

MINISTRY OF EDUCATION AND TRAINING
UNIVERSITY OF ECONOMICS HO CHI MINH CITY



HOANG CUU LONG

**Market Orientation, Corporate Social
Responsibility, and Firm performance:
the moderation role of Relationship
Marketing Orientation**

DOCTORAL THESIS

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CHAPTER 1

INTRODUCTION

1.1. Motivation

Being a member of many prestigious and famous organizations in the world as well as agreements such as WTO or ASEAN Economics Community - AEC, together with the continuing movement to a market-oriented economy has caused Vietnamese firms change their traditional ways of doing business. In the whole picture, Vietnamese firms have been required to differentiate their offerings in order to successfully compete not only with domestic players, but also with international competitors in right their home market (Nguyen & Nguyen, 2011). To survive and develop in such a competitive business environment, Vietnamese firms have no choice but have to enhance their operations and governance. To achieve the sustainable competitive positions, Vietnamese firms should have appropriate resources and capabilities. Consequently, identifying and nurturing resources, governance, business relations as well as capabilities, it is necessary creating competitive advantages for Vietnamese firms in their business environment (Nguyen & Nguyen, 2011; Long, 2013)

In transitional economy as Vietnam, business activities of the firm are affected by the constant changes in knowledge, the limitation in resources, the tough competitions and unpredicted risks, etc. In such context, the role of key person insider of the firm such as employees, CEO, senior managers become very important. They should have more extensive experiences in equipping market information, knowledge in order to improve or maintain firm performance (Wiklund, 1999). Besides, they also have enriched the business relations as well (Nguyen & Viet, 2012). With a collectivist culture, Vietnam has a high level in term of relation orientation towards the others. Hence, in Vietnam, the value congruence towards customers is more likelihood in such a collectivistic culture (Luu, 2017). Lumpkin & Dess (1996) demonstrate that both inside and outside factors always have an impact on firm performance.

Moreover, they also point that any changes in characteristics would change the nature of the firm as well as its operations.

Market orientation is defined as organizational culture that creates effectively and efficiently firm performance (Narver & Slater, 1990). Besides, it creates the necessary behavior for establishing superior value for the buyers, therefore, it continuously makes superior business performance. In scope of a firm, its managers should possess in-depth market knowledge in order to respond with the information that may create sustainably firm performance. Moreover, market orientation guides the organizational market information processing activities, then, it is applied to firm's strategies (Kohli & Jaworski, 1993; Sin et al., 2005). Market-oriented firms usually concern towards customers and competitors. Further, market orientation exists on the degree to which firms obtain and react to feedback from customers and competitors. For instance, market-oriented firms continuously collect information about target customers' needs and competitors' capabilities. Then, they utilize information to continuously create superior customer value. Therefore, market orientation is related to specific and routine processes that create superior values to customers. It also assists firms in gaining sustainable competitive advantage. Market orientation has been proven to positively impact on firm performance (Kohli & Jaworski, 1993; Baker & Sinkula, 1999; Long, 2015). Similarly, Narver & Slater (1990) determined that market orientation will create necessary behaviors to build up maximum values to customers.

Relationships is seen as a central point in business activities. Eventually, in modern business, it is heightened firm's competition to the global market. In emerging markets, most of societies have changed from the industry oriented to the service oriented forms. Therefore, the business relationship importance has been more concerned (Gummesson, 1999; Jansl tt Axelsson & Blick, 2016). In such business context, Dwyer et al. (1987) state that one of the core within a relationship is customer loyalty. Also, Sheth & Parvatiyar (1995) express that building relationships with

customers contributes to firm with valuable knowledge about customer demands. Then, these can be used to improve firm's services or products. Besides, Levitt (1986) defines "Relationship management is a special field all its own. It is as important in preserving and enhancing the intangible asset commonly known as 'goodwill' as the management of hard assets. The fact that, it is probably harder to do is that much more reason that hard effort be expended to do it" (p. 126). Consequently, good relationships lead to an open dialogue which in turn creates more interaction, more trust and ultimately (Janslätt Axelsson & Blick, 2016). Especially, in services industry, the distinction in business relationships is existed. Services are intangible in nature. They are processes consisting of activities which in turn are built upon interaction between firm and its customers (Janslätt Axelsson & Blick, 2016; Sin et al., 2005).

Since 1980's the conventional view of marketing turns into relational marketing as the nature and a strategic approach to services industry (Kilkenny & Fuller-Love, 2014; Cohen, 2014). After that, the relationship marketing concept becomes the hot topic of the marketing discipline during the 1990s (Möller & Halinen, 2000). Grönroos (1996) defines "Relationship marketing is to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met and that this is done by a mutual exchange and fulfillment of promises". The concept of relationship marketing has been continuously concerned as considerable research attentions by marketing scholars over recent years (Nguyen & Viet, 2012). This relationship usually happens between the organization and its stakeholders. Besides, this concept is consistently encouraged towards effective business training programs in over the world (Marium & Younas, 2017). In general marketing context, relationship marketing is entirely relational or building long-term relationships with customers (Kilkenny & Fuller-Love, 2014). In marketing area, Sheth & Parvatlyar (1995) indicate that relationship marketing leads to greater marketing productivity by making it more effective and

efficient. This in turn would lead to a greater willingness and ability among marketers to engage in and maintain long-term relationships with firm's stakeholders.

The fundamental of relationship marketing is to develop and maintain a strong relationship between firm and its microenvironments. Customers, as a pragmatic evidence, have been especially provided by abundant researches (Bruhn, 2015; Marium & Younas, 2017). Relationship marketing has been conceptualized from both relationship evaluation as well as organizational culture perspective (Berry, 1995; De Ruyter & Wetzels, 2000; Yau et al., 2000; Sin et al., 2005, Nguyen & Viet, 2012). Organizational culture perspective usually focuses on organizational values when putting the buyer-seller relationship into center of the firm strategy or operational thinking (Sin et al., 2005)

Gohary & Hamzulu (2016) express that relationship marketing (RMO) reflects the customer considerations as an important business operation resource. This means, it can further enhance the customer identification towards organization image. In addition, RMO is viewed as "the extent to which a company engages in developing a long-term relationship with its customers" (Tse et al. 2004, p. 1162). Besides, RMO reflects the firms' philosophy business. It is concerned together with relationship building by cultivating through trust, empathy, bonding, and reciprocity between a firm and its customers (Sin et al., 2005; Tse et al., 2004). Berry (1983) states that an organization with RMO proactively builds and enhances its customer relationships. In addition, a fundamental benefit of pursuing RMO is purported to be the creation of stronger customer relationships. It then enhances the performance outcomes including sales growth, market share, profits, return on investment, and customer retention (Crosby et al., 1990; Morgan & Hunt, 1994; Sin et al., 2005a; Tse et al., 2004). In transitional economies, such as Vietnam, the meaning as well as the role of RMO concept is still not clear and need to be more explored (Nguyen & Viet, 2012; Luu, 2017)

In recent years, corporate social responsibility (CSR) concept has been still remained much concerns not only to academic scholars, but also towards business practitioners. CSR is defined in a broader view as corporate behaviors and commitments which aim to affecting positively stakeholder obligations. It goes beyond the economic interest (Turker, 2009; Kotler & Lee, 2005; Galbreath, 2009; Carroll, 1991). In Vietnam context, there also have many attentions about this concept from practitioners as well as scholars. However, in Vietnam, it is relatively difficult to implement CSR. First, the CSR concept is understood and its activities in local enterprises community have just been implemented simply as charity activities. Second, most of local firms are SMEs and they lack of resources and capacities for implementing CSR qualifications. In modern humanity age, enterprises have made CSR initiative as one of the essential and serious activities. The CSR concept is of greater importance and has had a broader responsibility. Normally, the CSR implementation is seen as a key strategy in firm sustainable development which is also along with marketing strategy. In modern business context, in general, firm should concern to its round environment. This will support the firm consolidating its sustainable competition (Kao et al., 2018)

The importance of CSR concept is increasing and creating greater corporate responsibilities to the whole. Firms participate in CSR practices because of their shareholder value added requirements. Moreover, CSR activities of the firm also build the credibility to their customers (Smith, 2003). Therefore, in business research, there have many management literatures showing that CSR has a positive relationship with firm performance (Luo & Bhattacharya, 2006; Qu, 2009; Long, 2015). As mentioned above, the CSR activities of local firms are limited both in understanding and performance. In transitional economies, like Vietnam, business activities are always affected by the continuous change of social trends, knowledge, the limit of resources, unpredictable risks, the tough of competition, etc. Therefore, the role of other parties relating to firm operations both inside and outside becomes even more important. Hence, the study hopes to support Vietnamese firms more understanding

about the importance of CSR practices as well as the role of marketing relationship to stakeholders to enhance their competitive advantages.

Hill & Jones (1992) consider stakeholder theory as one of the background theories using to explain the relationship between owners, managers and various stakeholders. In business ethic field, stakeholder theory is seen as one of the most important theory. Because, this concept has been evolved and gained prominence as a method of integrating business ethic. In turn, it consolidates the firm operation purposes and strategic objectives (Del Baldo, 2012). Harjoto & Jo (2011) state that firms use their governance mechanisms along with CSR engagement in order to reduce the conflicts of interest between managers and non-investing stakeholders. In addition, the less conflict the less reduced agency problems among various stakeholders are presented.

