; Mudambi, 2002). Industry diversification is described as “entry into a new product market activity implying a considerable increase in the available managerial competence within the firm” (Rumelt 1974). Meanwhile, geographical diversification is the expansion of a business’s operations into multiple locations (Lu & Beamish, 2004).

Firms operating in industries characterized by low profitability and few opportunities, according to Stimpert and Duhaime (1997), tended to expand by entering into new businesses. In 1981, Christensen and Montgomery presented evidence to claim that diversification was a means to escape from the poor profitability of the firm’s industry. Additionally, introducing businesses to more regions and people provides opportunities for the companies to establish brand recognition (Lu & Beamish, 2004). With those advantages of diversification to the firms’ performance, a growing number of companies from various industries are opting for diversification as their primary strategies for the growth paths.

Due to their crucial roles in modern businesses as well as their positive effects on firms’ sustainable development, both diversification strategy and CSRD have been receiving growing recognition from corporate stakeholders and the community. However, the relationship between them has not been officially examined, especially in the Vietnamese context. As a result, this study is going to delve into a relatively new area with the main purpose to identify whether there are any relationships between the diversification strategy (product and regional diversification) and CSRD in Vietnamese publicly listed corporations.

As a study of CSRD in Vietnam, this proposal will add to a scarce source of research on CSR in emerging economies. The findings of this paper will aid in the interpretation of CSRD determinants and provide insights to enhance the application and execution of disclosure guidelines. Additionally, the paper will support both internal and external stakeholders in determining the characteristics of the strategies of the companies via their publication of CSR reports. The result is expected to assist the Vietnamese corporates in applying the relationship between the two components in developing strategies that are appropriate with their current conditions, thus ensuring sustainable growth. Finally, this dissertation can serve as a foundation for future studies to develop new findings in the fields relating to diversification strategies, CSR reporting, or corporate transparency in general.

The study proceeds as follows: Firstly, the authors identify research background, research rationale, research objective, and scopes in which the research is conducted and develop the hypotheses. Secondly, in the methodology section, the authors describe the data collecting process and models used to measure variables and to test the proposed hypotheses. The last sections define what results can be obtained and discuss the results' implication before concluding the study by some limitations when conducting the research. In this section, the study also provides some recommendations for future dissertations and gives suggestions for practical application in a real-life situation.

2. Literature review

2.1. Corporate social responsibility disclosure

CSR disclosure practices include the reporting of any information concerning the responsibilities of firms for their impact on society, such as moral obligations or the ethical activities in which firms have engaged to minimize harm to the community, environment, employees, and consumers (Lee & Cassell, 2008, Vu & Buranatrakul, 2018). Existing scholars have conducted intensive studies on the features of CSR and on the factors influencing CSR practices of businesses. While some articles concentrate on corporate governance characteristics such as board independence, board size, CEO duality, government ownership, audit committee (Said et al., 2009, Haniffa & Cooke, 2005; Ghazali, 2007), many other papers explore what kinds of company-specific characteristic variables, such as firm scale, media attention, environmental sensitivity, profitability, and firm age, would affect corporate social responsibility disclosures (Roberts, 1992; Cowen, 1987). For example, using stakeholder theory as a basis, Robert (1992) proposed that the greater a company's economic success in previous years, as determined by growth in return on equity, the higher its existing levels of corporate social responsibility disclosures. Meanwhile, Wang, Song and Yao (2013) discovered that firm size, ownership concentration, institutional shareholding, and media exposure are positively and significantly related to the levels of various corporate social responsibility disclosure indicators, and that firms in environmental sensitivity industries disclose more CSR information related to environmental protection improvement, while firms in consumer sensitivity industries disclose less CSR information related to their industries. Despite the fact that CSR disclosure is not a new practice in developed economies (Vu & Buranatrakul, 2018), it is still an alien concept in Vietnam (Hamm, 2012). According to Nguyen and Truong (2016), the perception of CSR in Vietnam remains vague, and its implementation is limited. Overall, it can be concluded that the study and practice of CSR reporting in Vietnam have been insignificant in the past (Vu & Buranatrakul, 2018).

