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**Corporate Philanthropy In Ho Chi Minh City**  
*An Update on the Status of Corporate Giving in Vietnam*  
*Based on Interviews with 44 Companies*

**December 2009**

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## I. Executive Summary.

In response to the lack of information on recent trends and perspectives on corporate philanthropy in Vietnam, in-depth interviews were conducted with forty-four companies recognized, among others, as leaders in corporate philanthropy in Vietnam. This was complimented by secondary research on corporate giving in and around Ho Chi Minh City, the business center of Vietnam.

The research confirmed that corporate philanthropy is on the rise in Vietnam and that the prospects are good for a continuation of this trend into the future. The global debate about whether it is the honorable thing for a company to do or whether it makes good business sense also exists in Vietnam; nevertheless, companies said that they feel a responsibility "to do good" in the communities where they do business.

Companies noted that they would like to be more strategic in their philanthropy. However, a significant number of corporate giving programs are diffuse and appear to lack a clear focus other than the personal beliefs and values of one or more executives or an effort to generate good will among stakeholders. Still, there are good many examples of strategic philanthropy taking place in Vietnam. And it appears that, as they gain more experience with giving, companies begin to see value in applying business practices in an effort to produce greater impact with their contributions.

In general, corporate philanthropy is implemented with a top-down approach with decisions being made at the highest levels and implementation led by the Marketing, PR and/or HR Departments. *Ad hoc* grantmaking was common, based on the resources available and the preferences of senior leadership. In terms of resources, companies preferred giving cash although in-kind contributions of products and equipment were also common. Meanwhile, employee volunteer programs and the contribution of *pro bono* service appears to be a rising trend in Vietnam, particularly among foreign companies.

Most corporate philanthropists preferred to work with partners who have experience, technical expertise, contacts and a history of accountability. For this purpose, several companies teamed up with Government and/or Non-Governmental Organizations. Increasingly, partnerships that offer long-term potential are garnering favor although short-term grants are still very much the norm.

The Government has introduced modest measures to provide a nurturing environment for corporate giving; however their impact is not yet clear. Philanthropic companies are being recognized for their efforts with publicity, awards and/or acknowledgments. New incentives for corporate community investments have been introduced into the new Corporate Income Tax law and other incentives are being discussed.

Suggestions for raising the level of effectiveness of corporate philanthropy in Vietnam include the introduction of support services, such as corporate volunteer placement and management services, a community resource center providing information about community needs, giving strategies and best practices in corporate philanthropy. Companies also saw value in a service that could connect enterprises with strategic partners and corporate resources to viable beneficiaries.

## **II. Introduction.**

Corporate philanthropy refers to the act of giving by a for-profit company directly to charitable organizations or individuals in need with the intention of improving the quality of life for that individual or community.<sup>1</sup> Giving might involve cash donations, product contributions, sponsorships and/or employee time and talents.

Corporate philanthropy helps link corporations and the communities they serve. Globally, corporate philanthropy has come to be regarded as a sound business practice, a practice that is in the interest of companies and their stakeholders, in spite of Milton Friedman's arguments to the contrary. Today, corporate philanthropy is sometimes even incorporated into a company's mission and regular business practices.

### **A. Rationale for this Research.**

In Vietnam, the terms corporate philanthropy and corporate social responsibility (or CSR as it is often known) are becoming more and more familiar as Vietnam becomes more integrated into the global economy. Still, information on corporate philanthropy is sparse, and the data that is available tends to be inexact. As such, it has been difficult to extrapolate trends and future prospects.

A 1996 essay, in the Yale Southeast Asia Studies Viet Nam Forum, presented early data on what was called, "the new corporate giving" in Vietnam, citing increased levels of long-term investment as a stimulus for companies, primarily foreign, to chip in and help strengthen the communities in which they do business.<sup>2</sup> Although the government did not appear to involve much in these activities, the essay suggested policies that might be considered to promote corporate philanthropy while still safeguarding the voluntary nature of giving.

Since the essay was published, Vietnam opened its doors wider to foreign trade and investment, negotiating several bilateral trade and investment agreements and ultimately acceding to the World Trade Organization in January 2007. Trade policy liberalization continued to bring in foreign investment and introduce global best business practices. One such practice, which makes news headlines with greater frequency and

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<sup>1</sup> This definition was provided by the *Committee to Encourage Corporate Philanthropy*

<sup>2</sup> Sidel, Mark, "Corporate Philanthropy in Viet Nam: Initial Data and Initial Problems," *North Viet Nam Now*, Viet Nam Forum 15, editor: Dan Duffy (1996).

receives positive attention from the government, is the concept of corporate social responsibility and corporate community engagement.

However, aside from short articles in the local media and press releases on company websites, little is known about corporate philanthropy in Vietnam. For example, it is not clear whether this is now a common business practices among foreign and domestic firms or a practice that is expected primarily of foreign enterprises. And little is known about company motivations for giving, the criteria and procedures applied to select a beneficiary and how (or if) impact is measured. Do companies face challenges in their giving and, if so, how are those challenges overcome?

The study leading to this report sought to investigate these questions. It was expected that this research could simultaneously help to identify and raise awareness to existing giving practices and innovations in corporate philanthropy in Vietnam. Based on secondary research and face-to-face interviews with senior representatives at companies operating in and around Ho Chi Minh City, this report explores the depth and breadth of philanthropic activities occurring in Vietnam.

## **B. Research Questions.**

To better understand the current role and future for corporate giving in Vietnam, we set out to update and broaden the existing data. This research set out to address the following questions:

- Is corporate philanthropy increasing in Vietnam?
- What are companies plans for giving over the near term (1 year, 5 years)?
  - How does the economic outlook impact these decisions?
  - How much money is allocated for charitable purposes? Do companies reserve a line item in their budgets?
- Why do companies give?
  - How do companies benefit from giving?
  - How do corporate contributions benefit the community?
- What kind of partnerships and collaborations do companies look for when engaging in corporate philanthropy?
  - Do companies work with other companies, donors and/or government?
  - Do companies work with advisors or intermediaries to support giving efforts?
- How are corporate giving strategies developed?
  - How are beneficiaries identified and selected?

- What makes a company continue/discontinue support to a beneficiary?
- How do domestic and foreign companies differ in their corporate giving?
- Would companies be more inclined to give (or give more) if there was a more supportive environment? For example, if there were broader incentives (i.e., tax deductions, awards)?

### **C. Research Approach.**

In an effort to gather answers to the research questions, the team employed a combination of face-to-face interviews with companies and secondary research focusing on local media and company websites.

This research set out to better understand what is happening in Vietnam with regards to corporate giving, to identify best practices and to understand different perspectives. A similar goal was to try and make the business case for corporate philanthropy and provide practical examples, which could be emulated or improved upon by other companies operating in Vietnam. With this in mind, the team endeavored to do this using a six-step approach, as detailed below:

#### **Step 1. Identification of the Target Group**

A list of companies recognized for being leaders and innovators in corporate philanthropy was developed based on the recommendation of project stakeholders who were asked to identify generous HCMC area companies, both in terms of the size of their contributions, a proven commitment to corporate giving and/or for their innovation in corporate philanthropy in Vietnam. Among that list, the research team was able to secure interviews with forty-four companies. (The list of survey participants is provided in Section II, Part D and also in the appendix.)

Authorities informing this list included:

- NGOs active in raising funds in Vietnam (e.g., East Meets West Foundation, Saigon Children's Charity, VinaCapital Foundation, VUFO-INGO Resource Centre).
- HCMC Chambers of Commerce, which represent foreign companies operating in Vietnam (e.g., AmCham, BBGV, CanCham, EuroCham, SBG).
- Economic & Commercial Officers at Foreign Diplomatic Offices, which serve their respective foreign business communities operating in Vietnam.

- The Saigon Times Group, which hosts the annual *Saigon Times Top 40 Awards*. The criteria for winners in 2008 included community engagement for the first time.
- Referrals by well-known corporate philanthropists.
- Secondary data research, including news articles and academic reports.

## Step 2. **Questionnaire for Interviews**

A structured questionnaire was drafted and distributed to stakeholders and advisors for their review, comments and suggestions. The questionnaire was based on a 2008 benchmarking survey by the Committee Encouraging Corporate Philanthropy and adopted for qualitative interviews with companies based in Vietnam.<sup>3</sup> Input on the draft survey was provided by:

- Sponsors: The Global Fund for Community Foundations & VinaCapital Foundation
- Technical Experts:
  - o LIN Center for Community Development (Board of Advisors)
  - o Mark Sidel, Professor of Law and Faculty Scholar, Lauridsen Family Fellow at the University of Iowa
  - o Pamornrat "Pam" Tansanguanwong, World Bank Consultant in Thailand
  - o Matthew Schwarz, Student, University of Florida

Based on the feedback provided, the questionnaire was finalized (a copy of the final questionnaire is located in Appendix B).

## Step 3. **Primary Research**

The research team conducted face-to-face forty-four interviews with representatives at nineteen domestic companies and twenty-five foreign companies. Target respondents included heads of Marketing Departments, Public Relations/Communications Departments, Human Resources Departments, CEOs and/or Country Representatives.

Out of a list of companies recommended for our research, the team was able to secure interviews with twenty-five foreign and nineteen local companies, making a concerted effort to select companies representing a cross section of industry sectors in Vietnam. Foreign companies

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<sup>3</sup> Sources included: CECF's *Corporate Giving Standard: 2008 Corporate Philanthropy Survey*, ([www.corporatephilanthropy.org/cgs/Resources/blanksurvey.pdf](http://www.corporatephilanthropy.org/cgs/Resources/blanksurvey.pdf)).

contacted for this research were quite willing to participate in this research (only five foreign companies did not respond to our invitation or were unable to meet with an interviewer due to scheduling conflicts). On the other hand, it proved more difficult to gain the same level of participation from the local companies (nineteen companies did not agree to participate in this research because of scheduling conflicts or modesty about their company's relevance to this research). Given that this research is of a qualitative nature, the discrepancy in response rates between local and foreign companies may not significantly impact our findings. However, it would be important to explore further the reasons for such reticence on the part of local companies.

Interviews took place over the course of five months, from late March to August 2009, and lasted between forty-five to seventy-five minutes. Interviews were conducted in English or Vietnamese. In general, interviews with local companies were conducted in Vietnamese and interviews with foreign companies were conducted in English. A few interviews were conducted with the support of a translator.

#### Step 4. **Secondary Research & Analysis**

The research team conducted an analysis of existing literature, news clippings and company promotional materials pertaining to corporate philanthropy in Vietnam. A bibliography of key resources is detailed in Appendix C and the information gleaned from the analysis of this secondary data is incorporated into Sections III and V of this report.

Key data from the primary and secondary research was integrated into a spreadsheet for the purpose of comparison. This primary and secondary research were analyzed, based on the key questions and objectives as detailed in Section II, to form the primary basis of this draft report.