Very few research has been investigated the relationship among the concept of Market orientation (MO), Corporate Social Responsibility (CSR) and firm performance. However, it seems that there has a few research conducting to examine this relationship that relating to the RMO concept. Especially, there has had no such a study conducted in Vietnam market that is seen as an emerging market. Therefore, it is necessary to conduct a systematic study on Vietnamese firms in Vietnam market. This study deploys in context of Vietnam marketing communications industry, a typical service industry, in order to explore and examine how the relationship among concepts MO, CSR and firm performance with the moderation role of RMO. It is because of,

- RMO in this study plays as moderator role among the relationships. RMO should be more dominant in the determination of firms' business performance in the service sector and are usually conducted in services industry (Sin et al., 2005; Gordon et al, 2008; Kwan & Carlson, 2017; Marium & Younas, 2017)
- Next, in marketing area, Sheth & Parvatlyar (1995) indicate that relationship marketing leads to greater marketing productivity by making it more effective and

efficient. This in turn leads to a greater willingness and ability among marketers to engage in, and maintain long-term relationships with firm's stakeholders.

- Most of Vietnamese firms in Vietnam marketing communications industry are SMEs (Long, 2013). In general, local firms have existed the lack of resources or capacities for implementing CSR qualifications (Del Baldo, 2012). While, the implementation of CSR in real business is seen as a key strategy for organization sustainable development.

1.2. Research objectives

There have some studies of scholars about the CSR, MO and the RMO concepts in over the world and in Vietnam context as well. However in Vietnam, as the author's understanding, there has no study investigating the relationship among CSR, MO concepts and firm performance incorporating with the moderation role of RMO. Besides, there also has no such study being deployed these relationships in Vietnam marketing communications firms. There have some reasons such as, (1) The CSR concept is quite new and not popular relevant studies for Vietnamese firms are published; (2) There have many studies about RMO concept but a few of them is linked to the CSR and MO concepts together with firm performance; and (3) The examination about the relationship of these concepts in context of Vietnam marketing communications firm has not much been concerned by local scholars.

Previous study of Long (2015), in Vietnam context, shows there have positive impacts of relationship among MO, CSR and firm performance. However, this study was conducted to Vietnamese firms in a wide range sector and in the Mekong Delta, Vietnam. In addition, Javalgi et al. (2006) remark that RMO concept is more relevant to service-oriented organizations than to product-oriented organizations. Normally, service providers maintain direct contact with their customers. This is the dyadic exchange processes in which a service-oriented firm's employees interact with

customers directly than a product-oriented firm (Brown & Swartz, 1989; Sin et al., 2002; Yoganathan et al., 2015). Basing on analysis above, therefore, this study aims:

- 1) To test the relationship among concepts CSR, MO and firm performance in Vietnam marketing communications industry;
- 2) To examine how RMO concept playing as the moderator towards these relations, and
- 3) To investigate the impacting among these concepts in such typical Vietnam marketing communications industry.

1.3. Research questions

The study tries to investigate the relationship among concepts such CSR, MO and firm performance with the moderation role of RMO. The study will be conducted in Vietnam marketing communications firms which mostly operate or have their branches in Ho Chi Minh City, Vietnam. Basing on research objectives, there have two main research questions as following,

- 1) In Vietnam marketing communications industry, how does the relationship among concepts MO, CSR, and firm performance?
- 2) In Vietnam marketing communications industry, how does the RMO concept moderate the relationship among concepts MO, CSR and firm performance?

1.4. Research scope

In general, the best CSR practices, the MO as well as the RMO concept of local enterprises still have limited in both understanding and implementation. Thereby, this study aims to support Vietnamese firms more understanding about the importance of research concepts in order to improve their performance as well as competitive advantages. Ho Chi Minh City is chosen for conducting the main survey. This city is one of the largest cities in southern Vietnam. It contributes 1/3 of national GDP, 60% of FDI of the country, 12% of population, etc. It attracts and concentrates more than

60% of local domestic SMEs. Especially, Ho Chi Minh City is the place where concentrates more than 70% of operating companies in Vietnam marketing communications industry (Long, 2013)

- Research respondents: senior managers and directors; business owners or shareholders of Vietnam marketing communications firms.
- Research scope: Vietnam marketing communications firms with 100% owned by Vietnamese citizens that have headquarters or branches mainly operating in Ho Chi Minh City.

1.5. Research methods

The study is conducted into two phases: the pilot study and the main survey incorporating with the mix-method as,

- + In the first phase, basing on theory of the firm, the stakeholder theory, the RMO theory, the CSR theory, this study uses qualitative methods to explore and find out main factors that local firms apply in their operations and business activities. This method is conducted through focus groups, in-depth interviews with 12 senior executives, CEOs, owners coming from Vietnamese firm in marketing communications industry. This stage aims to review whether the research questions are appropriate or not before executing the main survey. The study is also conducted with two experts (Appendix 3) basing on available theoretical framework in order to get opinions for comparison with firm actual activities.
- + The second phase, the quantitative is undertaken to examine the scale of factors belonging to CSR, MO and RMO concepts that have been discovered and find out in the first phase. Since then, the study also measures how the impact of these factors to firm performance is. In the quantitative pilot step, face to face interviews are conducted with senior executives and company owners to refine the measures. Then, the main survey is implemented by using in both face to face interviews and direct mailing with broader scope to senior managers and directors; business

owners or shareholders coming from Vietnamese firm in marketing communications industry, in Ho Chi Minh City, Vietnam.

Cronbach alpha reliability and Exploratory Factor Analysis (EFA) are used to preliminarily assess the scales. Confirmatory Factor Analysis (CFA) is used to test the measurement models and the structural equation modeling (SEM) is used to test the theoretical model and hypotheses. Data analysis is processed by software SPSS 20.0, AMOS.

1.6. Research contributions

Vietnam has undergone a transformation from a socialism market-oriented economy to a predominantly service-oriented economy since the 1990s. It has enjoyed having one of the ASEANs fastest growth rates in term of GDP growth including the growth of services sector during the period. Clearly, Vietnam is an ideal place to test the validity of the RMO model in a service context. Besides, the role of RMO has not been clarified in some studies in transitional economies context such as Vietnam (Nguyen & Viet, 2012). Hence, an understanding of the applicability of RMO in Vietnam will definitely enhance the effectiveness of relationship marketing strategies in the services sector in this country. Besides, based on the literature review of stakeholder theory, agency theory, CSR theory, relationship marketing theory, and relationship marketing orientation theory, this study will investigate the relationship among CSR, MO concept and firm performance with the moderation role of RMO.

There have some contributions of this study, as

- 1) The research model of Qu (2009) and Long (2015) has been conducted in China and Vietnam context for firms coming from different industries. This study examines and investigates how the relationship among concepts CSR, MO and firm performance of firms in typical industry, such Vietnam marketing communications is. This hopes to enrich the CSR and MO theory as well.

- 2) The MO scale in this study is adopted Tse et al. (2004) with fourteen (14) items instead of Nguyen & Barrett (2006), and Long (2015) with six (6) items in Vietnam market. The study explores whether it changes the relationship among constructs in the research model.
- 3) Examine and investigate the relationship among CSR, MO with the moderation role of RMO, and how they affect to firm performance.
- 4) Contribute to the CSR theory and RMO theory that are quite new and their implementations have still limited in Vietnam context, especially towards Vietnamese service firms. Therefore, the study suggests some directions in order to assist some limitations of Vietnam marketing communications firms. Then, they have more understanding the importance of CSR, MO as well as RMO concept to improve their competitive advantages.

1.7. Structure of the study

This study includes 5 structured Chapters as following: Introduction; Theoretical background and hypotheses development; Research methods; Data analysis and results; Discussion, Implications and conclusions.

Chapter 1 presents the introduction about the overview about the implementation of CSR, MO, RMO concepts in Vietnamese firm in marketing communications industry. In this part, the study also review the theory of the firm, the stakeholder theory, the RMO theory as well as CSR theory that have related to Vietnamese firms context. Basing on theory reviews and conducting an interview with the case-study some typical Vietnamese firms in marketing communications industry, some ideas will also be raised for the study. In addition, Chapter 1 introduces some main key parts for the study such as Research objectives, Research questions, Research scope, Research methods, Research contributions that relate to research concepts. The remaining of the research is organized as follows,

Chapter 2 presents the background theories, literature, empirical review and hypotheses development of the study which concerns to theory of the firm, stakeholders theory, RMO theory, the MO theory, and the CSR theory. In this chapter, the study goes to the details in explaining research concepts as well as their relations basing on previous studies. In addition, this chapter also provide the summary of some relating empirical researches. In this summary, there have comparison among the content of previous studies such as the authors, name of research, country of experiment, the purpose of study, hypothesis, methods, results and future research directions. From this summary, the chapter gives general comments about the previous studies that are limited or need to be conducted in other contexts. Therefore, in this chapter proposes the direction for the study as well as shows the proposed research model and research hypotheses as well.

In **Chapter 3** shows the methods and measurement with the research design, the preliminary assessment, the main survey, the sampling, the research process, the measure scales to each research concept from research model. Besides, the study describes methods that are applied the estimation regression models, along with the detail description of both qualitative and quantitative. All these methods help study empirical estimation in Chapter 4 which presents the research data way is collected, along with the criteria to classify them. The flow chart is applied for the research process. With the research concepts, all measure scales are described in detail.