2.2. Geographic diversification

Geographic diversification is a significant determinant of numerous phenomena and challenges in both economics and finance. Researchers have shown that geographic dispersion affects firm economic performance, firm valuation, stock returns, innovation, systematic risk, corporate decision making, and especially corporate social performance (Shi et al., 2017; Kim & Mathur, 2008). Kim and Mathur, using a dataset of 28,050 firm-year observations from 1990 to 1998, discovered that geographic diversification is associated with a decrease in firm value and that the costs of corporate diversification may outweigh the benefits of diversification. Shi et al. (2017) reveal that geographic diversification is strongly and negatively correlated with CSR ratings, and they use three reasons to justify these negative relationships: social engagement, agency cost, and consumer and investor recognition.

2.3. Industry diversification

Geographical and industry diversification are conventional corporate techniques that companies apply as they aspire to grow their business. Over the last decade, an extensive academic literature has developed investigating the causes and effects of industrial diversification (Denis, Denis & Yost, 2002), as well as their association with geographical diversification, corporate performance in terms of finance, society, and firm valuation (Mayer, Stadler & Hautz, 2014; Denis, Denis & Yost, 2002). In 2002, as Jingoo Kang was surprised with the exclusive focus of the existing diversification - corporate social performance literature on international diversification instead of both geographical and industry diversification, he conducted the research and discovered a favorable association between unrelated product diversification and corporate social performance. Meanwhile, related product diversification was found not to have a meaningful relationship with CSP. Today, we experience the same situation but in terms of corporate social responsibility disclosure as there has been very little research relating industry diversification to CSRDs Sambharya (2018) and the support for this relationship is largely missing.

2.4. Diversification strategy and corporate social responsibility disclosures

According to Freeman (1984), a stakeholder is "any group or individual who can affect or is affected by the achievement of the firm's objectives". The behavior and demand of customers, who are significantly important stakeholders, is a critical factor that companies must consider when developing corporate strategies, and diversification strategy is no different. Robin W. Roberts published a study in 1992 trying to understand the determinants of CSRDs using stakeholder theory. The proxies selected to represent the influences of stakeholder power on corporate social responsibility disclosures are the power of stockholders, creditors and legislative bodies (Roberts, 1992).

The paper of Roberts in 1992 had revealed that companies that confront a higher degree of political scrutiny are more likely to report their social responsibility initiatives. It also supports the contention that management can interpret social responsibility disclosures as a way to satisfy different creditor stakeholder expectations. Although stakeholder theory can act as a bridge to clarify the relationship between diversification policy and CSRDs, there are far too few studies that specifically investigate the effect of diversification strategy on firms' CSRDs, especially in emerging economies. As a result, we attempt to fill the study void by investigating the impact of diversification policy on corporate social practices disclosure of Vietnamese listed companies.

3. Hypothesis development

As mentioned above, despite the lack of empirical dissertations directly investigating the connection between diversification strategy and CSRD, there is a wide range of studies focusing on CSR initiatives, CSRD and diversification separately that are extremely helpful in laying a solid foundation for developing this research's hypotheses.

We can expect a positive linkage between regional diversification and CSRD based on social and political theories such as institutional, legitimacy and stakeholder theory. The institutional theory "considers the processes by which structures, rules, norms and routines become established as authorities as authoritative guidelines for social behavior" (Scott, 2007). Hoffman (2001) stated that "the form of organizational response reflects the institutional pressures that emerge from outside the organization".

According to stakeholder theory as mentioned in the literature review section, a firm's ability to manage different stakeholder groups significantly influences stakeholder satisfaction (Sangle, 2010). Sustainability disclosure - a part of stakeholder management (Adams, 2002), plays a critical role in creating and maintaining the interaction between the organization and its stakeholder. Basically, the more sustainability disclosure is performed, the higher customers' satisfaction levels are, then the enterprise has a higher chance to achieve greater success. (Amran et al., 2013).

Briefly, when a company expands its business into multiple countries, it has to deal with institutional pressures from different governments, and needs to satisfy diverse groups of stakeholders, which leads to increasing requirements for the firm's information disclosure, especially information relating to social and environmental responsibility.

Hypothesis 1 (H1): Geographical diversification is positively associated with CSRD extent.