#### Step 5. **Roundtable Discussion to Review the Research Findings**

A roundtable meeting was held on the 17<sup>th</sup> of September 2009 to discuss preliminary findings from this research with stakeholders. Invited guests included research advisors, sponsors, survey respondents, business people and academics.

Nine people participated in the roundtable discussion, including two research sponsors, two survey respondents, three members of the research team and two research advisors.

## Step 6. **Final Report**

Following the roundtable meeting, the research team did some additional secondary research and worked with a couple of advisors in order to review and finalize this report in November 2009. The report will be published on the website of the LIN Center for Community Development and it will be disseminated, in whole or in part, to stakeholders (Sponsors, Survey Participants, Not-for-Profit Organizations, Businesses, Government and other community stakeholders).

### **D. Acknowledgements.**

It goes without saying that this report would not be possible without the support of each and every one of the forty-four companies, and their respective representatives, who agreed to participate in this research by sharing their time, experiences, best practices and individual perspectives on corporate philanthropy in Vietnam. Participation in this research was contributed voluntary. We would like to thank the following companies who participated in this survey:

#### **AA Corporation**

**American insurance Group (AIG)**  
**Caravelle Hotel**  
**Cargill Asia Pacific Ltd.**  
**Coca-Cola Southeast Asia, Inc.**  
**Conoco Phillips (UK) Cuulong Ltd.**  
**CSC Vietnam**  
**CT Group**

#### **Dragon Capital Group Ltd.**

**Dutch Lady Vietnam**  
**GANNON Vietnam Ltd.**  
**GlaxoSmithKline (GSK) Vietnam**  
**Golden Communication & Bank Invest**  
**Hoa Sen Group**  
**HSBC Ltd.**  
**Huy Hoang Corporation**  
**ILA Vietnam**  
**Intel Vietnam**  
**Kinh Do Group**  
**KPMG Ltd.**  
**Lawrence S. Ting Memorial Fund**  
**Lua Viet**

#### **Mai Linh Co.**

**Manulife Vietnam**  
**Mast Industries Far East Co Ltd.**  
**Navigos Group**  
**Nestle Vietnam Ltd.**  
**Nike Vietnam**  
**Pepsico International Vietnam Co.**  
**Phu Nhuan Jewelry Company (PNJ)**  
**PricewaterhouseCoopers (Vietnam) Ltd.**  
**Prudential Vietnam Assurance Pvt. Ltd.**  
**Saigon Invest Group**  
**Saigon Jewelry Corporation (SJC)**  
**Sanofi-Aventis Group**  
**Talisman Vietnam Ltd.**  
**Tan Hiep Phat Group**  
**Unilever Vietnam**  
**Viet Thai International Jt. Stock Co. Ltd.**  
**Vietnam Brewery**  
**VinaCapital**  
**Vinagame**  
**VinaMilk**  
**Vinamit**

LIN Center for Community Development is fortunate to have received financial sponsorship (and support) from the following organizations, which continue to innovate in the field of philanthropy and to promote the effective use of philanthropic contributions:

**VinaCapital Foundation** ([www.VinaCapitalFoundation.org](http://www.VinaCapitalFoundation.org))

The VinaCapital Foundation is a U.S. registered 501©(3) not-for-profit organization, which helps to alleviate poverty and improve the status of the poor in Vietnam by increasing access to quality healthcare for children, improving medical institutions, and supporting high-level programs that build business knowledge and executive leadership.

**Global Fund for Community Foundations** ([www.wings-globalfund.org](http://www.wings-globalfund.org))

The Global Fund for Community Foundations (GFCF) seeks to strengthen and promote institutions of local philanthropy around the world so that they can realize their potential as key players in the development process. Through its grantmaking and non-grantmaking activities, the Fund plays a unique role in facilitating debate and creative thinking about how philanthropy, at the community level, fits with other development processes.

**Horizon Capital Group**

The group is made up of three companies: Horizon Capital Advisers –providing investment banking advisory services in alliance with N M Rothschild & Son (HK) Limited; Horizon Capital Assets Management - a Cayman-domiciled fund manager; and Horizon Securities Inc. – offering stock brokerage services and corporate finance advisory focused on the listed market.

The LIN Center for Community Development would like to thank all the participants, sponsors, research advisors, team members and Board Members for their support throughout the process of drafting this report. Specific thanks must go out to the following individuals who generously offered their time and talents to help guide the design, implementation and analysis of this research: Professor Mark Sidel, Mr. Matthew Schwarz, Ms. Juliette Bonhomme, Ms. Lily Phan, Mr. Michael DiGregorio, Ms. Ngo Quynh Nhu, Mr. Doan Manh Kham and Mr. Henry Lam.

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## **E. About the LIN Center for Community Development.**

The LIN Center for Community Development is a Vietnamese, non-government, not-for-profit organization (pursuant to Decision No. 741/QĐ-LHH of the Vietnam Union of Science & Technology Associations). LIN seeks to foster a culture of philanthropy and social responsibility in Vietnam while supporting local not-for-profit organizations by providing them with technical, management and financial support to help in their efforts to promote equal access to opportunities. For more information about LIN, please visit our website at: [www.LINvn.org](http://www.LINvn.org).

## **III. Background on Corporate Philanthropy in Vietnam.**

Most Vietnamese will recall popular proverbs encouraging philanthropy, such as, "People in the same country should have pity on each other," and, "The healthy leaf covers the torn".<sup>4</sup> These proverbs suggest that a moral responsibility to help people in the same community existed for many years in Vietnam. It may also refer to the Buddhist belief that acts of charity and compassion can lead to enlightenment.

Early policies to promote philanthropy in Vietnam date back to the 15th Century when King Le Thanh Tong reduced taxes on wealthy families that supported programs for the poor. Later, the Nguyen Dynasty promoted compassion funds to help poor families in times of famine or crop failures. And, in addition to tax incentives and the possibility of enlightenment, some early philanthropists were rewarded with memorials or political positions appointed by Vietnam's monarchy.<sup>5</sup>

Despite these early efforts to promote philanthropy among Vietnam's entrepreneurial class and wealthy elites, the role of corporate philanthropy and its impact in supporting charitable initiatives did not become significant until after *Doi Moi*.<sup>6</sup> The resulting trade reforms led to an increasing presence of Western European, Japanese and American companies interested in making a long-term business investment.<sup>7</sup>

Since the late 1980s, corporate contributions in Vietnam have supported a variety of causes, from the restoration of historical treasures to improved

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<sup>4</sup> Vu Ngoc Phan, "Proverbs, Sayings and Folklore of Vietnam" – HCMC, 1992.

<sup>5</sup> Nguyen-Marshall, Van, "In Search of Moral Authority" (2008).

<sup>6</sup> *Đổi mới* is the name given to recall a series of economic reforms initiated in 1986, which introduced a market-oriented economy into Vietnam. (The literal translation of *Đổi mới* is renovation.) Source: "Reinventing Vietnamese Socialism: Doi Moi in Comparative Perspective," edited by William S. Turley and Mark Selden (1993).

<sup>7</sup> Sidel, Mark, "Corporate Philanthropy in Vietnam" USA, 1996.

access to education, healthcare and infrastructure. Vietnam's continued efforts to integrate with the global economy, culminating in its accession to the World Trade Organization in January 2007 also contributed to the introduction of new trends and best business practices, including a new focus on Corporate Social Responsibility (CSR) in Vietnam.

Although corporate philanthropy carries little to no weight in a CSR audit, most companies in Vietnam associate the two. Initially, CSR was only practiced by foreign and export-oriented companies in Vietnam, which were subjected to international standards. Today, more companies (domestic and foreign) are demonstrating an interest in obtaining certifications, standards, awards and media attention via CSR compliance. And, despite the fact that Vietnam has no clear policy on CSR, national and regional CSR conferences have become a mainstay event.<sup>8</sup>

### **A. Corporate Philanthropy in Vietnam Today.**

Anyone that reads the local newspapers or watches local television news channels in Vietnam with some regularity would be familiar with the increasing number of fundraisers and charity events taking place, such as: charity concerts, auctions, galas and golf tournaments sponsored by companies. Ho Chi Minh City, the country's business epicenter, is playing host to such events on a steadily increasing basis.

In June 2009, the Minh Nguyen Piano Boutique organized a classical concert to support Operation Smile (an International NGO that provides surgeries for cleft lip children in poor communities of Vietnam).<sup>9</sup> Sai Gon Giai Phong hosts an annual charity concert featuring famous singers and an auction to raise funds for "poor people in HCMC and remote areas" during the annual Tet holiday. The concert *Noi vong tay lon*, organized by the Vietnam Fatherland Front, is held annually to mark the New Year and raise funds for the poor.<sup>10</sup> Famous personalities, including sports stars, actors, artists and musicians regularly get involved in these events by donating their talents to support a community effort. Popular singer My Tam, through her company and her new My Tam Foundation, organizes concerts and events to raise funds for children in Vietnam.<sup>11</sup>

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<sup>8</sup> VCCI hosts an annual CSR Award, conducts research and manages a website on this topic, Meanwhile, The Saigon Times Top 40 Award has taken place annually since 2003, while DANIDA sponsored a CSR conference in Hanoi in January 2008. Since 2002, CSR Asia has held an annual CSR Summit.

<sup>9</sup> Smith, Michael, "Classical concert to raise funds for needy kids' surgery," Thanh Nien News, 19 June 2009.

<sup>10</sup> Saigon Giai Phong "New Year charity concert to raise funds" (31 December 2008).

<sup>11</sup> [www.mytamfoundation.com](http://www.mytamfoundation.com)

**“Our country still has regions that are very poor... people have to work hard just to put food on the table, so funding the education for their children is still very difficult. My Tam Foundation and My Tam Entertainment, with the support of many sponsors, organizes events to help children who are poor, disabled, or orphans...”**

Sporting events, such as golf tournaments, are sponsored annually by businesses and business associations including: the British Business Group of Vietnam, the Canadian Chamber of Commerce (sponsored by VinaCapital), GANNON Vietnam Ltd., The Norfolk Group, Pangrim Neotex Korea, the Singapore Business Group, Tan Hiep Phat Group and the Vietnam Investment Review are just some of the many companies and associations of companies hosting annual sporting events in Ho Chi Minh City.