Chapter 4: Data analysis and research results. In this chapter, sampling of the main survey is described clearly for testing research factors. Qualitative is undertaken by using face to face to preliminarily assess the measures. Cronbach alpha reliability and exploratory factor analysis (EFA) is used in this step. The main survey is also undertaken by using face to face interview with questionnaires and direct mailing with target respondents through convenience sampling. Quantitative is mainly undertaken in this stage. The purpose of this main survey is to validate the measures and to test the structure model. To assess the measures, confirmatory factor analysis

(CFA) is utilized, and to test the theoretical model and hypotheses, structure equation modeling (SEM) is employed. Respondents are senior managers, directors, business owners, CEOs, shareholders, middle managers of Vietnam marketing communications firms that have headquarters or branches mainly operating in Ho Chi Minh City.

Chapter 5: Discussion, Implications and conclusion. In this chapter, the study summarizes research findings and points out relevant suggestions for related parties in business environment. Besides, all research discussions and implications mention about the moderation role of RMO concept that relating to CSR practices, MO concept and how they affect to firm performance. The results of this study offer a number of implications for the theory and practices to Vietnam marketing communications firms in enhancing their operations as well as leveraging their competitive advantages. At the end of this chapter, the study also shows some limitations of the study and figures out a number of directions for future research.

Besides, this study has the references and appendix that are used and served in its contents. All these parts are located in the back of main study content.

1.8. Conclusion

This chapter presents the introduction about the overview about the implementation of CSR, MO, RMO concepts in Vietnam marketing communications industry. The chapter provides the summary and key information about the theory of the firm, the stakeholder theory, the RMO, MO theory as well as CSR theory. In addition, Chapter 1 also introduces overview main key parts for the study such as Research objectives, Research questions, Research scope, Research methods, Research contributions that relate to research concepts.

CHAPTER 2

THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

2.1. Overview theory of the firm

There have many research implications about theory of the firm that have been stimulated by the pioneering work of Coase (1937), Penrose (1959). After that, it was extended by Alchian (1965), Alchian & Demsetz (1972) and other scholars. The firm is viewed as a set of contracts among factors of production, with each factor motivated by its self-interest (Alchian & Demsetz, 1972; Jensen & Meckling, 1976; Fama, 1980). As Jensen & Meckling (1976) definition, the firm is a “black box” with respecting to its inputs and outputs in order to meet the relevant marginal conditions. Thereby, it maximizes the profits, the operation accuracy and the present value of shares. In effect, the firm is viewed as a team whose members act from self-interest. However, members also realize that their destinies depend to some extent on survival of the team in its competition with other teams. This forces the evolution of devices for efficiently monitoring the performance of entire team and of its individual members (Fama, 1980). Besides, the deployment of resources in firms may differ because of different degrees of on-the-job consumptions.

Regarding to the ownership, Fama (1980) express that ownership of capital should not be confused with ownership of the firm. Each factor in the firm is owned by somebody. The firm is just a set of contracts covering the way inputs are joined to create outputs. On the other hand, the way its receipts from outputs are shared among its inputs. Towards this perception, Alchian & Demsetz (1972) pointed "The essence of the classical firm is identified here as a contractual structure with: 1) joint input production; 2) several input owners; 3) one party who is common to all the contracts of the joint inputs; 4) who has the right to renegotiate any input's contract independently of contracts with other input owners; 5) who holds the residual claim;

and 6) who has the right to sell his central contractual residual status. The central agent is called the firm's owner and the employer" (p. 794). However, Fama (1980) defines that to understand the modern corporation, considering to Alchian & Demsetz (1972) with definition of the firm, it is better to separate the manager, the agents of points 3 and 4. With the risk bearer, it should be described in points 5 and 6.

Concerning to modern firm operation, Demsetz (1983) focuses on the separation of its ownership and control. It retains a central position in recent writings about the economic theory of the firm. This issue brought to the firm so effectively in explanation of Berle & Means (1932). There have many problems associate with theory of the firm. It could also be viewed as typical cases relating to the agency theory that is growing literatures. Such as, Jensen & Meckling (1976) define "an agency relationship as a contract which one or more persons engage to another person in order to perform some services on their behalf". This relationship relates to delegating some decision making authorities to the agent. The firm policies and decisions with respect to its stakeholders are likely having a cumulative effect on its reputation. On the other hand, firm will gain competitive advantage if it is able to develop relationships with its stakeholders basing on mutual trust and cooperation (Jones, 1995).

To be sustainable in growth, individual participants in the firm, particularly its managers, have to face both the discipline and opportunities provided by markets for their services in both inside and outside of the firm (Fama, 1980). Coase (1937) characterizes the firm bounds as range of exchanges over the allocated resource was accomplished instead by authority and direction. Moreover, Jensen & Meckling (1976) state that contractual relations are the essence of the firm. They are not only with employees but with suppliers, customers, creditors, etc. Jensen & Meckling (1976) add that the firm is simply one form of legal fiction which serves as a nexus for contracting relationships. These relationships serve for complex process in which

exists conflicting objectives among groups or individuals. By this sense, behavior of the firm is similar with market behavior.

Capability of the firm, in addition, is seen as referring all actions through which resources are used. Firms engage in to get something done and accomplish their different objectives through capabilities. Each firm can be seen as a unique bundle of resources and capabilities. These are developed over time when firm interacts with all its stakeholders (Branco & Rodrigues, 2006). In other side, capabilities refer to organizational processes, engaged in by people which must endure over time as people flow in, through and out of the firm (Wright et al., 2001). Different capability levels among firms are reflected in their abilities to create and utilize resources to reach their objectives. Both external and internal factors of the firm can contribute to such differences (Sirmon et al., 2007). In general, the firm of economic theory may be only a sketch of real firms. Besides, it nonetheless yields useful insights about resource utilization in a decentralized economy (Demsetz, 1983)

2.2. The stewardship theory

Stewardship theory represents an alternative model of motivations and managerial behaviors. According to Davis et al. (1997), in stewardship theory, “the model of man is based on a steward whose behavior is ordered such that pro-organizational and collectivistic behaviors have higher utility than individualistic and self-serving behaviors”. This theory is based on psychological and sociological traditions. In stewardship theory, the power is personal because it is founded on the authority assumed by the stewards. Stewards are loosely coupled in heterogeneous organizations with competing stakeholders. The competing stakeholder objectives are motivated to make decisions that they perceive are in the best interests of the group (Davis et al., 1997). In contrast, towards the agency theory, the power is institutional and derives from a covert role (Del Baldo, 2012)

According to Del Baldo (2012), stewardship theory is based on an orientation of cooperation and non-conflictual government. Moreover, this theory is also founded on trust and oriented towards the long-term of the firm. In fact, regarding to the motivational and relational aspects, the stewardship theory is well adapted to vision at the core of a firm's mission and of the system of government. This system is typical for small businesses that are socially oriented (Del Baldo, 2012). Therefore, in this context, the vision of corporate governance problems is strongly linked to human nature. Davis et al. (1997) state that stewardship theorists assume there has a strong relationship between the success of organization and principal's satisfaction. This essential assumption underlying prescriptions of executive behaviors are aligned with the interests of the principals. Moreover, the stewardship theorists argue that the performance of a steward is affected by whether the firm structural situation. In this located situation, he or she is facilitated effective actions (Davis et al., 1997).

2.3. The agency theory

2.3.1. The agency problem

The agency problems could be arised from the separation of company ownership and control (Berle & Means, 1932; Shleifer & Vishny, 1997). It is clear that when concentrated ownership and voting rights are aligned with ownership rights, the minority firm owners and its managers are in weaker positions. Therefore, majority owners or big shareholders will retain their residual control over the firm. According to Maher & Andersson (2000), there have three mechanism types that can be applied to overcome the problems associated with the separation of ownership and control:

- The first, *direct alignment of managers interests with shareholders*. For example, executive compensation plans, stock option rights, and direct monitoring by the board;

- The second, *company manager expropriations in legal protection*. For example, the protection and enforcement about shareholder rights, the prohibitions against inside dealings, and
- Finally, *indirect of corporate control through capital markets, managerial labor markets as well as markets corporate control*. For example, the takeovers.

Depending on specific market context, Maher & Andersson (2000) state that each country has a wide variety of mechanisms to overcome the agency problems through its time developed. These hope to arise from the separation of company ownership and control. Moreover, scholars express that some systems are characterized by wide dispersed ownership, which are called *outsider systems*. In the other hand, other systems tend to be characterized by concentrated ownership or control, which are called *insider systems*. Thereby, in *outsider systems*, the basic conflict of interest happens between strong managers and widely dispersed weak shareholders. With *insider systems*, the conflict appears among controlling shareholders, block of shareholders, and weak minority of shareholders.

Jensen & Meckling (1976) identify the existence of agency problem is caused by differences between property rights and management authorities. They claimed that, this problem derived from conflicts among stakeholders such as managers, shareholders and creditors in joint-stock company which is mainly related to their own purposes. Basically, shareholders usually expect company managers making business decisions that gaining benefit to company shareholders. However, company managers' purposes are not always corresponding to maximizing the company value or not corresponding to shareholders' priorities. They may also have many objectives such as maximizing their salaries, developing market share, or an engagement to particular investment projects, etc. (Maher & Andersson, 2000). Therefore, owners of company always try to monitor and control company managers' activities and these actions result to agency costs. In addition, Cremers et al. (2008) define that firms in

competitive industries could have the highest agency costs with managers entrenching themselves most.