In terms of segment diversification, Kang (2002) found a positive relationship between unrelated industry diversification and CSR performance. Similarly, Xu & Liu (2017) stated that a higher level of industry diversification led to a higher level of engagement and more performance in CSR, especially in the case of unrelated product diversified-companies. In addition, global customers prefer companies that have strong social images or have a good reputation for environmental responsibilities (CSR Europe, 2007) while a constructive relationship exists between brand name and voluntary disclosure (Haddock and Fraser, 2008; Haddock & Tourelle, 2010). For a product diversified firm, having a good social reputation is one of the key components to attract and sustain customers. In this context, brand equity can be established by the company's performance of socially responsible activities and its reporting sustainable information. Therefore, it leads to our second hypothesis:

Hypothesis 2 (H2): Industry diversification is positively associated with CSRD extent.

4. Methodology

This research uses the secondary quantitative approach, which employs secondary data from annual consolidated financial reports of listed Vietnamese companies operating in a variety of industries such as banking, engineering, medical, aquaculture, construction, chemical, tourism, etc. We gathered information about these businesses from their annual financial reports from 2016 to 2018. The data pertaining to the calculation of independent variables is gathered from the "segment reporting" section. However, since many businesses do not provide segment reporting

in their corporate financial reports, the authors do not restrict data collection in segment reporting but request more detail from their total revenue reporting. The survey will be split into three groups: firms that only report sales in terms of regions they diversified in, firms only recording revenue relevant to their business segments, and firms that diversified both geographically and industrially. Only the third category will be included in this paper.

4.1. Measuring independent variables:

The independent variables include geographic diversification and industry diversification.

4.1.1. Geographic diversification:

Our data on geographic dispersion ranges from 2016 to 2018. Vietnamese firms will report their revenues in terms of geographical segments if these segments have distinguishable risks and economic interests. To measure geographic diversification, we followed the regional entropy model proposed by Hitt et al. (1997). The model is $GD = \sum (X_i * \ln [1/X_i])$ with X_i defined as the percentage of total sales attributed to the market region i and $\ln (1/X_i)$ defined as the weight given to each market region. This measure has taken into account the number of regions that the company has diversified in and the importance of each region to the total revenue of the company.

4.1.2. Industry diversification:

$PD = \sum [P_i \times \ln (1/P_i)]$. P_i was the percentage of sales reported by a given business segment i and $\ln (1/P_i)$ was the natural logarithm of a given segment's sales and was the weight assigned to that segment. This method has also been widely applied when it comes to measuring industry diversification (Sambarya & Goll 2018). The advantage of this measure is that it can capture diversification across product groups (related) and within product groups (unrelated) (Sambharya, 2000).

4.1.3. Control variables:

Aside from the key indicator mentioned above, we also considered some important control variables when deciding factors affecting Vietnamese firms, including size (SIZE), leverage ratio (LEV), return on sales (ROS), board size (BoardSize), CEO Duality (CEODu), regional diversification styles (GeoType), and audit style (AUDIT).

Table 1. Control variables

Item	Meaning	Calculations
Size	The scale of organization and operations of a business enterprise	natural logarithm of total assets
Lev	presents the firm's ability to pay debt	debt-to-asset ratio
ROS	Return on sales	[net income - interest expense - income tax]/sales

Item	Meaning	Calculations
GeoType	Type of geographic diversification	GeoType will get the value of 1 if firm diversifies internationally and receive 0 if firm diversifies regionally
BoardSize	The total number of directors on the board of each sample firm	Number of directors in the board
CeoDu	Whether the same person holds both the CEO and board chairman	Value (1) is assigned if the same person occupies the position of chairman and CEO and (0) for otherwise
Audit	The examination of business's financial records to verify their accuracy	Audit will get the value of (1) if the firm was audited by Big Four company and get the value of (0) otherwise