**Since its inception (2000), *Swing For Life* has ... raised over USD \$350,000 for worthy causes including wheelchairs for the poor& disabled people to cataract surgeries for over poor children via the HCMC Sponsorial Association for Poor Patients. In 2006, PepsiCo Vietnam was the main sponsor at USD \$20,000 plus in-kind contributions. Kinh Do Corp., Park Hyatt Saigon Hotel, Norfolk Group, Palazzo Club, Vietnam Golf & Country Club and Long Thanh Golf Club each contributed at least USD \$5,000 while ten, smaller businesses each donated at least USD \$1,000.<sup>12</sup>**

Thanh Nien newspaper held a charity auction and gala dinner in Ho Chi Minh City in June 2008. At the event, the Miss Universe contestants auctioned off gifts to raise money for the *Nguyen Thai Binh Scholarship Fund*. More recently, the same newspaper announced on 16 November that it had raised over three billion VND to support Hurricane 11 victims.<sup>13</sup> In 2008, ASUS Vietnam joined hands with Salvatore Ferragamo to hold a charity auction of one gold-rimmed laptop to benefit the Lawrence S. Ting Memorial Fund. In February 2009, the Sherwood Residence hosted the HCMC Consular Club's annual silent auction, which raised nearly USD \$15,000 and all of the proceeds went to charities selected by the Consular Club charities.<sup>14</sup>

In many of the examples detailed above, details about the proposed use of funds are unclear or unmentioned. Moreover, reports on the impact of previous fundraising efforts are rarely made available to the general public. The 15 November “Walk for Poor People” in Ho Chi Minh City, organized by the Vietnam Fatherland Front and sponsored by many prominent Vietnamese companies, was attended by over ten thousand

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<sup>12</sup> The Saigon Times Daily, “Charitable golfers raise funds to repair medical station in District 9,” No. 2759, 22 August 2006, [www.saigontourist.hochiminhcity.gov.vn/news/detail\\_en.asp?id=9923](http://www.saigontourist.hochiminhcity.gov.vn/news/detail_en.asp?id=9923).

<sup>13</sup> Thanh Nien Online Newspaper (16 November 2009) [www.thanhvien.com.vn/Pages/Tu-thien.aspx](http://www.thanhvien.com.vn/Pages/Tu-thien.aspx)

<sup>14</sup> “Sherwood Residence host to HCMC’s Consular Club Charity Art Auction on Friday, Feb 29.”

people and raised over six billion Vietnam Dong.<sup>15</sup> While participants were told that the money would support “poor people in the poorest areas” (*người nghèo, đặc biệt là 20 phường, xã nghèo trọng điểm*), it was not clear when the money would be spent, what the criteria is to qualify as a beneficiary and how many people would be helped. In reviewing articles and announcements at many other fundraising events, such ambiguity is common.

## **B. Recognition for Corporate Philanthropy in Vietnam.**

Since 2003, The Saigon Times Weekly and The Saigon Times Daily, in cooperation with the Departments of Planning and Investment of Ho Chi Minh City, Binh Duong, Dong Nai and Ba Ria – Vung Tau Provinces, annually recognize forty foreign-invested enterprises for excellence in business. Each year, representatives of State agencies, business and media gather together to recognize the winners. In 2008, The Saigon Times Top 40 Award introduced new criteria: support for community development and environmental protection. In 2008, the award ceremony opened with video clips of businesses conducting social activities (e.g., granting scholarships, building schools, planting trees, and sponsoring medical care to poor people).<sup>16</sup>

Upon receipt of his company's fifth *Saigon Times Top 40 Award*, Mr. Do Ba Canh, CEO of Phu My 3 BOT Power Co. said that, “besides customers, an enterprise should care about the locality where it operates because better living conditions will make way for people to consume products.” The company's contributions, he explained, raised the company's prestige and also fostered its employees' sentiment as they were given the chance to take part in activities beneficial to the society.<sup>17</sup>

## **C. The Policy Environment for Corporate Philanthropy.**

In Vietnam, modest measures have been introduced to try and advance the practice of corporate philanthropy. The Vietnamese government applauds companies for supporting local causes and institutions and the local media publishes regular examples of corporate giving practices.

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<sup>15</sup> “Thành phố Hồ Chí Minh tổ chức Cuộc đi bộ đoàn kết ‘Vì người nghèo’ lần thứ V,” website of the Vietnam Fatherland Front HCMC (17 November 2009)

[www.ubmtta.hochiminhcity.gov.vn/web/tintuc/default.aspx?cat\\_id=645&news\\_id=3375#content](http://www.ubmtta.hochiminhcity.gov.vn/web/tintuc/default.aspx?cat_id=645&news_id=3375#content)

<sup>16</sup> Ngọc Thu, *Thoi bao Kinh te Saigon Online*, “Rewarding Social Values in Development,” March 3, 2009 (*Saigon Times Daily*) at: <http://english.thesaigontimes.vn/ArticlePrint.aspx?ID=2452>

<sup>17</sup> *Ibid.*

Tax policy is one area where changes were made to support corporate philanthropists. Before the new Corporate Income Tax (CIT) law came into effect in January 2009, corporations could only deduct philanthropic contributions to “specified public education and vocational training projects” in Vietnam. The revised Law on CIT; however, introduced the following new benefits to philanthropic companies:

- **Tax-exempt income** includes funds received for educational, scientific research, cultural, artistic, charitable, humanitarian and other social activities in Vietnam.<sup>18</sup>
- **Income tax incentives** are now available to employers of people living with disabilities, reformed drug addicts and individuals infected with HIV/AIDs.<sup>19</sup> In order to for a company to be eligible for income tax exemption on its production and business activities in goods and services, a company must employ an average of fifty-one (51) percent or more employees that meet this description.<sup>20</sup>
- **Tax exemptions** are applied to income earned from occupational training activities for ethnic minority people, people living with disabilities, reformed offenders and “children living in particularly difficult conditions”.<sup>21</sup>
- **Deductible Expenses** - When determining taxable income, the CIT states that “financial aid for education, health care, to overcome the consequences of a natural disaster and aid to build a charitable home for poor people,” are deductible expenses.<sup>22</sup> This is further explained, though the implementing guidelines, to include the following deductible expenses:
  - Donations to public and private schools in the national educational system, including funding for facilities, teaching materials and standard school activities;

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<sup>18</sup> CIT Law (effective January 2009) - Article 4, Paragraph 7. Circular 130 goes on to explain that recipients of such aid funds must be established organizations, operating in accordance with the law. If the funds are not used for the correct purpose, the aid recipient will be required to pay CIT at the rate of 25% of the amount not used for the correct purpose.

<sup>19</sup> CIT Law (effective January 2009) - Article 4, Paragraph 4.

<sup>20</sup> Circular No. 130-2008-TT0BTC (26 December 2008 - Article VI, Paragraph 4.

<sup>21</sup> CIT Law (effective January 2009) - Article 4, Paragraph 5. Circular 130 includes the following caveat: if an occupational training establishment has other students, then the part of income exempt from tax shall be a ratio of the number of people in the categories described above over the total number of students.

<sup>22</sup> CIT Law (effective January 2009) - Article 9, Paragraph 2(o). As per Implementing Circular, the recipient of such aid must be a poor person, as defined in Government regulations, and funding may be made in cash or in-kind via an entity with the function of raising aid funds in accordance with the law.

- Contributions to student scholarship programs paid directly or via an entity authorized<sup>23</sup> to raise such scholarship funds;
- Contributions to school competitions and/or to education promotion funds;
- Donations to medical health care organizations established in accordance with the law on medical health care, including funding for facilities, equipment, treatment medicine, and standard medical activities;
- Cash contributions to medical patients via an entity authorized<sup>24</sup> to raise such funds;
- Donations in cash or payment in kind that is paid directly to an authorized entity, or to an individual via an authorized entity<sup>25</sup>, in order to remedy the consequences of a natural disaster;
- Contributions to build housing for the poor that is paid in cash or in kind directly to an authorized entity, or via an authorized entity<sup>26</sup>.

Recent trends in corporate philanthropy, internationally and in Vietnam, suggests a rise in significance and greater attention being paid by Senior Management. However, little has been done to try and quantify the value and impact of corporate philanthropy in Vietnam. Society's ability to exploit the potential for larger amounts of corporate support for community initiatives will likely depend on the continued development of a nurturing environment and raised awareness about best practices in giving and positive examples of voluntary corporate contributions.

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<sup>23</sup> In this context, "authorized entity" refers to organizations that are authorized and functioning to raise funds. To date, there is no detailed guidance on what an authorized entity might be. However, charity funds are the only organizations that have legal regulations, which clearly provide authorization to raise funds and make grants.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

## IV. Research Findings.

### A. Types of Corporate Giving.

In general, companies valued cash contributions as the best corporate resources to help address social issues. Volunteerism and product donations tied for the second best corporate resource. Still, companies appeared to be engaging in multiple forms of giving, predominantly foreign companies.

**“We receive over 100 requests for donations each month. Most of them are for in-kind contributions or money. If we see that our contribution can help, we will try to do it. The decision making process is quite subjective. It is based on what we see as necessary. If we see that [our contribution] can help the company’s business, we will do it.” (Company 18)**

#### *Grants & Sponsorships*

The most common corporate resource extended to the community was cash contributions. Cash contributions were allocated by companies in the form of grants and/or corporate sponsorships.

In regards to grants, Companies offer funds to support a variety of nonprofit initiatives, such as: building schools, covering the cost of merit and/or need based scholarships and disaster relief efforts taking place throughout Vietnam (and some even support relief efforts overseas). Some companies reserve grant money for their employees in times of personal hardships. For example, companies 22 and 37 cited examples where they helped their employees cover healthcare and educational expenses, whether for themselves or for their family members.

Fundraising for disaster relief is a practice which started Centuries ago in Vietnam and continues to be popular among companies and their staff. These efforts are often employee driven and the company typically matches funds that are raised by their staff. All employees of Vietnam’s State owned companies (Cán Bộ-Công Nhân Viên) are expected to each contribute a day’s salary to a fund for disaster victims and their families. This money might be sent directly to the victims or it might be sent through an intermediary organization such as the Vietnam Red Cross, Vietnam Fatherland Front, Save the Children, CARE, etc

**In response to Tropical Storm Ketsana, which hit Vietnam in late September 2009, Sabeco Company raised 470 million VND from its staff and customer base to support victims, and their families, residing in Kon Tum, Quảng Ngãi, Quảng Bình, Quảng Trị,**

**Thừa Thinê-Huê and Đà Nẵng. Their contribution was managed by Tuổi Trẻ Newspaper, which held a campaign to support victims of the storm.<sup>27</sup>**

Sponsorships differ from grants in that a sponsor typically expects something in return for its support and this benefit often comes in the form of advertising, association of the company with a charity or the endorsement of a company product or service. While corporate sponsorship of nonprofit organizations is not so common in Vietnam, corporate sponsorship of not-for-profit events is growing in popularity. Take, for example, the Saigon Children's Charity's annual Cyclo Challenge, Operation Smile's annual Art Auction, the Lawrence S. Ting Charity Walk, all three events raised money (and publicity) for disadvantaged groups in Vietnam.

### **Nestlé Supports Good Health & Well-being<sup>28</sup>**

Nestlé extends special care to the well being of local community members, especially the younger generation in Vietnam. In recent years, Nestlé sponsored children's sports activities, such as:

- The National Basketball Tournament for Primary School Children;
- The National Hoi Khoe Phu Dong;
- Swimming Courses for Children in the Central Region;
- The MILO Kid Run; and
- Vietnam Football Team's Participation in the ASEAN Primary School Sport Olympiad.