2.3.2. Agency theory

Agency theory is a theory of the firm that analyzes the managerial incentive problems. These problems are induced by the separation of corporate ownership and corporate decision making (Kosnik, 1987). The agency theory basing on Berle & Means (1932) is considered as the classical theory of corporate governance where it separates the ownership and control in corporate. Agency theory perspective suggests that shareholders ultimately cede control of the day-to-day management of firm operations to professional managers (Berle & Means, 1932). Regarding to the representative theory, one of the most widely cited researches is the agency theory of Jensen & Meckling (1976). According to this theory, it shows that the separation between owners and managers can lead to managers' actions may not aim to maximizing owners' values, but for managers' own sake. The representative problem arises from the asymmetric information theory that happens between the owner and the manager.

Agency theory emphasizes on optimal incentive contracting and monitoring structures. It also provides a ubiquitous intellectual apparatus relating to managerial behavior and the need for its oversight (Hambrick et al., 2008). Agency theory dominates corporate governance research and the parts of governance literature stem from a wider range of theoretical perspectives (Daily et al., 2003). In the other hand, this theory is built on assumptions of opportunism and information asymmetry (Bosse et al., 2009). Agency theory simplifies the description of business' government because it presupposes the existence of only one type of fiduciary relationship. It is characterized by divergent interests between principal and agent. According to agency theory, the principal hires or delegates as an agent to perform works. In this kind of relationship, one party acts on behalf of the other party. This relationship can be brought together through structures of control and through economic incentive

plans (Del Baldo, 2012). Therefore, in agency theory, the agency relationship is designed to minimize potential losses to each party (Davis et al., 1997).

In term of stakeholder approach, agency theory explains the nature of implicit and explicit contractual relationships that exist among firm's stakeholders. By governance structures, agency theorists mean the mechanisms that police the explicit and implicit contracts between principals and agents (Hill & Jones, 1992). Thus, the application of agency control does not imply that all firm managers' decisions will result in increasing wealth to the principals. It only implies that the managers will strive to attain outcomes favorable for the principals (Buchanan et al., 2018). Moreover, agency theory may be used to design incentives appropriately by considering what interests motivate the agent to act. Incentives encouraging the wrong behavior must be removed and rules discouraging moral hazard must be in place. Therefore, understanding these mechanisms will create problems helps businesses develop better corporate policy. The limits and boundaries of agency theory are determined by its model of people where individualistic and self-serving executive motivation are assumed. In the other hand, in agency theory, the focus is on the extrinsic rewards such tangible and exchangeable commodities that have a measurable market value (Sheikh, 2018)

Regarding to company managerial context, there have some differences between the agency theory and the stewardship theory in term of their characteristics. This serves to differentiating more clear the role as well as the ownership among company members. In order to compare the differences between agency theory and stewardship theory, Davis et al. (1997) have a summary of some primary ideas in Table 2.1, as

Table 2.1: Comparison of Agency theory and Stewardship theory

| | Agency theory | Stewardship theory |
|---------------------|----------------------|---------------------------|
| <i>Model of man</i> | Economic man | Self-actualizing man |
| <i>Behavior</i> | Self-serving | Collective serving |

| | | |
|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| <i>Psychological mechanism Motivation</i> | Lower order/economic needs (physiological, security, economic) Extrinsic | Higher order needs (growth, achievement, self-actualization) Intrinsic |
| <i>Social comparison Identification Power</i> | Other managers Low value commitment Institutional (legitimate, coercive, reward) | Principle High value commitment Personal (expert, referent) |
| <i>Situational mechanisms Management philosophy Risk orientation Time frame Objective Cultural differences</i> | Control oriented Control mechanisms Short term Cost control Individualism High power distance | Involvement oriented Trust Long term Performance enhancement Collectivism Low power distance |

2.4. The stakeholder theory

2.4.1. Stakeholders approach

In business environment, firms have to face both internal and external constraints that may limit their managerial discretions towards investment decisions. The constraints could be greater if firms engage in activities that go beyond those directly relating to their business operations (Hambrick & Finkelstein, 1987; Wang & Qian, 2011). Freeman & Velamuri (2008) state that stakeholder approach to business emerged in the mid-1980s. It is seen that one focal point in this movement was the publication of R. Edward Freeman in a strategic management book, “A Stakeholder Approach” in 1984. This research is built on the process work of scholars Russell Ackoff, Eric Trist, Ian Mitroff, Richard Mason, and James Emshoff. Actually, the term “stakeholder” was grown out of the pioneering work at Stanford Research Institute (SRI), in the 1960’s. However, SRI’s work was heavily influenced by concepts that were developed in the planning department of Lockheed. After that, these ideas were

further developed through the works of Igor Ansoff and Robert Stewart (Freeman & Velamuri, 2008). The Wharton School, in 1977 in its Applied Research Center, began with a “stakeholder” project. The objectives of this project were to put together a number of strands of thought and developed a theory of management.

This theory enabled the firm executives to formulate and implement corporate strategy in turbulent environments (Freeman & Reed, 1983). In particular, beginning with an obscure reference in Igor Ansoff's book on corporate strategy in 1965, Freeman (1984) grows the stakeholder idea has become a mainstream in management theory. In traditional stakeholder model, corporation is responsible to a wide constituency of stakeholders rather than only its shareholders. Stakeholders imply to such as contractual partners, company staff or employees, suppliers, customers, creditors, environmental activists, local and national governments, and society at large in which the firm located (Maher & Andersson, 2000; Pappasolomou et al., 2005; Hambrick et al., 2008; Bosse et al., 2009; Wang & Qian, 2011). Freeman (1984) defines stakeholders as “any group or individual who is affected by or can affect the achievement of an organization's objectives” (p. 5). Lai Cheng & Ahmad (2010) express that stakeholder of a firm is an individual or a group of people which either is harmed by, or benefits from the firm; or whose rights can be violated, or must be respected by the firm.

However, there also have some controversial explanations regarding to stakeholders in negative aspect. Such as, under some interpretations, stakeholders also include the environment, terrorists, blackmailers, and thieves (Jensen, 2010). Even, Freeman (1984) in his book also mentions that “... For instance, some corporations must count ‘terrorist groups’ as stakeholders” (p. 53). Stakeholders' behavior is often influenced by firm behaviors' perceptions. These behaviors are shared through a feedback process and are determined across multiple stakeholders (Bosse et al., 2009). Company management, according to stakeholder approach, is the effective balancing over time to multiple stakeholder interests. These means, managing to stakeholders

approach asks the firm clearly articulate how its basic business proposition makes its stakeholders better off (Freeman & Velamuri, 2008). By satisfying stakeholder demands, the firm could develop the trust and loyalty among stakeholders. Therefore, company management need actively to explore its relationships with all stakeholders in order to develop its business strategies and other objectives as well (Jensen & Meckling, 1976)

There have many scholars define two aspects of stakeholders groups along with their responsibilities. Thus, there have *internal stakeholders* such as employees, or representatives of company such as dealers, salespersons, purchasing agents, attorneys, and service personnel. These parties are also agents of top management in their dealings with *external stakeholders* such as customers, vendors, shareholders, and the neighboring community (Freeman & Reed, 1983; Jones, 1995; Yoon & Chung, 2018). Stakeholder approach emphasizes the long-term firm performance. It also enhances contributions by stakeholders as well as views firms as socially responsible institutions (Abor & Adjasi, 2007). Besides, commentators in tradition have made a distinction between primary and secondary stakeholders. *Primary stakeholders* are those who have a formal, official, or contractual relationship, and all others are classified as secondary stakeholders. As the *secondary stakeholders*, they may quickly emerge as actors capable of influencing whether the firm is effective (Carroll, 1993; Gibson, 2000)

Regarding to business ethics, Donaldson & Preston (1995), Del Baldo (2012) propose four different ways in stakeholder approach, as:

- + Normative theory: posits that managers ought to take into consideration the interests of all stakeholders. This means, the approach is based on the premise of universal rights and sustainable development. It also includes the approach of the common good of society and also the civil economy.
- + Descriptive theory: describes how managers in fact treat stakeholders. This approach is focused on the role of business, of the rights, the needs which

connect them, and on the responsible use of power in political and social arenas.

- + Instrumental theory: takes the position that managers who take into consideration stakeholders' interests will enjoy better firm performance; Friedman (1962) founded on the principle of the instrumentality of the business with respect to the creation of wealth and business goals. This theory approach is synthesized as the firm's only responsibility such as maximization of shareholder value, or reaching the competitive advantage.
- + Managerial theory: a guide to managerial actions. The duty of management is to actualize a balance of interests among all stakeholders in which the approaches of issues management, public responsibility, stakeholder management and corporate social performance coexist.

In the real business context, there has an information asymmetry existing between managers and stakeholders. As insiders, managers are as a position to filter or distort the information that they release to other stakeholders (Bosse et al., 2009; Buchanan et al., 2018). In fact, there has no individual or entity may be able to finance the extensive information gathering and analysis necessary to reduce significantly. Management controls over critical information complicates the agency problems. The information asymmetry between managers and stakeholders gives managers greater discretionary control over the use to which the firm's resources are put (Hill & Jones, 1992). Applying good governance principles would reduce problems that associate with the information asymmetry and bring to SMEs less risky in their investment (Abor & Adjasi, 2007).