4.2. Measuring Corporate social responsibility disclosure

The quality of information disclosure can be measured in various ways, depending on the complexity and multi-dimensional approach. According to Hassan and Marston (2019), it is difficult to observe and directly measure the act of disclosing information, which therefore is considered as a latent variable. They pointed out the three most-used evaluation methods for corporate information disclosure quality. The first one is the classification approach which “involves sorting observations into mutually exclusive groups according to an aspect of corporate financial disclosure that is being studied” and items observed can be broad or narrow. Even though this method is flexible, relatively time-efficient to collect and code, and can be used for large-scale samples, it cannot capture differences in the dimension of disclosure among companies that belong to the same group and the results could be difficult to replicate, compare, and generalize. The second method is the disclosure index, which is used to assess the extent of the information reported on a disclosure vehicle. The items of information could be quantitative or qualitative or both. This is one of the most popular measures of disclosure; it is used in a variety of contexts indicating how flexible the method is. In the third place, the word counting method can quantify the number of distinctive disclosures without evaluating their content or context. However, this method cannot take account of the quality of the information disclosed.

Among the most popular methods, Hassan (2019) claims that the use of a disclosure index is to serve the purpose of evaluating the level of reported information with the help of a specific entity, which is based on a list of selected items of information. Healy and Palepu (2001) also make it clear about the benefit of a set of self-compiled indexes. This is the reason why the author chooses the index method to measure CSR disclosure.

We based on Anh (2021) to measure the CSR Disclosure in Vietnam. The information disclosed by contents as follows: (1) Information disclosed on governance structure; (2) Information disclosed of the vision, the strategic commitment of managers, and management mechanisms in the enterprise; (3) The reliability of the report; (4) Information disclosed of CSR outcome indicators on the economy, environment, and society.

Table 2. The CSR disclosure index

Code	Criteria	Grading explanation
A1	Management structure	Maximum of 6 points
A2	Vision, Strategy claims	Maximum of 6 points
A3	Credibility	Maximum of 6 points
A4.ECP	Economic performance indicators (ECP)	Maximum of 12 points
A4. ENP	Environmental performance indicators (ENP)	Maximum of 32 points
A4.SPI-LAP	Social performance indicators – Labor Practice and Decent Work (SPI-LAP)	Maximum of 20 points
A4.SPI-HRP	Social performance indicators – Human Rights (SPI-HRP)	Maximum of 20 points
A4.SPI-SOP	Social performance indicators – Society (SPI-SOP)	Maximum of 24 points
A4.SPI-PRP	Social performance indicators – Product (SPI-PRP)	Maximum of 16 points
	Total	142 points

Source: Anh (2021)

The authors use Cronbach's alpha to assess the reliability of items that supposedly form a scale after gathering data needed to calculate the CSRD of listed firms. The result of the overall alpha is (0.8158) greater than 0.6, however, consistent with item-rest correlation, A1 (management structure) is (0.282) smaller than 0.8. Therefore, the A1 score is eliminated from the CSRD score. After removing A1, we run the Cronbach's Alpha for a second time, and therefore the overall alpha is 0.8256 greater than 0.8 and there's no item-rest correlation smaller than 0.4, which indicates that CSRD estimation is reliable and internally consistent.

4.3. Research model

This study using multivariate regression model to test the relationship between independent and dependent variables:

Equation 1

$$CSRD_i = \beta_0 + \beta_1 Geo_i + \beta_2 Pro_i + \beta_3 Size_i + \beta_4 Lev_i + \beta_5 ROS_i + \beta_6 Audit_i + \beta_7 GeoType_i + \beta_8 CEOdu + \beta_9 Boardsize_i + \varepsilon$$

We use STATA version 14.0 to analyze data and Fixed Effect Model (FEM) and Random Effect Model (REM) to check correlation errors between variables. We then use the GLS model to fix these problems. We also apply multicollinearity and correlation tests.