Through these sponsorships, Nestlé encouraged good nutrition and the pursuit of a healthy lifestyle through regular physical activity, which "helps children to grow to their full potential, both physically and mentally."

Sports and entertainment sponsorships fall into this same category. Many companies reported having sponsored football, golf and tennis tournaments, gala dinners, concerts, and/or television programs. Take, for example, Petro Vietnam's sponsorship of the country's V-League, Vietnam's national football league or PriceWaterhouse Coopers sponsorship of the Miss Universe Contest. This money typically comes out of the company's budget for PR and marketing.

<sup>27</sup> P. Đắc – T. Hương, "Công ty TNHH một thành viên TM Sabeco ủng hộ đồng bào vùng bão t470 triệu đồng," Tuổi Trẻ, October 15, 2009.

<sup>28</sup> Source: Nestlé corporate brochure.

## Donations In-Kind

Companies would often donate their products or services, equipment or resources to support a community initiative. Others might offer professional skills/services in the form of technical advice or support.

**"It is about a 50-50 split between in-kind contributions and capital contributions."  
(Company 18)**

**"As budgets get squeezed (financial setbacks), we shift towards in-kind donations versus cash. In general, cash donations have been declining while product donations have increased. A couple years ago, cash donations were larger." (Company 9)**

Some companies indicated a preference for in-kind contributions as a measure of ensuring greater accountability.

**"...we prefer in-kind contributions because: (1) we want to be sure how the money is used, and (2) because it is easier to bond with the beneficiaries when we give gifts as opposed to money." (Company 23)**

While the majority of local companies in this research did not fully understand or embrace the concept of *pro bono* services, many foreign companies said that they donated their services or encouraged their employees to offer their skills and expertise on a *pro bono* basis (and, though rarely, sometimes even on company time), to a philanthropic campaign or community initiative:

**"Cash grants are helpful but contributions of time, leadership and energy is much more valuable than writing a check. Whichever resource is utilized, execution is key to its effectiveness!" (Company 40)**

**"From 2004 to 2009, [we have] provided a combination of cash and... expertise to advise hospitals in Vietnam... We work with MOH and the Nutrition Center to train hospital nutritionists on how to monitor food intake and make recommendations. [We] have worked with seven hospitals in Vietnam..." (Company 7)**

**"We promote knowledge sharing in the community. On its own, money is not always enough. We seek out technical knowledge to help." (Company 13)**

Company 42 donated, free of charge, the services of two professional staff members to one organization for a period of six months. The same company said that it often provides either *pro bono* or discounted rates for its services to international not-for-profit organizations.

## *Employee Volunteer Programs*

Many enterprises encouraged employee engagement in fundraising (internally or externally) and making site visits to the beneficiaries of their philanthropic programs.

**“Volunteerism (unskilled) has the greatest potential. This helps to build the corporate culture, it also helps to build pride and retain good talent.” (Company 16)**

**“Time given is the most important asset. It sets an example and serves as a catalyst for change. You only need an idea, some structure and the ability to execute, to organize a meaningful project. As a company, we have the organization and resources and can put the ideas into action.” (Company 14)**

**“In the future, [our company] would be interested in organizing an overnight volunteer program for staff. The company is open to paying for transportation and accommodations. Employees would be assigned to teams with representatives from different departments each team working on a particular volunteer project.” (Company 29)**

Employee volunteer programs are not common in Vietnam although they appear to be growing in popularity, particularly among foreign companies and companies with a large number of employees. Such firms indicated that there are benefits to introducing employee volunteer programs. Among the benefits mentioned was the ability to attract and/or retain young talents, staff training prospects, and a good alternative to grantmaking in an uncertain economic environment.

## *Other Corporate Resources*

A small number of corporations said that they leverage their relationships in an effort to support nonprofit community initiatives. An introduction to senior business contacts, for example, is one very important contribution that companies have made to help nonprofits raise funds and identify resources from other members of the business community.<sup>29</sup>

## **B. Why do Companies Engage in Corporate Philanthropy?**

When asked why companies give to the community, responses fell into one or more of the following groups:

- a desire to give back to the community;
- a strategic approach to building a brand or company image;

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<sup>29</sup> For example, companies 19, 20, 21, 24, 26, 40 support their beneficiaries by making introductions to personal and business contacts.

- a corporate social responsibility;
- an investment in the business environment; and/or
- a commitment to building internal relations.

Several companies regarded corporate philanthropy as an opportunity to raise the company profile and build its image, by generating goodwill among customers, investors or other stakeholders.<sup>30</sup> Others engaged in philanthropy after turning over a profit, to demonstrate the company's appreciation to the local market or local community for its success. Some corporate giving was driven by a personal experience or interest by one or more of its Founding Members or Managing Directors. And some companies said that they engaged in corporate philanthropy for multiple reasons. Regardless of the reason for giving, all of the companies participating in our survey felt that corporate philanthropy is a good thing for the company to be doing.

The most common rationale for engaging in corporate philanthropy is because companies feel a responsibility "to do good" in the communities where they are doing business. Several foreign companies indicated that it is "doing good business" to engage in Corporate Social Responsibility (CSR), of which corporate philanthropy is one element. Some companies expressed the need "to give back" to the community that contributed to the company's success.

**"We are committed to Vietnam for the long-term; therefore, the long-term interests of the country are the same as ours. We must decide how to align our interests with those of Vietnam. The goal is a future positive impact, not just in terms of money, but also in terms of time and people." (Company 25)**

**"When a company operates a business, it should be responsible to the community and to the environment. [We] follow this policy in the way we do business and in the way we engage in the community." (Company 41)**

Several companies explained that their ability to compete depends on the social and economic conditions of the locations where they operate. These companies are investing in causes to help sustain or grow their business over the long-term (i.e., education for prospective staff, building future markets, etc). Boosting social and economic conditions, they reported, can create more productive locations, better-trained employees and/or new markets for its products or services.

**"Our mission is to make Vietnam a better place through our CSR programs. This is not just about maximizing profit and writing checks for charity; rather, we view doing**

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<sup>30</sup> Companies 4, 7, 12, 18, 35 and 43.

**business responsibly in the same light as Nobel-prize winner Mohammed Yunus<sup>31</sup> put it, 'Charity is limited, Business is unlimited.'**" (Company 16)

The majority of foreign companies operating in Vietnam have a longstanding culture of participating in philanthropy to improve the living standards of local citizens. Some multinational companies posit that this policy underpins the idea of sustainable development:

**"[W]e recognize that we cannot have a healthy and growing business unless the communities we serve are healthy and sustainable. We are committed to improving the quality of life in the communities where we do business and have realigned our community investment priorities to be reflective of and responsive to the global and local nature of our business."** (Company 39)

**"[W]e don't focus on charity activities. More importantly, it is creating shared value programs following the global strategy. Creating shared value means that anywhere in the world where [our company] operates, the business should bring value both to the company and to the local community."** (Company 36)

The educational level of the local workforce was a concern among many companies in our survey. Company 26, for example, focused its giving activities on both the educational system as well as the current and anticipated training needs of their staff.

For many local enterprises, CSR was a relatively new concept; however, the community engagement concept hit closer to home and was part of their business approach long before CSR was introduced into Vietnam. The giving policies of several Vietnamese companies were strongly influenced by the backgrounds of their corporate heads, people who did not forget their humble beginnings in spite of their business success.<sup>32</sup> Whether supporting army veterans or structuring charity activities to be as grassroots as possible, these business leaders aimed to directly impact the disadvantaged communities to which they once belonged themselves.

Among several companies there exists an ethos of national pride, which links corporate philanthropy to Vietnam's development in manifesting it as a strategic business practice that steers the country and its citizens on the path of modernity.

**"We don't call it charity because we are in debt to society for our success. We are citizens of a poor country. We need to help society, not just our families. My primary**

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<sup>31</sup> Mohammed Yunus is the founder of the Grameen Bank in Bangladesh, which is a micro credit scheme for poor women, which has gained national acclaim for its success and has been copied, the world over.

<sup>32</sup> Companies 5, 10, 32 and 38.

**concern is to provide education and bring people in the community together.” (Company 19)**

**“... we have to use the water. We pull the water out of the ground [to make our product]. However, water is a community resource and a country resource. As such, it is our responsibility to send that profit back to the community. It is our pay back for use of a community resource.” (Company 34)**

**“As a proud Vietnamese company, we are endeavoring to help integrate Vietnam and its rising middle class into the modern global economy. A part of this responsibility is to act as a solid corporate citizen and assist those who are also committed to making Vietnam a more livable, sociable and economically prosperous nation.” (Company 43)**

A small number of companies said that they support good causes as a way of attracting, motivating, training or improving relationships with employees.

**“It is most important to create a culture of giving. We need to set an example for the staff and create this culture.” (Company 23)**

**“[Another reason why] we do it, is because it helps to improve staff morale and motivation... Our philanthropic activities help prove to our staff that we care about the community and not only about profit.” (Company 24)**

Through consumer research, Company 17 was pleasantly surprised to learn that consumers recognized the company's charitable activities and felt that they were making a contribution to society by buying their products. Such feedback helped to reinforce the company's commitment to its community giving programs.

In addition to consumer loyalty, companies also look for unique ways to reach new markets and become more profitable. Strategic giving offers several such opportunities for companies to meet a local need while furthering its own objectives.

Interestingly, current policy incentives, such as tax exemptions, appear to play little or no role in the giving decisions of Vietnam based companies. When asked about taxes, most company representatives appeared to be uninformed about the new tax policies or they doubted the likelihood of being able to take advantage of such incentives.

### **C. How Much Do Companies Give?**

About half of our survey respondents did not respond directly to our question about the annual volume of their contributions in 2008. These companies preferred to talk about what they contributed - in terms of

individual cash grants and in-kind contributions - and to whom they contributed, rather than how much they contributed on an annual basis.

Companies were either unable or unwilling to provide a rough estimate for their annual giving:

**"I cannot say. Every year we have a budget for philanthropy. The amount depends on the company health and the demand of the community." (Company 38)**

**"In comparison with 2007, giving amounts increased in 2008. It is difficult to know by how much because, in 2007, these funds came out of the PR budget." (Company 41)**

A couple sources said that it was company policy not to share this information. Others explained that their budgets for philanthropy come from multiple sources. (For example, companies 7, 17 and 37 said they use funds from their marketing budget to sponsor charitable causes and events, companies 16 and 26 encourage different departments to reserve money to initiate their own community investment programs, and companies 11, 13 and 27 fundraise internally for programs.) Moreover, most companies in this survey have not yet attempted to calculate the value of less formal ways of giving (i.e., employee volunteerism, pro bono services and donations in-kind), which commonly goes unreported in annual giving calculations. As a result, it was difficult to estimate annual community contributions by companies in our study.