The stakeholders' awareness depend on the level of market development in which they operates (Wang & Qian, 2011). There have some firms may have relationships with some stakeholders, such as customers, suppliers, basing on the high levels of trust and cooperation (Jones, 1995; Sheikh, 2018). In general, stakeholder management contributes to successful economic performance. Although widely

believed, this concept is insufficient to stand alone as a basis for the stakeholder theory (Donaldson & Preston, 1995). OECD (2016) emphasizes that firms should recognize the contributions of stakeholders constitute a valuable resource for building competitive and profitable companies. It is, therefore, in the long-term interest of firms to foster wealth-creating co-operation among stakeholders. In the firm context, stakeholder groups could be summarized primary with their roles as well as their characteristics basing on previous studies in Table 2.2, as following

Table 2.2: Summary the role of stakeholder groups

| Stakeholder groups | The role | Authors |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Firm managers, directors, top executives</i> | <ul style="list-style-type: none"> - Top firm managers can be considered as the contracting agents for the firm because they contract with all other stakeholders either directly or indirectly through their agents. - Managers or top executives have objectives such as maximizing their salaries, growth in market share, or an attachment to particular investment projects... - Managers have a strategic position regarding to key firm's decisions. - The morality of top managers will be reflected in the system of firm's incentives and sanctions. | Freeman & Gilbert, 1987; Harrison & St. John, 1996; Herman, 1981; Jones, 1995; Del Baldo, 2012; Maher & Anderson (2000); Eisenhardt & Zbaracki (1992); Mc Donald & Westphal (2003); Yoon & Chung (2018) |

| | | |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> - The presence of a solid ethical framework is promoted and shared by firm managers who guide the business in carrying out socially responsible practices and towards adopting methods communicating them (such as a charter of values, a code of ethics, social report, etc.) - Directors come from various group including current executives of other firms, retired executives, representatives of major shareholders, representatives of labor, and academics. | |
| <i>Firm employees</i> | <ul style="list-style-type: none"> - Under the guidelines of corporate governance mechanisms, employees are steered to work proactively in the organization - Employees' efforts are normally not fully specified in employment contract. Therefore, their contributions to the firm vary depending on their perceptions of fairness - Employees provide to the firm with time, skills, and human | Jensen, 2010; Hill & Jones, 1992; Bosse et al., 2009; Trong, 2014; Yoon & Chung, 2018 |

| | | |
|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| | <p>capital commitments. In exchange, they expect fair income and adequate working conditions</p> <ul style="list-style-type: none"> - Basically, employees want high wages, high-quality working conditions and fringe benefits. Benefits may include vacations, meals conditions, medical benefits, retirement and pensions | |
| <i>The board of management</i> | <ul style="list-style-type: none"> - The effective of stakeholder management can help firm managers resolve vary types of ethical dilemmas. - In SMEs context, the owner manager is both the driver and implementer of values. Normally, managers exhibit their personal values through the exercise of managerial discretion and SMEs' owner managers have their autonomy to exercise such discretion. | Hemingway & Maclagan, 2004; Del Baldo, 2012; Yoon & Chung, 2018 |
| <i>Firm investors, creditors, owners, financiers, stockholders, shareholders</i> | <ul style="list-style-type: none"> - Creditors and investors provide the firm with finance, and in exchange, they expect their loans to be repaid on schedule. - Stockholders provide the firm with capital. In exchange, they | Hill & Jones, 1992; Bosse et al., 2009; Jensen & Meckling, 1976; Maher & Anderson, 2000; Yoon & Chung, 2018 |

| | | |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| | <p>expect the firm to maximize the risk-adjusted return on their investment.</p> <ul style="list-style-type: none"> - Financiers can withdraw or reduce their financial support if they disagree with executives' ethics - Shareholders usually expect company managers making business decisions that gaining benefit to company shareholders - Owners of company always try to monitor and control company managers' activities and these actions result to agency costs | |
| <i>Customers</i> | <ul style="list-style-type: none"> - Customers supply the firm with revenues and expect value for money in exchange. - Customers want low prices, high quality in product and full services. - Customers often defect in response to rude customer service and can widely broadcast their displeasure with a firm's environmental record. | Hill & Jones, 1992; Bosse et al., 2009; Jensen, 2010; Yoon & Chung, 2018 |
| <i>Suppliers</i> | <ul style="list-style-type: none"> - Suppliers provide the firm with inputs and seek fair prices and dependable buyers in exchange | Hill & Jones, 1992; Bosse et al., 2009; |

| | | |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> - Suppliers can delay or outright neglect responding to a request for proposal if they perceive the process unfair. - With special suppliers, such as suppliers of capital, want low risk, high returns and reasonable compensations. | Jensen, 2010; Yoon & Chung, 2018 |
| <i>Local government constituents</i> | <ul style="list-style-type: none"> - The government plays an important role in creating social justices as well as utilizing full of social obligations. In order to create sustainable development, the government always plays an active role during the firm implementing its CSR activities. - Local government can reward the firm that make such contributions with tax benefits, access to bank loans, easier project approval, and higher recognition and status to the firm owners. - Government impose costly regulations such as labor and consumer protection, and thus help firm gain its favorable policies and other supports from government. | Adams & Hardwick, 1998; Bai, Lu, & Tao, 2006; Ma & Parish, 2006; Wang & Qian, 2011; Yoon & Chung, 2018 |

| | | |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Local communities</i></p> | <ul style="list-style-type: none"> - Communities want high charitable contributions and social expenditures by the firms. These contributions could benefit the community at large and increase local investment, and create stable employment. - The general public, as tax payers, provides the firm with locations, a local infrastructure, and perhaps favorable tax treatment. In exchange, they expect corporate citizens who enhance and/or do not damage the quality of life and do not violate the rules of the game established by the public through their legislative agents. - Community leaders can block a firm's growth if its executives treat them with disregard. - Media and academic commentators are important stakeholders towards the firm. Moreover, they also plays an important role in information sharing during business process and in business environment. | <p>Hill & Jones, 1992; Bosse et al., 2009; Lai Cheng & Ahmad, 2010; Jensen, 2010; Yoon & Chung, 2018</p> |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|

2.4.2. Stakeholders theory

The stakeholder theory argues about the importance of a firm paying its special attentions to various stakeholder groups (Freeman, 1984; Gibson, 2000; Abor & Adjasi, 2007). Also, Lai Cheng & Ahmad (2010) state that stakeholder theory typically focuses on the attributes of actors in relationship between the firm and its related stakeholder groups. Whilst, Hill & Jones (1992) consider stakeholder theory as one of the background theories using to explain the relationship between owners and managers. Critical issue in stakeholder theory is whether firm managers can successfully balance the competing demands of various stakeholder groups (Harrison & Freeman, 1999; Jensen, 2010). According to Freeman & Velamuri (2008), stakeholder theory is about value creation and trade. This theory is seen as a managerial theory about how business works. Therefore, in the context of stakeholder management, there has the distinction between *normative stakeholders* and *derivative stakeholders* (Del Baldo, 2012). Towards the normative stakeholders, the firm has a moral obligation to treat equitably. This means, the normative stakeholder theory describes philosophically basing moral obligations towards firm stakeholders. Moreover, it focuses on ethical requirements that reinforces the relationship between the firm and society (Jamali, 2008). On the other hand, with the derivative stakeholders, there is no obligation to treat equitably and is done based on the fundamental principle of equity. This means, in cooperative environment, each participant would receive benefits equal to the sacrifices they making.

Stakeholder theory concentrates to the importance of relationships among company stakeholders such as customers, staff, and mass community that affects to business performance. This theory expresses that company survival and its success correlates strongly with its ability in combining all strategic objectives towards various stakeholders. Therefore, stakeholder theory is seen as an integrating theme not only for the business environment, but it is also applied to society disciplines (Donaldson & Preston, 1995; Harrison & Freeman, 1999). Harrison & Freeman (1999) consist

that stakeholder theory focuses on a broad set of stakeholder relationships rather than a narrow set of purely economic relationships. Therefore, in business ethic, stakeholder theory has also become one of the most important theory for organizational behavior. This concept has evolved and gained prominence as a method of integrating ethics into strategic objectives of the firm (Del Baldo, 2012; Sheikh, 2018; Buchanan et al., 2018). Moreover, by satisfying the stakeholder demands, the firm develops its trust and loyalty among those stakeholders.

Jones (1995) identifies proponents of stakeholder theory strives to describing what firm managers actually do with their respects to stakeholder relationships. He also questioned what would happen if these managers adhered to stakeholder management principles, and what they should do dealing with firm stakeholders as well. Hence, stakeholder theory offers a new way to organize thinking about organizational responsibilities (Jamali, 2008). However, Abor & Adjasi (2007) provide that the stakeholder theory also emphasizes the role of non-market mechanisms. These factors sometimes need to determine the optimal board sizes, or to design committee structures that may allow for setting up specialized committees. Besides, Jensen (2010) mentions to stakeholders theory that stakeholder theory should not be viewed as a legitimate contender to value maximization. It fails to provide a complete specification of firm purposes or objective functions. In order to maximize firm value, managers should satisfy and support to all firm stakeholder groups.

2.5. Relationship marketing theory

2.5.1. Business relationship

Relationship is seen as a central point towards business activities. Eventually, it is heightened company competition to the global market. There have many society forms transitioning from industry oriented to service oriented forms, therefore, the importance of relationship has been grown up (Gummesson, 1999; Janslätt Axelsson & Blick, 2016). Besides, there have many definitions about relationship by scholars.

In general, almost these definitions relate to a long term duration, mutual benefits, an interest, other parties needs and features, etc. (Dwyer et. al. 1987; Perrien & Ricard, 1995; Gummesson, 1999; Janslätt Axelsson & Blick, 2016). In such business context, Dwyer et al. (1987) state that one of the core within a relationship is customer loyalty. Also, Sheth & Parvatiyar (1995) express that building relationships with customers contributes to firm with valuable knowledge about its customers' demands. Then, these can be used to improve firm's services or products.