The relationships among independent, control and dependent variables will be shown in following diagram:

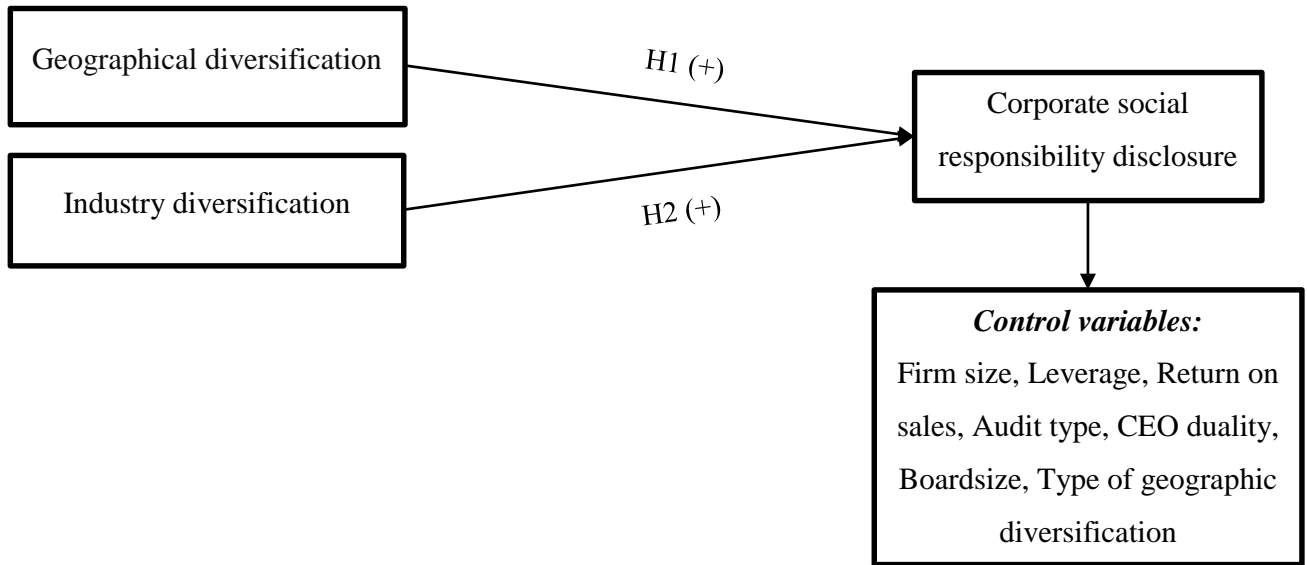


Figure 1. Proposed model

Source: Authors proposed

4.4. Sample selection

This study searched for 297 observations in total from public listed companies in Vietnam in the finance sector, consumer goods sector, finance, and industrial sectors during the period of 2016 to 2018. All financial data was extracted from Consolidated Financial Statements. As some companies' data between 2016 and 2018 is missing, finally, the study remained with a sample of 60 observations which is from listed companies disclosing revenues by both regions and sectors.

4.4.1. Descriptive statistic

This shows the mean, standard deviation, the minimum and maximum value of each index such as Corporate social responsibility disclosure index, diversification index, total accrual of the previous year, loss suffered and firm's leverage, board size. The max score of CSRD ratings is 0.4435 and min score is 0.0403 and mean value is only approximate 0.1555. The mean value of Geo is 0.66 and it is quite similar with this value of Pro being 0.61. The average leverage of the sample is 57%, and the mean value of profitability is around 5.95%.

Table 3. Summary and descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Geotype	60	0.583333	0.497167	0	1

Variable	Obs	Mean	Std. Dev.	Min	Max
Geo	60	0.647472	0.306755	0.01809	1.27201
Pro	60	0.5871	0.407772	0.021877	1.37497
Size	60	30.23569	2.158912	27.30107	34.69101
Lev	60	0.641094	0.22765	0.206525	0.949234
ROS	60	0.059953	0.0908	-0.08493	0.31996
Audit	60	0.45	0.501692	0	1
CSR	60	0.157661	0.07229	0.040323	0.362903
Boardsize	60	6.916667	1.730011	4	11
Ceodu	60	0.216667	0.41545	0	1

Source: Authors' research and analysis

4.4.2. Correlation test

Correlation analysis presents the correlation analysis. The results of correlation matrix show that it seems there is a multicollinearity of a pair of independent variables which is the pair of Size and Geo, which is proven by the fact that the percent is up to 50% of correlation between firm size and Corporate social responsibility disclosure variable. Though it cannot be sure whether the model has multicollinearity between them, the variance inflation factor (VIF) test will be used to test the hypothesis of multicollinearity.