Of the companies that did report a donation figure for 2008, annual giving amounts by foreign companies ranged from USD \$30,000 to nearly \$4 million<sup>33</sup> dollars, with a median of USD \$225,000 per year.<sup>34</sup> Meanwhile, annual giving by local companies in our survey ranged from USD \$8,000 to nearly \$6 million dollars, with a median of USD \$112,000 per year.<sup>35</sup>

**The Saigontourist Company donates nearly VND8 billion (USD \$444,000) to charity each year.<sup>36</sup> To date, the company's annual golf tournament has raised nearly VND 1.3 billion since 2006.**

Companies that reported giving figures included companies operating globally, companies operating only in Vietnam and companies operating

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<sup>33</sup> This amount encompasses all CSR activities for Company 16's Vietnam office.

<sup>34</sup> Amounts were reported in USD, Euro and VND. Some companies valued their in-kind contributions in dollar or dong amounts. For comparison purposes, we converted and combined both cash and in-kind contributions into a total USD amount.

<sup>35</sup> The highest contributors for both local and foreign companies were outliers. The next highest contribution by a foreign company was reported at USD \$1.5 million, while the next highest annual contribution by a local company was approaching USD \$1 million.

<sup>36</sup> Duc, Vu, "Saigontourist Golf Tournament 2009 goes to clubhouse," The Saigon Times Daily, 3 August 2009, <http://english.thesaigontimes.vn/Home/sports/home/5762/>.

only in HCMC and surrounding provinces. Some of the multinational companies participating in this study indicated that their budget for philanthropy was provided by, or partially supplemented by, a regional office and/or global headquarters.

As a result, based on the lack of easily comparable raw data for this category, it would be a stretch to draw meaningful conclusions from the above reported numbers. Rather, these numbers are best used to shed light on the scale, sources and impacts that such contributions have made and might be able to achieve in the future.

**Since APEC (Nov 2006), Company 3 made a three-year commitment to support [one INGO initiative] program. The total contribution was for USD \$325,000 (over three years). With this money, [the program] has been able to [provide life-saving] surgeries for 325 children.**

**From 1995 to 2009, 30 schools were built by Company 28. In the beginning, we were only able to build 1 or 2 schools per year. Now, we can build 4 or 5 schools a year.**

**Since 1999, Company 8 and [a local NPO] conducted a joint program. To date, the company has donated VND 900 million in school materials to more than 20,000 needy children nationwide.**

Most companies explained that giving is made possible because of the company's success; however, only a few companies reported that allocations for philanthropy were based on profits. Instead, most companies said that the size of the budget was decided by senior management or, in the case of multinational companies, were guided by global or regional headquarters.

**"The budget is set at the beginning of the year. It is not fixed by revenue, profits or capital. It is initially set at an amount we felt we could spend in the first year. All subsequent years' budgets were then decided based on the previous years experience." (Company 25)**

Several companies allocate funds to charitable causes on an *ad hoc* basis, depending on funds available at the time of the request.

### *Corporate Giving is on the Rise in Vietnam*

Through 2008, companies across the scale reported a steady increase in giving amounts to philanthropic causes. The increase was related to both the number of activities as well as the dollar/dong amounts allocated.

Looking to the future, in spite of the recent global economic downturn, the vast majority of companies said they plan to maintain their current levels of giving or increase their giving amounts.

**“Across the board, we have cut back our budget. However, we have made no reductions to [philanthropic] allocations. And we have no plans to do this.”  
(Company 14)**

**“The company’s giving will depend on how much profit the company makes. However, since the company diversified its earnings over six areas, it is likely that they will be able to continue to engage in charity work in the future.” (Company 31)**

**“We expect that we will increase our charitable activities in the future... The better the economy and our business, the more we can do...” (Company 17)**

**In the next five years, [the] amount of funds raised as well as the number of beneficiaries will be multiplied... The company has not been affected by the recession, so we plan to increase our philanthropic activities. (Company 1)**

**“Even though we may need to implement some cost savings projects, we will continue to increase our philanthropic activities in Vietnam, in the foreseeable future. We can do this because we will become better at creating sustainable solutions.”  
(Company 2)**

Some companies said they plan to focus their philanthropic activities or become more strategic in their giving.

**“We plan to change from a short-term to long-term strategy in an effort to ensure more sustainable funding.” (Company 1)**

**“[W]e would like to be more strategic... In the future, we would like to provide pro bono services to our nonprofit partners. For example, we would like to help [our nonprofit partners] to raise money, to organize events and to identify potential donors. We plan to focus on one or two organizations that we can cooperate with long-term.” (Company 23)**

**“In the future, we expect to focus more on education.” (Company 17)**

**“The company has been doing well and we expect to continue. As such, our plan is likely to increase giving activities and possibly to start-up a foundation.” (Company 18)**

Still, as firms grapple with the economic downturn, many are taking a careful look at the resources they devote to everything from supporting charities to travel and expenses. Cutting back on philanthropy would seem to be a quick way to save money. A global survey conducted in 2008 showed that almost a third of multinational companies expected their CSR spending on sustainability to fall as a result of the crisis and,

“most of the cuts have been to corporate-philanthropy budgets, which typically fund charities and NGOs”.<sup>37</sup>

**“This year, we are being stricter because of the economy. For example, we will not be holding our one big fundraising event of the year. Next year, we expect to be right back on track. And we will organize the same events, like before.”(Company 12)**

**“Companies must think about this... do you stop your CSR initiatives in an effort to protect the firm and save jobs or do you maintain the CSR programs and try to find other ways to protect the firm? We work on projects that use our skills pro bono, or at special rates... pro bono support may be more effective in times of economic crisis.” (Company 42)**

The good news is that, so far, the global recession has not produced a retreat from corporate giving in Vietnam. Only a small number of companies in our study said that they plan to cut back or modify their approach to giving in the coming year due to actual or expected negative impacts on their businesses. Interestingly, one company said that it would only cut back if the economy improves because “then the government be able to take care of the poor people and other social issues...[and] will no longer require help from companies...”<sup>38</sup>

#### **D. Strategic Approach to Corporate Philanthropy.**

Strategic corporate philanthropy generally refers to giving in a way that offers clear impact through a mutually beneficial partnership between donors and beneficiaries. Strategic donors want generosity to go hand in hand with real opportunities. They want to help finance long-term solutions rather than temporarily solve an existing problem. Simply put, strategic donors are looking to invest in projects that can guarantee the impact of their donations.

While many companies said that they would like to be more strategic in their philanthropy, several reported that current efforts fall short of the target, either due to a lack of resources and staff commitment or the inability to identify strong community partners. A significant number of corporate contribution programs implemented in Vietnam are diffuse and appear to lack a clear focus. Many consist of small cash donations given to aid different causes. Rather than being tied to a well thought-out social or business objective, contributions often reflect the personal beliefs and values of Senior Executives or the desire to raise the company’s profile and generate good will among stakeholders.

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<sup>37</sup> Source: Economist.Com, “A stress test for good intentions,” May 14, 2009.

<sup>38</sup> Company 38.

Still, there are good examples of strategic philanthropy taking place in Vietnam. And companies appear to be becoming more structured and thoughtful in their giving practices.

**“With an enduring commitment to building sustainable communities, our Company is focused on initiatives that protect the environment, conserve resources and enhance the economic development of the communities where we operate.” (Company 39)**

**“Because we have a lot of experience, we know what is needed and how we can help. We look at needs first and how we can address those needs. If there is a fit, we try to help.” (Company 18)**

For foreign companies, the challenge lies in how to scale up their efforts and form strategic (and trustworthy) partnerships with organizations to facilitate their financial and in-kind contributions reaching the right targets in a transparent and accountable manner. Local enterprises, on the other hand, have focused on fine-tuning their charitable procedures by improving due diligence oversight of grants and simplifying the bureaucratic mechanisms associated with giving (i.e. by forming a foundation).

**“For Vietnamese companies, the key focus is on governance, citizenship. Most Vietnamese companies dutifully report their corporate philanthropy but it lacks a strategy. [Our company] has been encouraging them to have a strategic approach to their corporate philanthropy... a focus on long-term relationships.” (Company 25)**

**“Over the years, [our corporate philanthropy] has become more strategic. Ten years ago, when we entered Vietnam, we were involved in philanthropic programs but they were more like charity and not very strategic. So, in 2004, we established [a Foundation].” (Company 16)**

**“In the future, we will need to work with the press to encourage other companies to give money back to society. They need to see that there are benefits such as raising brand awareness.” (Company 18)**

While a few large multinational companies already have a separate entity that oversees and manages philanthropic initiatives following global→regional→local strategic guidelines, some local companies see a crucial need to pioneer philanthropy in the local environment through galvanizing and mobilizing a variety of actors to get involved.

**“We want to be a pioneer in corporate philanthropy. The idea was to help get other corporations operating in Vietnam to do more.” (Company 24)**

**“We want to be a leader in attracting our partners - such as our international and local suppliers - to give back to the community. Our first focus is to care for the poor people. The second focus is to help others to see our activities so they can follow our lead.” (Company 21)**

Based on conversations with leaders in corporate philanthropy in Vietnam, it is clear that as companies gain more hands-on experience with giving, many begin to see value in applying business practices in an effort to produce greater impact.

### *Best Practices in Strategic Giving*

Several companies demonstrated how they use their charitable efforts to improve their competitive context, which refers to the quality of the business environment wherever the company may operate.<sup>39</sup>

**“We have on the one hand, tried our best to invest in technologies that would bring forth better products and on the other, considered our participation in social and charitable activities a part of our responsibility.” (Company 18)**

#### **Unilever’s Lifebuoy Handwash Program** *(Winner of the Asian CSR Awards 2007)*

In 2002, the Ministry of Health and Unilever teamed up to educate people in the Provinces on the importance and best technique for washing their hands. Unilever provides the soap (Lifebuoy), the facilities, the marketing and publicity, and covers the speaker/expert fees. The Ministry of Health provides the expertise and the networks.

To promote understanding of the importance of handwashing, Lifebuoy launched the first ever Global Handwashing Day in 2008, together with the United Nations and other partners. Lifebuoy brand teams in 23 countries helped raise awareness about how handwashing with soap can prevent disease. In Vietnam, Lifebuoy partnered with the World Bank and the Ministry of Health to implement this program.

Philanthropy can influence both the size and quality of the local market. Some companies, such as Company 26, helps to improve demand conditions by increasing the size of the market and the sophistication of users, which thereby produces more sophisticated purchasers.

### *Grantmaking Procedures*

The majority of companies receives and considers unsolicited requests for financial and in-kind support from not-for-profit organizations, representing

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<sup>39</sup> Porter, Michael E. and Mark R. Kramer, HBR “The Competitive Advantage of Corporate Philanthropy”, p6 (Dec. 2002).

both government and non-government organizations. With a few exceptions, company responses were given on an *ad hoc* basis, depending on the availability of funds and the company's preferences or priorities. Such approvals might be screened by one department and sent for approval by upper management.