Regarding to business environment, a relationship is viewed as a process that consists of different phases. For example, Scanzoni (1979) identified five main phases of a relationship as following *awareness, exploration, expansion, commitment* and *dissolution*. Good relationships lead to an open dialogue which in turn creates more interaction, more trust and ultimately (Janslätt Axelsson & Blick, 2016). In addition, Daft & Lengel (1986) propose that the credibility and comprehensibility of any information is dependent on the channel of communications used. Besides, Levitt (1986) defines "Relationship management is a special field all its own. It is as important in preserving and enhancing the intangible asset commonly known as 'goodwill' as the management of hard assets. The fact that it is probably harder to do is that much more reason that hard effort be expended to do it" (p. 126). Macneil (1981) states that market relationships are increasingly being displaced not only closer, but they are also long-term relationships between buyers and sellers.

Holmlund (1997) emphasizes that business relationships are dependent of individuals. Therefore, business relationships are handled and enacted by people that hold different perceptions within firms. According to Austin (2010, p. 14), there has three phases or stages through which these partnerships progress: *philanthropic stage* (Stage I), *transactional stage* (Stage II), and *integrative stage* (Stage III) (Barroso-Méndez et al., 2014), such following:

- + *In the philanthropic stage*: the donor–recipient relationship generates just a modest strategic value. This stage is characterized by a low level of

participation, peripheral importance of the mission for both partners, a minor investment in resources, a narrow focus on activities, infrequent interaction, and simplicity.

- + *In the transactional stage*: the relationship moves beyond pure corporate philanthropy to involve the development of projects with specific objectives and deadlines (such as cause-related marketing programs, sponsorship of events, special projects, and corporate volunteer services), with moderate levels of investment in resources, interaction, context, and strategic value.
- + *In the integrative stage*: there is conjoint value creation between the partners and a high level of participation, and the importance of the relationship to the organization's mission changes from peripheral to strategic. The scope of activities widens, the complexity of management grows, and multiple and distinct resources are exchanged.

Morgan & Hunt (1994) recognized 10 forms of interchange around a focal firm corresponding to four types of partnerships (Barroso-Méndez et al., 2014). They are

- + *Supplier partnerships*: goods suppliers and services suppliers. These partnerships involve relational exchanges between manufacturers and suppliers of goods or services.
- + *Buyer partnerships*: intermediate customers and ultimate customers. They have long-term exchanges between the business and end customers, or relational exchanges of working alliances.
- + *Internal partnerships*: business units, employees, and functional department. For these partnerships, all exchanges are established within functional departments between the firm and its employees. Moreover, it could be within the firm and its business units.

- + *Lateral partnerships*: competitors, non-profit organizations, and government. These strategic alliances include firm's NGOs, or with national, state, local governments, even competitors.

Normally, firms usually direct their marketing departments focusing on essential customers and suppliers in order to build long-term business relationships. Therefore, their own survival and growth are ensured (Marium & Younas, 2017). There are two distinct categories of customer relations: business to consumer (B2C) relationships and business to business (B2B) relationships (Janslätt Axelsson & Blick, 2016). One of the major differences between B2B and B2C in relationship is the basic form of the relationship, as

- *A consumer relation refers to the relation between an individual and a corporation.* The agreement in a B2C context usually concur with the actual purchase. Therefore, consumer relation approaches have been dominated by the managerial, economic and psychological view of exchange and relationships (Möller & Halinen, 2000)
- *A business relation refers to the relation between two or more corporations* (Fahy & Jobber, 2012). It is typically dyadic to a higher extent than a consumer relation in term of intensity and amounts of bonds, as well as the mutual interdependency. Moreover, a business relation is generally more comprehensive because it involves a larger number of actors, such as employees at different positions within different divisions. Therefore, business relation approaches have put more emphasis on resources, on social and inter-functional exchange within and between relationships (Möller & Halinen, 2000). In the other hand, Holmlund (1996) argues that a B2B relationship at the bottom line is managed and organized by individuals. These individuals are employees and teams within corporations. Consequently, these individuals become the best providers of information concerning the relationship. Besides, their perceptions and interpretations decide

the outcome and content of the relationship. In generally, a formal contract often is needed in a B2B context.

In services industry, there has distinctive in business relationships. Services are intangible in nature. They are processes consisting of activities which in turn are built upon interaction between firm and its customers (Janslätt Axelsson & Blick, 2016). So, when consuming a service, the customer always has to interact with the service provider either direct or indirect. Thus, a service is naturally relationship-oriented (Grönroos, 2000; Tse et al., 2004; Sin et al., 2005)

2.5.2. Relationship marketing

Bilgihan & Bujisic (2015) illustrate relationship marketing as “all the marketing activities directing toward establishing, developing, and maintaining successful relationship”. It usually happens among the organization and its stakeholder groups. Moreover, it also encourages the organization more effective in business training programs in globalization context (Marium & Younas, 2017). Relationship marketing perspective promote in depth understanding of intangible value. It contributes the different perspective of intermediary efficiencies that bridge the producer and consumer. Therefore, it will be direct or indirectly contribute to the value chain sustainability (Musa et al., 2014). Since 1980’s the conventional view of marketing turns into relational marketing as the nature and a strategic approach to services industry (Kilkenny & Fuller-Love, 2014; Cohen, 2014). The term “relationship marketing” first appeared in a book by Berry three decades ago, published in 1983. In this book, Berry (1983, p. 25) defined relationship marketing as “attracting, maintaining, and enhancing customer relationships” (Barroso-Méndez et al., 2014). Since then, many scholars have presented their alternative definitions of relationship marketing.

The relationship marketing definition comes from areas and close to services marketing or industrial marketing (Berry & Parasuraman, 1991; Grönroos, 1999; Jackson, 1985; Barroso-Méndez et al., 2014). Such as, in the services marketing area,

Berry & Parasuraman (1991, p. 133) propose that "relationship marketing concerns attracting, developing, and retaining customer relationships". In industrial marketing, Jackson (1985, p. 2) refers relationship marketing as "marketing oriented toward strong, lasting relationships with individual accounts". Besides, Paul (1988) adopts Jackson's view in the health care marketing area (Morgan & Hunt, 1994). After that, the relationship marketing concept becomes the hot topic of the marketing discipline during the 1990s (Möller & Halinen, 2000). Sin et al. (2005) consist that the services marketing literature was one of the first areas in which relationship marketing research had its start. Therefore, service organizations should develop long-term relationships with their customers in order to acquire and maintain a competitive edge. The concept of relationship marketing has continuously received considerable research attention from marketing scholars over the last two decades (Nguyen & Viet, 2012).

In general marketing context, relationship marketing is entirely relational or building long-term relationships with customers (Kilkenny & Fuller-Love, 2014). One of perspectives that generally accepted relating to relationship marketing concept is Grönroos (1996). He defines "Relationship marketing is to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met [...] and that this is done by a mutual exchange and fulfillment of promises". Therefore, most research on relationship marketing has just focused on the role of relationship efforts in enhancing customer relationships, such as customer loyalty (Palmatier et al. 2006; Nguyen & Viet, 2012; Luu, 2017). Besides, the fundamental of relationship marketing is to develop and maintain a strong relationship between firm and its microenvironments. Customers, as a pragmatic evidence, been especially provided by abundant researches.

Zhuang & Zhang (2011) also summarize from previous studies that the concept of relationship marketing is derived from services marketing, personal selling,

marketing channels, and business-to-business marketing. Sheth & Parvatlyar (1995) add that relationship marketing programs include frequent user incentives, customer referral benefits, preferred customer programs, after marketing support, use of relational databases, mass customization, and so on. Therefore, relationship marketing impacts to the behavioral loyalty which influence the retention of customers (Bruhn, 2015; Luu, 2017; Marium & Younas, 2017). Relationship marketing theory suggests that partner selection increasingly is becoming a critical element in business competitive strategy. This means, a firm's procurement strategy may be the most important ingredient in its ability to deliver superior value to its customers (Morgan & Hunt, 1994).

Developed from the previous study (Möller & Halinen, 1999), Möller & Halinen (2000) propose the relationship marketing is primarily derived from the four sources indicated: *Business Marketing interaction and networks; Marketing channels; Services marketing; Database marketing and direct marketing*. They also suggest to distinguish between two relationship marketing theories, that is: *Market-based relationship marketing* and *Network-based relationship marketing*. According to Möller & Halinen (2000), *Market-based relationship marketing* can be characterized as the management of the firm's customer base. Therefore, the major challenge of this dimension is to treat large numbers of customers individually and still profitably. While, *Network-based relationship marketing* can be described as the management of interdependencies between business players. With this dimension, the tasks and challenges of management involve to broader and deeper interaction with external partners, both customers and other stakeholders. For this study, the author focus to the Vietnam marketing communications industry as well as propose and analyze the research model basing on the *Network-based relationship marketing* dimension.

Numerous researchers have observed that the scope of relationship marketing should not be restricted to maintenance of relationships between the firm and its customers. Moreover, it should also include the firm's relationships with various other

stakeholders (Barroso-Méndez et al., 2014). Similarly, Frow & Payne (2011) state that relationship marketing literature has different approaches to describing and classifying stakeholders. However, the aspect of long-term relationships with customers and other stakeholder groups was neglected in mainstream marketing management literature by several scholars such as Christopher et al. (1991), Ford (1990), Möller & Halinen (1999, 2000). Anyway, according to Sin et al. (2002), Gruen (1997), Gronroos (1989), the philosophy of modern business has shifted from a production orientation to a selling orientation, and then to a marketing orientation. Finally, this trend leads to a relationship marketing orientation.