Table 4. Correlation matrix

	CSR	Geotype	Geo	Pro	Size	Lev	ROS	Audit	Board-size
CSR	1								
Geotype	0.3071	1							
Geo	0.0235	-0.2406	1						
Pro	0.0432	-0.1907	-0.0303	1					
Size	0.3265	-0.0720	0.4699	-0.3621	1				
Lev	-0.1959	-0.0697	0.4202	-0.364	0.5923	1			
ROS	0.4566	0.0629	-0.3055	0.057	-0.2435	-0.5996	1		
Audit	0.3812	-0.2548	0.2818	-0.2551	0.7226	0.3896	0.0254	1	
Boardsize	0.3364	-0.0016	0.0368	0.1421	0.4344	0.0092	0.0344	0.083	1
CEOdu	-0.1372	-0.212	0.0077	0.1018	-0.3848	-0.2347	0.1965	-0.2318	-0.281

Source: Authors' research and analysis

4.4.3. Multicollinearity test

A variance inflation factor (VIF) detects multicollinearity in regression analysis. Multicollinearity occurs when there's a correlation between predictors (i.e, independent variables) in a model; its presence can adversely affect researchers' regression results. The VIF estimates how much the variance of a regression coefficient is inflated due to multicollinearity in the model. Variance inflation factors range from 1 upwards. The numerical value for VIF indicates what percentage of the variance is inflated for each coefficient. Since the results of Size's VIF is up to 7.1 which is significantly higher than other variables' VIF values, it can be concluded that there is a multicollinearity. As a result, this paper will eliminate an independent variable known as size from the final model.

Table 5. Multicollinearity test

Variable	VIF	1/VIF
Size	7.1	0.140823
Audit	3.76	0.266232
Ibm	3.28	0.304658
Boardsize	3.08	0.324579
Lev	2.73	0.366962
ROS	2.04	0.4905
CEOdu	1.85	0.541085
Geo	1.79	0.55877
Pro	1.66	0.603619
Geptype	1.41	0.707043
Mean VIF	2.87	

Source: Authors' research and analysis

5. Regression results

First, we perform the Fixed Effect Model (FEM) and the Random Effect Model (REM) and check which model is more appropriate. The authors run the Hausman test to check the appropriateness of FE or RE models. The result with Prob>Chi2= 0.3593, which is larger than 0.05 then REM is appropriate. To test the heteroskedasticity of REM, the authors used the Wald test. With the result of Pro > Chi2=0.000, we reject the hypothesis of constant variance, which indicates that there is heteroskedasticity in this model. To fix the problem of heteroscedasticity, we run the GLS model and use the results of this model to discuss the results:

Table 6. Regression results

	FE	RE	GLS
	CSRD	CSRD	CSRD
Geotype	0.0513**	0.0668***	0.0515***

	FE	RE	GLS
	CSRD	CSRD	CSRD
	3.91	2.98	4.94
Geo	0.0102	0.016	0.0206
	0.46	0.81	1.43
Pro	-0.00835	-0.00181	0.0220**
	-0.79	-0.17	2.46
Lev	0.0109	-0.0332	-0.033
	0.3	-1.05	-1.3
ROS	-0.0153	0.0158	0.112**
	-0.34	0.34	2.44
Audit	0	0.0656***	0.0641***
		2.83	5.54
Boardsize	0.0637**	0.0671***	0.0951***
	2.63	2.98	5.09
CEOdu	0.00118	0.00362	-0.000813
	0.09	0.3	-0.12
_Cons	0.0283	-0.0313	-0.0964**
	0.51	-0.59	-2.49
N	60	60	56
R-sq	21.5%		

Note: t statistics in parentheses, * p<0.10, ** p<0.05, *** p<0.01

Source: Authors' research and analysis

In this study's dataset of Vietnamese listed companies, we firstly found that the geographic-diversified companies mostly belong to the primary sector, finance, consumer goods and industrial sectors. In terms of the relationship between diversification strategy and Corporate social responsibility disclosure, the regression results indicate that internationalization and industry diversification have a positive impact on the extent of sustainable information reporting with significance of 2% and 5% respectively. This means that the companies expanding their businesses in the international markets and the companies diversifying in various segments are likely to disclose more CSR initiatives. In this way, the hypotheses 1 and 2 are supposed.