**These [unsolicited] requests go to the Administration or Human Resources Department, which decides whether to fund such a project and whether there is money to fund the project. Final approval is granted by the management team. (Company 22)**

A handful of companies have established independent foundations, or departments specifically focused on corporate philanthropy (or more often CSR, of which corporate philanthropy is one aspect), to specifically manage and to think proactively about community engagement and philanthropic activities.

**"In 2009, the company set up [a] Fund to help disadvantaged children to achieve their dreams. This is an extension of the company's national guidelines into the philanthropic realm - an employees' mission is to help clients achieve their dreams." (Company 27)**

**"We recently set up a foundation to handle our contribution to society. Before, we decided to fund projects on a case-by-case basis. Now we changed our minds because we want to be more organized. And we want to ensure that our money is used efficiently." (Company 19)**

These examples reflect an effort by many Companies to become more pro-active in their support for good causes - setting priorities, in advance, and/or seeking out programs that address the cause(s) they wish to support.

## **E. Decision Makers & Implementers**

In general, corporate philanthropy is implemented with a top-down approach in which decisions are made by the senior management team, the CEO, or the Chief Country Representative with some interdepartmental participation. For larger companies, the implementation team is typically led by the head of the Marketing and Public Relations Department and/or the Human Resources Department.

**"We have global and regional platforms and local guidelines. The global and regional guidelines allow for flexibility. We have the ability to choose. In general, we want to have a strategic focus, so that our contribution is meaningful, and we want to promote volunteerism. In Vietnam, the focus is on children and youth. In other countries, the focus is on women. The company provides broad options from which we can choose." (Company 30)**

**“Since 2007, the Corporate Sustainability Department is now responsible for designing and implementing corporate giving initiatives. Funds are allocated to this department on an annual basis and based on profits. Funding is approved at a regional level.” (Company 41)**

Few companies have professional staff solely dedicated to the company's corporate philanthropic programs and activities. Typically, the primary responsibility for grantmaking lies with one staff, who dedicates only part-time to designing and/or implementing corporate giving programs.

Most companies have introduced opportunities for their employees to get involved, in one way or another, to support company-wide giving efforts. However, only a small number of companies include employees in deciding what types of programs or which organizations the company will support, while the majority of companies simply mobilize employees to contribute to a fund or participate in community volunteer activities.

**“[Some] of the staff like to contribute their time and skills to support the company's philanthropic programs. [We] encourage them to do this on company time. Our policy is for the team to have a good work-life balance. On projects that require technical support from our team, we work closely with the Human Resources Department.” (Company 21)**

**“The employees and staff voluntarily contribute three percent of their monthly income to charitable social activities. This is... a reflection of responsibility to the society and community of the Company's employees.”<sup>40</sup>**

A couple of exceptions, where volunteers were able to provide input in the decision making process, did appear:

**“Recently, we implemented “CSR buddies”, a program where we get employees to volunteer to help us monitor grant applications and/or help to organize some of the CSR activities. This activity [offers employees] experience/skills and better support for our efforts.” (Company 16)**

**“Philanthropic initiatives are guided by the Managing Partners and by the Marketing Department. The Marketing and HR Departments are currently responsible for setting up new initiatives... Employees are encouraged to submit suggestions and may be given a choice as to the type of engagement.” (Company 29)**

New opportunities for employee engagement are being introduced into larger companies. In some cases, such programs are introduced as a

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<sup>40</sup> Statement by Mr. To Ngoc Su, Chairman of SAMCO's trade union (2006). [Source: <http://www.kinhdoanh.com.vn/mtkd/So4e/4-baiviet.htm>, April 2004, VCCI Business Information Ctr.]

recruitment and retention strategy for young members of the workforce, which tend to place significance on a company's commitment to "giving back". In other cases, these programs represent management's effort to raise awareness or share the responsibility among its employees.

### **Employee Engagement in Philanthropy at Company 25**

*Volunteering:* The staff participates in an annual tree-planting event.

*Pro Bono Volunteer Activities:* Professionals provide free advice and consultants to both government regulators and the media.

*Staff Donations & Matching Grants:* Fundraising efforts, which are initiated by staff members are typically matched, one for one, by the company.

Younger, trained professionals are often a source of inspiration as well as direction for corporate philanthropy initiatives. Engagement of the staff in giving initiatives is critical to their success.

**"70% of our workforce comes to us directly out of college and university. These staffs are animated about volunteering. Our philanthropy and volunteer programs are intended to promote the company as a great place to work – it is [the company's] culture to volunteer and support our communities." (Company 26)**

**"It is the right thing to do... to make a difference and help the communities where we work in order to make a positive impact. We would probably not be working for [this company] if they did not engage in corporate philanthropy." (Company 13)**

**"Every year, the company organizes a fund and all employees can contribute to this fund. Many ask to take a portion of money out of their salary to be put towards community activities." (Company 11)**

A company that donates big sums of money based on the decision of a few senior members is less likely to see a return on its investment; whereas, a company that engages its staff in corporate giving programs will not only help to improve internal relations but is also more likely to improve the effectiveness of the company's giving efforts.

## **F. Partnerships in Giving.**

Companies were asked whether they engage in any partnerships when they do corporate philanthropy. Just over half said that they partner with the government. A large number of companies partner with international

nongovernmental organizations. And several others partner with Vietnamese nonprofit and nongovernmental organizations. Although a few companies said that they prefer to implement philanthropic programs on their own, the vast majority entered into partnerships with agencies with the required technical expertise, contacts and/or resources.

### *Government Partners*

Government agencies and charities linked to the government were often mentioned as the preferred partner for corporate giving. The preference was most evident among domestic companies. Reasons cited to explain this inclination included the government's ability to identify and reach the target beneficiaries, trust and faith in government run initiatives.

**"[W]e identified 3 strategic partners: Ministry of Health, Ministry of Education and Training and the Vietnam Women's Union. With these partners, we have signed a master agreement for five years. These programs combine the company's social and business agenda, and promote the company's brand... The government partners already have good networks and they can help us to better reach our ... beneficiaries." (Company 16)**

**"We have never worked with NGOs or INGOs because we don't know them nor do we know their experiences. We only work with government because we know what they do and we want to provide direct support." (Company 32)**

**"We mostly partner up with various government agencies because they have the right channels to reach the right people in need. This way the donations can be maximized." (Company 35)**

It is also possible that a company engages in philanthropic partnerships with the government to build relationships and improve the company's image among key decision makers; however, only a few companies cited such advantages. On the other hand, companies expressed some concerns about developing philanthropic partnerships with government or government entities. Some said that their objection to collaborating with government was based on global experiences and policies that resulted from those experiences. For others, past encounters in Vietnam led to a company's decision to set-up insurance systems, or avoid altogether, the chance of working with government on nonprofit initiatives.

**"Because [ours] is a listed company, [we] cannot support any government projects. [We] can only support NGOs, even though we know that the government does a lot of good work." (Company 44)**

**“...[S]ometimes, the company is put on the spot. ‘The [Government] has a habit of bringing in a bunch of people saying ... ‘we want you to give to’ this group... They put the company on the spot in front of a lot of people.” (Company 24)**

In an effort to produce effective partnerships with Government, some companies established new guidelines and procedures; for example, rather than giving through an agency, they could give directly to the beneficiary. Others set thematic or geographic requirements.

### *Partnerships with Non-Government Organizations*

A significant number of companies expressed a preference for working with non-governmental organizations (NGOs). Of the NGO partners cited during this research, the majority were international NGOs. Although some of these companies expressed an interest in partnering with local NGOs in the future, they also explained that there were fewer requests made and the current prospects were unable to meet their partnership criteria:

**“[Our company] partners with well-established nonprofit organizations. We seek to build sustainable relationships.” (Company 41)**

**“We prefer to work with international NGOs because they are more transparent. We want to be a long-term partner... We cannot do everything [so] it is better [for us] to partner with an organization we believe in.” (Company 23)**

**“We would like to see more proposals from Vietnamese NGOs. For now, we only work with international non-governmental organizations.” (Company 44)**

The Consumers' heightened interest in social causes, as told by Company 17 (above), may provide new opportunities for collaboration among nonprofits and companies.

#### **The Nike Jobs and Microenterprise Program<sup>41</sup>**

Conceived in 1997, Nike established a microenterprise loan program to provide support for women in the communities around its suppliers. The purpose of the program is to allow women a chance to build small businesses that will ultimately boost their family's economic well-being and contribute to the community's overall development. Microloans respond to the company's prohibition against at-home outsourcing by providing financial stability. For this program, Nike teamed up with a Colorado based NGO - Friendship Bridge, and the local Vietnam Women's Union in an effort to guarantee on-going support for borrowers.

<sup>41</sup> Hartman, Laura Pincus and Denis Gordon Arnold, Richard E. Wokutch, *Rising above sweatshops: innovative approaches to global labor challenges*, Greenwood Publishing Group (2003), pp 149 to 155.

## *Company-to-Company Partnerships*

Some companies view their business partners, suppliers and even their competitors as prospective partners in giving:

**“[We] have to join hands to strengthen the synergy. Our company alone is not big enough... Competition in [corporate philanthropy] is a good thing.” (Company 21)**

**“We want to involve more of our industrial partners, particularly in our volunteer activities. These companies often have their own charitable programs but they are not strategic. Also, we are trying to build a consortium of Vietnamese and foreign companies to promote philanthropy in Vietnam.” (Company 26)**

**“Enterprises and organizations that have often helped the unlucky should share their charitable experiences with other organizations and communities to achieve multiple good and effective deeds.” (Company 18)**

In general, however, few companies work together to achieve social objectives. This may be the result of a general reluctance to work with one's competitors. It may also be related to the fact that many companies view philanthropy as a form of public relations and, as such, would likely prefer to introduce their own giving campaigns, associated with their brands, which would naturally discourage partnerships.

**“Typically, we like to do this work directly. When you do this work through another organization, it is not clear how the money is used... We want to be sure that the money goes to the victims and that is why we want to do the work ourselves.” (Company 22)**

Companies that focus on the social change to be achieved, rather than the publicity to be gained, will expand the potential for partnerships and collective action. Then it only becomes a question of identifying prospective partners based on whether they may have complementary expertise or resources and if they may be interested to support the same cause.

## *Long-Term vs. Short-Term Partnerships*

The companies interviewed for this study have demonstrated a long-term commitment to Vietnam. Perhaps that is the reason that there was a strong preference for long-term partnerships in corporate giving. Some of these companies formed partnerships with not-for-profit agencies that lasted for three, five, or even ten years or more while others expressed a desire to seek out partnerships with long-term potential.