2.5.3. Relationship marketing orientation - RMO

Hollensen & Opresnik (2015) state that “relationship marketing is an approach for an organization to establish the reciprocally long-term valuable as well as beneficial relations with stakeholders”. Besides, relationship marketing has been conceptualized in both relationship evaluations and organizational culture perspectives (Winklhofer et al., 2006; Sin et al., 2005; Nguyen & Viet, 2012). In turn, relationship evaluation perspective concentrates on the core relationship building blocks that include trust, bonding, empathy, and reciprocity (De Ruyter and Wetzels, 2000; Wilson, 1995; Winklhofer et al., 2006; Yau et al., 2000). In 1997, Lewin & Johnston in their study with relationship marketing theory suggest six related constructs as *relationship dependence*, *trust*, *commitment*, *communications*, *cooperation*, and *equity*. Besides, in the Key Mediating Variable - KMV model of relationship marketing, Morgan & Hunt (1994) conclude that *commitment* and *trust* are the two central variables in the relationship marketing process.

Gohary & Hamzulu (2016) consist that relationship marketing orientation (RMO) as a mechanism that reflects the consideration of customers as an important operant resource. Moreover, it can further enhance customers’ identification with the organization. Similarly, Tse et al. (2004) define relationship marketing orientation as “the extent to which a company engages in developing a long-term relationship with

its customers’’. According to Sin et al. (2005), RMO should be more dominant in business performance in the services sector than in the manufacturing sector. They said that because of relationship marketing relying on close interaction between the firm and its customers. It is a dominant feature of a service firm. Besides, Yau et al. (2000) express that relationship marketing orientation is for every industry. In fact, the origin of relationship marketing orientation has mostly been studied across a range of service industry (Gummesson, 1999; Sin et al., 2005; Gordon et al., 2008; Kwan & Carlson, 2017). Therefore, the adoption of RMO can support service providers to design as well as offer a services-mix. This could be perceived by core customers as superior value. It also assists the firm in making good profits and shaping competitive advantages (Sin et al., 2002)

Relationship marketing orientation consists of marketing activities oriented toward the customer interests (Morgan & Hunt, 1994; Gruen, 1995; Gruen et al., 2000). Unlike the market orientation that focuses on generating, disseminating and responding to market intelligence (Kohli & Jaworski, 1993; Narver & Slater, 1990), RMO reflects the firms’ philosophy of doing business (Nguyen & Viet, 2012). In fact, based on past related literature of scholars such as Callaghan et al. (1995), Morgan & Hunt (1994), Wilson (1995), Yau et al. (2000) and others, Sin et al. (2002) suggest the RMO concept as a multi-dimensional construct which consists of six components. This concept has been proven associating with service oriented economy, such as Hong Kong. Since then, according to Sin et al. (2005), RMO consists six components: *trust, bonding, communications, shared value, empathy, and reciprocity*. To measure this construct, Sin et al. (2005) develop its assessment via a 22-item scale.

It could be seen that, the role of RMO in transitional economies, such as Vietnam, is still not clarified and broadly examined (Nguyen & Viet, 2012; Luu, 2017). Besides, there have some recent studies relating to the role of RMO in emerging and in transitional economies, especially in service sector. For example, Wongsansukcharoen et al. (2015) conduct the study with RMO in the Thai banking and financial service industry, or Brazilian logistics firms with Rossiter Hofer et al.

(2014), or retail sector in Nigeria of Izogo et al. (2016). Therefore, in this study, the RMO concept is also adopted to Sin et al. (2005) and is measured in a Vietnam service industry.

Trust

According to Morgan & Hunt (1994), trust is the willingness to rely on an exchange partner in whom one has confidence and reliability. They said that “trust exists when one party has security in the reliability and integrity of its partner in the exchange” (p. 23). When partners perceive that their counterpart has chosen the appropriate actions, they will be willing to increase their level of trust and commitment (Dwyer, Schurr, & Oh, 1987; Morgan & Hunt, 1994; MacMillan et al., 2005; Barroso-Méndez et al., 2014). In business context, the existence of trust will foster the exchange of ideas, information and promote a climate of problem solving and conflict resolution (Mellat-Parast & Digman, 2008; Ybarra & Turk, 2009)

Customers usually rely on their perceptions of the exchange partner characteristics such as integrity and benevolence. With this motion, customers want to develop expectations about the exchange partner’s future behaviors (Dunn & Schweitzer, 2005; Palmatier et al., 2009). In this picture, trust in an exchange partner may result in favorable outcomes (Palmatier et al., 2006). Besides, Ganesan (1994) proposes that a key component of trust is customer believes that the vendor has intentions and motives beneficial to the customer. Moreover, it is also concerned with creating positive customer outcomes. In service relationship, in order to achieve a successfulness, customer needs to feel safe in his or her dealings with the firm. This means, their feelings are assured that the interaction is confidential and ultimately. That is the way how they can trust the firm (Parasuraman et al., 1985; Rauyruen & Miller, 2007; Luu, 2017).

Bonding

Bonding refers to the development of an emotional relationship between two partners acting in a unified manner toward a desired goal (Sin et al. 2005). Moreover, Sheth

& Parvatlyar (1995) state that bonding in the firm would extend beyond single levels of the relationship to multiple levels of the relationship. A long-term buyer-seller relationship requires the bond developing between the firm and its customers (Sin et al., 2005b). Indeed, bonding is of paramount importance for successful buyer-seller relationship because bonds form the seeds of buyer-seller norms (Palmatier, 2008). In addition, developing strong bonds between the seller and the buyer limits potential conflicts between the two parties (Palmatier et al., 2007). Customers having a stronger relationship with their partners through such bonding are more satisfied than those who do not have one (Nguyen & Viet, 2012; Luu, 2017). The relational bonding personalizes link between all partner relationships. This link provides a stabilizing buffer against unforeseen contingencies (Barroso-Méndez et al., 2014).

However, in many research, scholars use “commitment” concept instead of “bonding” concept. For example, regarding to commitment, Dwyer et al. (1987) refers as “the implicit or explicit sign of the relationship’s continuity between the parties to the exchange” (p.19). Besides, Morgan & Hunt (1994) define commitment in a relationship as “the belief of one partner in an exchange that an ongoing relationship with the other is so important as to ensure that every effort will be made to maintain it, i.e., the committed party believes the relationship is of value, and will work to ensure that it lasts indefinitely” (p. 23). In fact, commitment to relationship directly improves the success of business–business processes. The reason is that both partners will work hard enough to make their partnership process succeed (Mohr & Spekman, 1994; Barroso-Méndez et al., 2014). Rauyruen & Miller (2007) suggest that commitment can lead to several benefit reaping opportunities for a firm, such as word of mouth communications and higher purchasing patterns. For this study, it is adopted the “bonding” concept as following Sin et al. (2005).

Communications

Communications indicates the formal and informal exchanging, sharing of meaningful and timely information between buyers and sellers (Sin et al. 2005).

Communications is seen as the glue that holds together a channel of distribution (Mohr & Nevin, 1990). In addition, communications refers to formal and informal exchanging and sharing of meaningful and timely information between buyers and sellers (Sin et al., 2005). Besides, communications plays an important role in the formation of cooperation and trust (Anderson & Narus, 1990). It is also an effective relationship building strategy that helps resolve disputes, align goals, and uncover new value creating opportunities (Morgan & Hunt, 1994; Palmatier et al., 2006; Nguyen & Viet, 2012; Luu, 2017). Generally, in tough competition context, the accumulation of trust leads to increased sharing of information and better communications in subsequent exchange between partners (Lewin & Johnston, 1997)

Shared value

Shared value refers to partners have beliefs in common about the propriety and importance of behaviors, goals, and policies (Morgan & Hunt, 1994; Sin et al., 2005). Besides, shared value denotes the degree to which partners have beliefs in common about the appropriateness, rightness, and magnitude of policies, goals, and behaviors (Morgan & Hunt, 1994; Luu, 2017). According to Mukherjee & Nath (2007) “shared values in the high levels will enhance the feeling of association and nurture an associative long-term relationship. It also has a significant impact in developing relationship commitment”. The greater relationship enhancement via shared value, the more satisfied customers are likely to be (Nguyen & Viet, 2012). According to Morgan & Hunt (1994), shared values variable can be conceptualized as “the degree to which the partners have beliefs in common about what behaviors, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong” (p. 25). Following this perception, Barroso-Méndez et al. (2014) note that shared values are norms that guide the appropriateness of undertaken actions.

Empathy

Empathy is defined as seeking to understand desires and goals of somebody else (Sin et al., 2005b). Without empathy to understand and adapt to buyer needs, the reciprocal

favors may not be chosen appropriately (Geddie et al., 2005). Therefore, empathy facilitates the communications between the buyer and the seller, consequently increasing buyers' understanding of how the industry operates (Coulter & Coulter, 2003; Nguyen & Viet, 2012). Empathy enables a partner to look at the situation from the other partner's stance (Wang 2007; Luu, 2017). In RMO concept, empathy differentiates the organization from the others in the eyes of customers. This means, when the organization empathizes with its customers' situation from their stance, they will be grateful to the organization (Wang 2007). Moreover, it will find even worthier to affiliate with and reciprocate (Luu, 2017).