Besides the main result of this paper, there are still some important findings relating to determinants of CSRD. The numbers shown in the above table indicates that profitability (ROS), size of the board (Boardsize) and audit firms (Audit) have significant influences on how the companies perform CSR publishing.

6. Discussion

This study illustrates that internationalization has a significant positive explanatory power when it comes to the degree of CSRD, implying that Vietnamese companies report more social and environmental responsibility when they expand their business into foreign countries. This conclusion can be explained by institutional theory and stakeholder theory as mentioned in the hypothesis development section. Larger firms implement CSRD to avoid political issues and reduce long-term cost (Adams et al., 1998) when they are scrutinized by government and are under pressure from society in general (Cowen et al., 1987; Siregar & Bachtiar, 2010). When the companies are under more institutional and social pressures from both internal and external stakeholders such as international government, investors, customers, etc., they need to carefully operate activities to ensure its legality and ethics that sustain brand equity. Particularly, companies have more tendency to be transparent in socially responsible initiatives. Hence, the organizations not only can meet legal requirements of various governments but also get support from the general community, as well as enhance customers' commitment to the brand.

The potential explanation for the positive relationship between level of CSRD and industry diversification can also be based on stakeholder and institutional theories as mentioned above. Moreover, the purpose of entering various industries is to expand the target customers. In this case, the company must consider diverse groups of customers who appreciate different values, have different expectations, etc. A firm's production diversification is associated with stronger engagement in CSR (Xu & Liu, 2016). Normally, when the company invests in CSR, they want to spread information about these ethical activities to the society because it will boost the brand reputation. As a result, the firm can attract new customers as well as enhance existing customers' commitment. Briefly, applying industry diversification strategy, organizations have more tendency to perform CSRD because it helps the firm to attract customers through good brand image.

Asides from diversification strategy, indicators including leverage, broad size, and audit firms are also positively associated with the extent of transparency in social as well as environmental behaviors. This is similar to the results of previous dissertations which agreed that companies' size, type of industries where the companies operated (Reverte, 2009) and audit committee (Said et al., 2009) have significant impact on CSRD.

These research findings are a foundation for the future studies which examine topics relating to CSR, CSRD and diversification. Investors and analysts can prefer our findings as a guideline to create appropriate design for investment portfolios. Because the positive linkage between CSRD and diversification can be explained by companies' purpose to ensure the financial benefit and sustainable development. Therefore, based on this implication, investors might look at the two aspects which are the firms' growth strategy and its performance of CSR reporting to see whether there is a positive connection between them or not, then use this element as a criterion when estimating the investment opportunity. When the investors cannot see the positive linkage between a company's diversification and CSRD initiative, they need to be more careful in judging the company's prospects in the long run. The reason is that it means the company does not perform CSR reporting while expanding business, in this case, investors cannot make sure that company is taking action to deal with stakeholders' pressure well, so it needs more time and more resources

to estimate the true potential of that company. Our studies would be a helpful tool in implementing diversification going along with CSRD.

7. Conclusion

This paper investigates the impacts of industry and geographic diversification on the degree of firms' disclosure of their CSR practices. Our study would contribute to a dearth of studies on CSRD in developing economies. This paper's conclusions are helpful in the analysis of CSRD determinants, provide insights to improve the implementation and execution of disclosure guidelines, and assist Vietnamese corporations in applying the interaction between the two components in designing solutions that are suitable for their actual situations, ensuring long-term viability. Moreover, the paper is a useful instrument for both internal and external stakeholders in assessing the characteristics of the companies' policies through the publishing of CSR results.

While the findings of our study show a favorable association between the degree of sustainable information reporting and industry and geographic diversification, international diversification, rather than regional diversification, has the greatest impact on the CSRD of Vietnamese listed firms. This can be explained by the variations in legislation and regulations imposed by various governments, as well as the expectations of stakeholders of various countries.

Aside from the study's conclusions, there are certain shortcomings that should be noted for prospective research guidelines. The database of 60 may lead to bias in the conclusion. As a result, future studies could include in their calculations companies that disclose only one form of industry diversification and extend the time scope to more than three years, resulting in better implementation for more businesses and more interesting results.

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