**“The company is interested to develop long-term partnerships with multiple opportunities for engagement (for example, an opportunity to engage volunteers as well as contributions). In the past, the company did not seek long-term relationships with community partners. However, this is changing...” (Company 29)**

**“We look for long-term partnerships. However, charitable activities that support the brand image are typically short-term.” (Company 18)**

**“We have a policy to build long-term relationships; however, we can only engage in a year-by-year basis. That said, we look at the potential for a long-term relationship.” (Company 44)**

**“The questions the company will ask is” If we help this beneficiary, will we be able to develop in the future. What is the potential? Thus, we look for projects that offer long-term potential.” (Company 11)**

**“Local organizations do not have a lot of experience with reporting, budgeting, financial statistics, etc. They need training in this area. That’s why we prefer to work with long-term partners because these expectations are already set.” (Company 9)**

### **Lawrence S. Ting Charity Walk<sup>42</sup>**

On January 4, 2009, over 13,000 people took part in a charity walk - the fourth charity walk of its kind held in Ho Chi Minh City to raise funds for the poor. The organizers raised nearly VND 2 billion from the event, which they handed over to three different funds: the Fund for the Poor, representing HCMC Districts 7, 8, Nha Be and Binh Chanh; the HCMC Fund for Football Talents; and the HCMC TV Charity Fund.

#### *Company Expectations*

While most company’s knee jerk reaction was to say that they did not expect anything in return for their contributions, when pressed further, most companies revealed at least some measure of accountability.

For local companies, a certificate, a letter or an announcement acknowledging their contribution was often sufficient. For foreign companies, there was wide variance in expectations - from companies that expected verification of the impact and effectiveness of their contributions to companies requesting that the project be implemented as promised. Partner accountability is a major factor in securing a company’s continued support while project impact and/or results delivered were the second most important factor for maintaining donor support.

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<sup>42</sup> Source: Voice of Vietnam (<http://english.vovnews.vn>)

**“[When we do philanthropy, we do it] “for free”... meaning there are no benefits to the company, no follow-up and no monitoring required.” (Company 38)**

**“We would continue a project if we believe that it is sustainable and if we found that our partners are reliable and trustworthy.” (Company 2)**

**“Communication is important. If a project is going to take a different path or if it is not going to achieve set deadlines, the managers should communicate the changes and set clear expectations... We did decide to discontinue a project because there was no communication. (Company 9)**

**“We will focus on projects that present an opportunity to improve the current situation rather than just a temporary fix... Cost effectiveness is the core guiding principle for all charitable giving. And impact updates are the most important form of recognition.” (Company 20)**

**“What we expect is impact. If economic conditions improve, if the community is developing, it will help our company. That is sufficient recognition.” (Company 37)**

Companies 7 and 16 both expressed pride in being awarded a Labor Medal from the Vietnamese Government for their achievements and contributions to Vietnam society. Meanwhile, companies 11, 25, 14, 15 and others appreciated and displayed their certificates of appreciation from beneficiary organizations.

Monitoring achievements is essential to continually improving a philanthropic strategy and its implementation. The most successful programs will not be short-term campaigns but long-term commitments that continue to grow in scale and sophistication. Nevertheless, only a few companies reported that they monitor impact:

**A factor in determining whether we continue with a partner or not is their past performance. [If we experienced] poor reporting, discrepancies or other problems with financial reports, efficiency of spending we would not continue our support. (Company 41)**

**“We want to know how money is used and make sure it is used effectively. The more you know about an agency, the better. Direct management saves money, and that money gets passed along to the student. We want to be responsible and accountable.” (Company 19)**

**“The focus is on effectiveness and the potential for impact. We are careful to identify beneficiaries that have the capacity and the commitment to utilize our equipment donations.” (Company 15)**

## **G. The Community Foundation.**

One element of this research was to test the concept of a community foundation and determine whether there was demand for such services among companies operating in Vietnam. The community foundation was introduced as *“an independent, local grantmaking institution whose business is making grants to and strengthening the capacities of not-for-profit community organizations.”* It was then explained that funds would come from multiple donors, who would be able to participate in but would not hold any unfair advantage in the grantmaking process.

With this introduction, the majority of companies surveyed said that they saw a need and value in the establishment of a community foundation, one that could serve as a resource and facilitator to connect enterprises to prospective partners and connect funds to viable beneficiaries.

**“It would be helpful to have a resource, a third party that could confirm/verify information prior to an engagement. Since the company is likely to separate from the parent company. It is therefore, quite likely that the local company will need more guidance on its grant-making activities.” (Company 3)**

**“This is a good concept, particularly in regards to identifying viable partners. For Company 39, we have to do a lot of research to find a good partner.”**

**“This could be good because it would reduce management costs borne by the company that spends time giving back to the community. Such a foundation would mean that the company does not have to work directly with the people asking for money.” (Company 38)**

**“It would be very sad if a worthy cause did not get the help it needed because they did not know how to get it or the scope that is required. Capacity building is an important and worthwhile activity.” (Company 13)**

Still, several companies, mostly local, doubted whether the current policy conditions in Vietnam would allow for such an entity to function properly. Moreover, some firms expressed skepticism that such an organization would be able to operate independently or produce the level of transparency that would be necessary in order to operate effectively in the social milieu.

**“This may be possible if the foundation builds trust and reputation in terms of transparency, because in Vietnam there have been too many organizations that take advantage of philanthropic activities for other objectives.” (Company 6)**

**“Have to go through government to do charity work in Vietnam. The foundation concept cannot work in Vietnam at this point because the government won’t support it.” (Company 5)**

**“It’s a good idea if it works professionally and transparently. But I think it’s for other developed countries rather than Vietnam. Our audit system is not developed yet. And the Vietnamese want to do charity by themselves, they want to see with their own eyes, and feel the emotional reward and happiness associated with their activities.”**  
(Company 4)

## **H. Priority Issues to Address in Ho Chi Minh City.**

Companies were asked to consider quality of life issues in Ho Chi Minh City and indicate the issues that were at the top of their priority list.

Companies, both foreign and domestic, shared a similar preference for supporting Education (for Children) and Health Care issues, causes with broad community appeal.

**“In order to break the poverty cycle early, education for children is important.”**  
(Company 14)

**“Education is the top priority. Most of the issues on the list result from a lack of education. Thus, support for education would help to address many of the challenges including drug abuse, domestic violence, throwing trash on the streets, etc.”**  
(Company 38)

Beyond these two clear priorities, there was great diversity among the companies, which appeared to relate to the company’s specific business interests or concerns (i.e., building a skilled workforce, conserving water resources, attracting new customers).

**“In order to improve the quality of life in HCMC, we need to figure out a way to stop thinking only about ourselves and start thinking about how our actions impact those around us. We need to educate people to think about other people.”** (Company 34)

**“A clean environment will promote good health, prevent diseases from spreading and help people to live longer lives.”** (Company 38)

Several companies had deliberate giving programs, while others were open to considering various possibilities.

**“[We help] to encourage students throughout Vietnam by providing scholarships to promote their studies; We help victims of the war because we want to share their pain and difficulties; [We help in poor and remote areas where] the living conditions are very poor, the water is not clean. We want to improve their living conditions.”**  
(Company 38)

These days, Vietnamese businesses do not restrict themselves to giving only in Vietnam. Some companies now cross borders with their contributions.

**At Company 18, two Senior Staff held conflicting views on the best way to set giving priorities. One representative felt that a company should focus on urgent issues that people in society can relate to and see tangible results. The other representative believed that a company needs to look towards the future and focus on issues that will help the business to grow in the long-run.**

**In general, the discussion appeared to be a debate about whether their philanthropy ought to focus on what the company believes in (sustainable development) versus what the company believes their consumers think is important (numbers/results).**

In 2006, BIDV, Hoang Anh Gia Lai and Sovico teamed up to support an education fund in Laos, providing both money and computers.<sup>43</sup>

## **V. Recommendations:**

Based on this research, it is clear that corporate philanthropy in Vietnam is on the rise and that there is considerable room for further growth, both in terms of the number of corporate philanthropists and in terms of the impact they can make. As companies become more experienced with philanthropy, they also become more sophisticated demanding greater impact and accountability.

Ideally, this report will help companies that are not giving to identify meaningful ways to engage in the community while offering best practices and new models to existing philanthropists that may want to improve the impact of their giving. While this research focused on large companies, all companies – whether they may be big or small, new or old, have an opportunity to find meaningful ways to engage and support the development of the communities in which they do business.

With this in mind, below are some recommendations for companies and community stakeholders, which we believe can help to promote thoughtful and strategic corporate giving in Vietnam:

### **1. Companies: Plan and Implement for Impact**

- **Set goals and establish criteria.** Giving programs that have a clear goal or focus, are often easier to manage and measure, in terms of impact. For example, the company may wish to identify one or more causes that the company will support or identify one or more strategic partners with whom they can develop a long-term relationship. Consider the inclusion of stakeholders in the process of

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<sup>43</sup> "Fund receives donations from local firms," 28/Jun/06. Total contribution to the Lao Education Fund was VND 160 million (US \$10,000) & 40 computers ([www.csr-asia.com/index.php?page=3&cat=74](http://www.csr-asia.com/index.php?page=3&cat=74)).

selecting a focus area to ensure buy-in and support. Prospective beneficiaries will also be better able to determine whether or not they are eligible.

- **Leverage the company's products, resources, customers and employees.** Companies that leverage the products and services the company has to offer with the skills and interests of their stakeholders will often find that their philanthropic efforts not only benefit society but also the company. In order to do this well, companies are encouraged to raise awareness about giving programs and activities among employees, customers, investors and partners in an effort to gain buy-in and support. Moreover, companies can benefit from including a cross section of employees, representing different business units, in the corporate giving planning process to garner their support.
- **Expect and measure the impact of corporate giving programs.** By measuring impact, companies are more likely to inspire and sustain stakeholder support for their giving programs. Nothing fosters a better image of a company that cares about the community than a giving program that can demonstrate proof of impact. Moreover, demonstrating impact over the short- and long-term can help to maintain staff and customer loyalty. Ideally, donors, implementing partners and beneficiaries can work together to establish the appropriate indicators and evaluation techniques at the onset of their project.
- **Engage strategic partners.** Partners in giving may include implementing organizations (companies, government agencies and/or non-government organizations), donors that share similar concerns and interests, and technical experts who can offer advice and assistance in the process. Companies can strengthen the impact of their contributions by identifying new opportunities for partnership.

## 2. Community: Support for Corporate Philanthropy

- **Raise awareness about incentives.** As recently as January 2009, the government introduced new incentives to companies that support community development (e.g., tax exemptions and deductions); however, many companies are unaware or unsure how to access these new incentives. To ensure that these incentives have the desired impact, it is important to let companies know what they are and how to take advantage of these incentives.

- **Recognize best practices in corporate giving.** Local media and government could include rating categories such as corporate giving and community engagement in their recognition of companies engaging in good business practices. Whether from the local media or government, positive attention can help to encourage companies to do more to support the community.
- **Volunteer matching service.** A rising trend in corporate giving, primarily among the multinational companies, is an interest in corporate volunteer programs where business professionals donate their time and/or talents to support the community. To date, this is an untapped resource as many companies expressed challenges in identifying an appropriate beneficiary. For this reason, the LIN Center for Community Development established a service to match skilled volunteers with local not-for-profit organizations and measure the impact. Meanwhile, a matching service for non-skilled volunteers is still in high demand.
- **Track the impact of corporate philanthropy.** In an effort to better track and benchmark corporate giving in Vietnam, we recommend a quantitative research. The follow-up research would provide generalized estimates such as total levels of giving, the potential for growth in corporate giving, the impact of giving, and incentives for giving. Such project might also lend itself to a directory of corporate givers, which could apply a delicate amount of peer pressure.
- **Provide resources and training on corporate philanthropy.** In an effort to clarify common misconceptions about grantmaking and to help companies get the most out of their giving, it is recommended that training and resources be made available to current and prospective donors. For example, a booklet or manual on corporate giving might be disseminated to companies operating in Vietnam. Likewise, a regular forum for grantmakers might be organized in an effort to share and discuss.

## vi. **Appendix**

## **A. Appendix A: List of Companies Interviewed for this Research**

We would like to thank the following companies for their participation in this research:

**AA Corporation**  
**AIG**  
**Caravelle Hotel**  
**Cargill Asia Pacific Ltd.**  
**Coca-Cola Southeast Asia, Inc.**  
**ConocoPhillips (UK) Cuulong Ltd.**  
**CSC Vietnam**  
**CT Group**  
**Dragon Capital Group Ltd.**  
**Dutch Lady Vietnam**  
**GANNON Vietnam Ltd.**  
**GlaxoSmithKline (GSK) Vietnam**  
**Golden Communication & Bank Invest**  
**Hoa Sen Group**  
**HSBC Ltd.**  
**Huy Hoang Corporation (Long Thanh Golf Club)**  
**ILA Vietnam**  
**Intel Vietnam**  
**Kinh Do Group**  
**KPMG Ltd.**  
**Lawrence S. Ting Memorial Fund**  
**Lua Viet**  
**Mai Linh Co.**  
**Manulife Vietnam**  
**Mast Industries Far East Co Ltd.**  
**Navigos Group**  
**Nestle Vietnam Ltd.**  
**Nike Vietnam**  
**Pepsico International Vietnam Company**  
**Phu Nhuan Jewelry Company (PNJ)**  
**PricewaterhouseCoopers (Vietnam) Ltd.**  
**Prudential Vietnam Assurance Private Ltd.**  
**Saigon Invest Group**  
**Saigon Jewelry Corporation (SJC)**  
**Sanofi-Aventis Group**  
**Talisman Vietnam Ltd.**  
**Tan Hiep Phat Group**  
**Unilever Vietnam**  
**Viet Thai International Jt. Stock Co. Ltd.**  
**Vietnam Brewery**  
**VinaCapital**  
**Vinagame**  
**VinaMilk**  
**Vinamit**

## B. Appendix B: Questionnaire for Interviews with Corporate Philanthropists

Company  
Name: \_\_\_\_\_  
Person  
Interviewed: \_\_\_\_\_  
Interviewed by: \_\_\_\_\_ Date: \_\_\_\_\_

### Introduction

Before I get started I want to tell you that your responses to this questionnaire will be kept *confidential*. We will report people's answers, but we will not attribute any names to any of the responses.

I would like to *thank you* for taking the time to talk with me today about your philanthropic activities. The *purpose of the research* is to provide shape and scale to the field of corporate philanthropy in Vietnam. We would like to support both donors and their prospective grantees by sharing best practices and information about the needs, preferences and expectations of donors. To start out, I'd like to ask...

### Trends/Practices

1. How much did your business give to charities in 2008?

*Follow-up questions:*

- a. What percentage was allocated to local charities?
- b. What is the range of grant/gift amounts?
- c. Comparing 2007 giving to 2008 giving, how did the company's giving change?

*Check for the following:*

- a. How did giving **amounts** change? (e.g., increase, decrease, remain same)
- b. How did the **types** of giving change? (e.g., less Capital and more Volunteer)
- c. Other changes: Beneficiaries, Strategy, NPO Relationship (ST-LT), use of an Advisor, etc...
- d. What factors motivated these changes? (E.g., financial setbacks, bureaucratic difficulties)

*Possible follow-up question:*

e. Looking back over the past five (or ten) years, how have your company's giving habits changed?

2. What types of philanthropic programs/activities does your company engage in? *Possible follow-up:* Does your company donate human resources (volunteers), in-kind and/or capital grants to charitable organizations?

*Check for the following:*

a. Employee Engagement Programs (Donations, Fundraising, Volunteering)

- Promoted by the company / initiated by the individual
- Volunteerism
  - On Company Time vs. Outside Company Time (paid?)
  - Skilled vs. unskilled positions
- Incentives (volunteer recognition, matching funds, etc)

b. In-Kind Contributions

- Donations of company products (used or new)
- Donations of goods that are purchased from another company

c. Capital (Grants/Gifts/Loans/Donations - what terminology do they use?)

- Does the company operate its own foundation?
- Past beneficiaries
- Selection criteria
- Size of grants

3. Does the company have a charitable giving policy that guides decisions on what to fund?

*Check for the following:*

a. *[Follow-up for MNCs only: How do corporate giving practices in Vietnam differ from the company's philanthropic initiatives overseas?]*

b. Is there flexibility in the approach?

## **Rationale/Motivation**

4. Why does your company engage in corporate philanthropy?

*Check for the following:*

- a. What is the perceived benefit to the company/staff/community?
  - Building infrastructure
  - Building relationships
  - Brand awareness/loyalty among consumers/potential consumers
  - Staff benefits (e.g., happiness, loyalty, teamwork, skills development)
- b. Does the company feel a sense of responsibility/obligation to the community?
- c. What other motivations may be present?
- d. Macroeconomic concern(s) (e.g., disease prevention, workers rights, environmental protection)

5. Which of the following corporate resources do you feel has the greatest potential to help address social issues? *Could you prioritize the following resources:*

- Cash grants
- Product donations
- Pro bono service
- Volunteers
- Distribution channels
- Other: \_\_\_\_\_

6. What kind of partnerships and collaborations does your company look for when it decides to engage in corporate philanthropy?

*Check for the following:*

Other Donors / Government / Consumers / Community Leaders / Other?

## **Strategy**

7. What is the company's **strategy** for engagement in philanthropic activities?

*Possible follow-up questions:*

- a. Does the company have a department/committee/staff that is responsible for designing and implementing corporate giving initiatives?
- b. Does the company allocate funds for philanthropy on an annual basis or on special occasions (e.g., end of year or holidays)?
- c. Who approves the budget/funding for giving programs?
- d. How does the organization evaluate grantees before/after an engagement?

*Check for the following:*

- What are the set criteria for grantees?
  - Who is the decision maker? (Committee, department, CEO, other)
  - Does the company use an external advisor?
- e. Does the company respond to solicitations for sponsors/donors?
  - f. Does the company invite recommendations or referrals by an employee, a personal contact, a colleague, an advisor...?
8. How are beneficiaries identified and selected? What **criteria** does the company use to select a beneficiary?

*Check for one or more of the following:*

- a. Recommendation or referral by an expert/advisor
- b. Reputation of the grantee (e.g., experience, word of mouth, media sources)
- c. Location (in relation to the company's employees and/or consumers)
- d. Quality of program/services (as measured by the company or external source)
- e. Effectiveness of the program (e.g., impact, admin versus program costs)
- f. Need (as determined by the company or external source)
- g. Thematic (e.g., Children, Women, Elderly, Healthcare, Education...)

*Possible follow-up question:*

- h. Does the company look for long-term or short-term (one-off) grantees? Why?
9. What would determine whether your company continues/discontinues support to one beneficiary?

10. What type of donor recognition is expected?
11. Would your company be more inclined to give (or give more) if ...
- There were broader tax incentives for charitable contributions?
  - It would help with the establishment of an NPO?
  - There were other incentives (e.g., awards/recognition from the GVN)?
  - You had more information about nonprofits and their activities?

### **Community Foundation**

A community foundation is an independent local grantmaking institution whose business is making grants to and strengthening the capacities of not-for-profit community organizations and which, by managing funds from multiple donors, is not beholden to any one donor in particular. Corporations and individuals around the world are attracted to community foundations because they can outsource some time sensitive activities to experienced professionals.

12. What do you think of this concept?

*Possible follow-up questions:*

- How / why might this concept be attractive (or not) in Vietnam at this point in time
- (Have you) Has your company ever worked with an external advisor to support the design and/or implementation of a grant making strategy?
- Would you be willing to pay for services to support:
  - Design or redesign of a corporate giving strategy,
  - Due diligence of potential beneficiaries
  - M&E/reporting of partnership impact
- What sorts of projects would you pursue if you had this support?

*Check for the following:*

- Previous experience working with an advisor or community foundation
- Would consider working with a specialist or external advisor

### **Current and future planning**

13. What is your company's plan for giving over the near term (1 year, 5 years)?

*Possible follow-up questions:*

- a. How much money will be allocated for charitable purposes?
- b. How is this incorporated into your budget?
- c. How does the economic outlook impact this decision?
- d. What will be the focus for your company's philanthropic activities?

14. In the current economic climate, how do you expect the company's giving habits to change?

*Check for the following:*

- a. Increase/Decrease in overall philanthropy
- b. Refocus contributions - How? (e.g., based on need, business strategy, resources available...)
- c. Fulfill existing philanthropic commitments
- d. Undecided

*Possible follow-up question:*

- What would need to change in order for your company to be able to resume your past level of philanthropic activity.

### **Best Practices**

15. In order to help identify and include best practices to include in our report, could you describe one key program that best represents your company's giving initiatives.

*Check for the following:*

- a. Program name and description
- b. Partner organizations, if any
- c. Launch date and anticipated end date, if known
- d. Approximate cash and non-cash contributions since inception or projected
- e. Impact the program hopes to make and how it will be measured

## OPPORTUNITIES & NEEDS

16. Please tell me what you believe to be the **three** top needs or issues to be addressed in order to improve the quality of life in Ho Chi Minh City (check 3 only). Also if there are opportunities or needs you believe are important but are not listed here, please tell me what they are.

- Access to services and resources for disadvantaged populations
- Child Care
- Community Development – improving the quality of life in HCMC
- Domestic Violence
- Drugs and Alcohol
- Economic Development – improving infrastructure and other conditions that support development of a strong local economy
- Education for Children
- Advanced Education
- Emergency Assistance – food, clothing, money to pay bills
- Environmental Education
- Environmental and Natural Resource Preservation and Clean-up
- Jobs – high unemployment, jobs that pay a livable wage
- Health Care – affordable and accessible health care, health insurance, health care education and prevention, hygiene.
- Housing
- Hunger
- Legal Services – for low income and the poor
- Poverty
- Transportation – getting people to the services they need and to their jobs
- Urban inequality
- Youth Development
- OTHER (please explain): \_\_\_\_\_

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