Reciprocity

Jayachandran et al. (2005) indicates reciprocity as “the processes that enable customers to interact and share information with the firm and that enable the firm to respond to customers” (p. 178). Reciprocity is required in RMO. The reciprocating effects on trust and communications. This leads to increasing satisfaction with the relationship, in turn, leads to long-term commitment in the relationship (Lewin & Johnston, 1997). Reciprocity causes either party to provide favors for the other in return for similar favors to be received (Callaghan et al., 1995; Sin et al., 2005; Yau et al., 2000; Nguyen & Viet, 2012).

RMO increases the perceived membership in customers and activates reciprocal contributions from customers (Morgan & Hunt, 1994; Gruen, 1995; Gruen et al., 2000). Reciprocity of relationship marketing activities can further enhance customers' self-concept and self-esteem. In social identification process, “reciprocity” component renders the organization open and responsive to customers' interaction and feedback (Tse et al., 2004; Jayachandran et al. 2005; Luu, 2017). Reciprocity occurs when actions taken by one exchange partner are matched by the other (De Wulf et al., 2001).

2.6. Market orientation

Kohli & Jaworski (1990) state market orientation as “the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across the departments, and organization-wide responsiveness to market intelligence”. That is, market orientation create the organizational market information processing activity. It is usually used in firm strategy. Market-oriented firms usually pay attention to their customers and competitors. In addition, market orientation exists on the degree that firm obtains and reacts towards feedback from customers and competitors (Nguyen & Nguyen, 2011; Long, 2013). For instance, market-oriented firms continuously collect information about their target customers’ needs and their competitors’ capabilities. Then, they utilize this information to continuously create superior customer value (Narver & Slater, 1990). Therefore, market orientation relates to specific and routine processes that create superior values to firm stakeholders. It also supports firms in gaining their sustainable competitive advantages.

Narver and Slater (1990) define market orientation as “the organizational culture that most effectively and efficiently creates the necessary behavior for the creation of superior value for buyers and, thus, continuous superior performance for the business”. As their definition, market orientation comprises three behavioral components: *customer orientation*, *competitor orientation*, and *inter-functional coordination*. In the scope of firm, managers must have excellence in-depth market knowledge and ready to respond with the information in order to create continuously firm performance (Narver & Slater, 1994). Competitors find difficulty in imitating market orientation in terms of having firm-specific information management and strategic management. As,

- *Customer orientation*

Clark & Wheelwright (1993) argue that effective technical solutions in business always require using insight as well as deep understanding about customer.

According Kohli & Jaworski (1990), customer orientation is seen as customer philosophy that need to identifying and satisfying customers' wants and needs. Market orientation, therefore, involves specific and ongoing processes that creates superior value to customers. It must also try to maintain its leadership position by not only monitoring customer needs, but also investing in research and development for new products and services that satisfy these needs (Tse et al., 2004). Hence, it helps market-oriented firms in achieving sustainable competitive advantage (Baker & Sinkula 1999; Slater & Narver 1995, Cavusgil et al., 2005). Therefore, these firms tend to preserve the status quo by knowing how to hold current customers and win a fair share of new customers (Tse et al., 2004)

- *Competitor orientation*

Market orientation influences the market information processing and evaluates the priority in using resources towards the strategic planning process (Baker & Sinkula, 1999). This process usually takes place in the internal environment of each firm. It also forms the distinctive formulation of the firm in order to gain competitive advantages (Nguyen & Nguyen, 2011; Long, 2013). Market orientation is seen as a strategic orientations that a firm can adopt in various degrees. It depends on the conditions in the firm's competitive environment. Depending upon the characteristics of the competitive environment and the role a firm intends to play in the marketplace, a firm may experience different levels its choice of the appropriate market orientation. Hence, market orientation is basically an offensive strategy that can be used to capture market share and expand a firm's position in a marketplace (Tse et al., 2004). Therefore, previous studies in the strategic management and marketing literature have firmly established that firms should consider environmental characteristics in the choice, development and implementation of strategy (Slater & Narver, 1995; Sin et al., 2005).

- *Inter-functional coordination*

Market-oriented firms regularly collect information from the market conditions, target customer needs and competitor information. Then, they use these information to continually create better customer value (Narver & Slater, 1990; Nguyen & Nguyen, 2011). Tse et al (2004) express that market orientation embraces activities, coordination of various functional areas in an organization to satisfy customers' needs and monitor competitive moves. All these will gear at capturing market share and promote a firm's level of performance. According to Kohli & Jaworski (1990), towards the marketing concept, market orientation is commonly defined as a philosophy or way of thinking that guides the allocation of resources and the formulation of strategies for an organization (Sin et al., 2005). Besides, Kohli & Jaworski (1990) also state that integrated marketing organization should conduct the integration of all functional areas of the organization to attain corporate goals by satisfying customer needs and wants.

Market orientation and firm performance

Market orientation has been proven to positively impact on firm performance (Kohli & Jaworski, 1993; Baker & Sinkula, 1999; Sinkula et al., 1997). Similarly, Narver & Slater (1990) determined that market orientation will create necessary behaviors to build up maximum values to customers. Results of previous studies show that market orientation contributes in both direct and indirect to firm performance (Nguyen & Nguyen, 2008; Nguyen & Barrett, 2006). From an empirical evidence, Long (2013) shows the study of Vietnamese marketing communications companies having a positive relationship between market orientation and firm performance. Also, Long (2015) expresses a survey was undertaken in the Mekong Delta, Vietnam with local companies, market orientation has positive impact on firm performance. While at low level of market turbulence, Greenley (1995), conducted in UK, found a positive relationship between market orientation and firm performance as well.

There also have a steady stream of research has focused on the impact of market orientation on firm performance, in Vietnam context such as Nguyen & Nguyen

(2008, 2011), Nguyen & Barrett (2006), Long (2015). Besides, Sin et al (2002) provide a summary of prior empirical studies on the association between market orientation and firm performance. They report that nearly all studies find the support for positive association between market orientation and firm performance. According to them, firm performance measures used in these studies range from hard measures such as return on investment, sales growth, and market share, to soft measures including organizational commitment and esprit de corps (Sin et al., 2005). Therefore, in this study, it is proposed that

Hypothesis 1: There has a positive relationship between market orientation and firm performance.

2.7. Corporate Social Responsibility - CSR

The concept of corporate social responsibility (CSR) was constructed beginning in the 1950s which was marked as the modern era of CSR. In the 1950s, there was some limited discourse about CSR. Frank Abrams, a former executive in Standard Oil Company, New Jersey, introduced his concerns about management's broader responsibilities in a complex world (Abrams, 1951). Abrams (1951) argues that as management was professionalizing, companies had to think not just about profits but also about their employees, customers and the public at large. Frederick (2006) argues that there were three core ideas about CSR that stood out in the 1950s. They are the idea of manager as public trustee, the balancing of competing claims to corporate resources, and corporate philanthropy (business support of good causes) (Mariam & Younas, 2017; Buchanan et al., 2018). Still, this definition had been expanded during the 1960s and proliferated during the 1970s.

However, in the 1960s, most companies initially did not perceive a social environment in the way that we do as today. Besides, the 1970s was the decade in which corporate social responsibility, responsiveness and performance became the center of discussions (Carroll & Shabana, 2010). For example, in early 1970s, the Harvard Business School undertook a project on corporate social responsibility. The

output of this project was voluminous. Particularly, it was important to the development of a pragmatic model of social responsibility which was called “the corporate social responsiveness model”. By concentrating on responsiveness, instead of responsibility, the Harvard Business School researchers were able to link analysis of social issues with the traditional areas of strategy and organization (Freeman & Reed, 1983)

Frederick (1978) formalizes CSR concept as distinction by differentiating *corporate social responsibility* (CSR₁) from *corporate social responsiveness* (CSR₂). CSR₁ emphasizes companies ‘assuming’ a socially responsible posture, whereas CSR₂ focuses on the literal act of responding or of achieving a responsive posture towards society (Carroll & Shabana, 2010). In the 1980s, there were fewer new definitions, more empirical research, and alternative themes began to mature (Carroll, 1991). The foundation of CSR concept was being developed quickly following the changing of social environment and pressures. Especially, it is significant to social activists adopt CSR perspectives, attitudes, practices and policies (Marium & Younas, 2017; Kao et al., 2018; Sheikh, 2018). Frederick (2008) terms that the 1980s as the beginning of “corporate/business ethics” stage wherein the focus became fostering ethical corporate cultures. The 1990s and 2000s became the era of global corporate citizenship (Frederick, 2008). In the early 2000s, the business community became fascinating with the notion of sustainability, or sustainable development. This theme becomes an integral part of all CSR discussions and analysis (Carroll & Shabana, 2010)

In recent years, CSR concept has continuously been received an increasing amount of attentions in many ways from academic scholars. Generally, CSR refers to a firm’s activities, or organizational processes. Its status associates with relation to perceived social and stakeholder obligations (Galbreath, 2009). According to Freeman & Reed (1983), stakeholder theory is seen as the most popular and influential theory to the CSR field. Therefore, the approach of CSR concept is based on stakeholder approach and discussion of the debate on business and society relationships (Yoon & Chung,

2018; Buchanan et al., 2018; Sheikh, 2018). Lai Cheng & Ahmad (2010), in their study to MNCs in Penang, divide stakeholders in CSR into two kind as Primary stakeholders (*including employees and managers, customers, local community, suppliers, business partners, natural environment, future generations, nonhuman species*), and Secondary stakeholders (*including government and regulators, civic institutions, social pressure groups, media and academic commentators, trade bodies, environmental interest groups, and animal welfare organizations*). Turker (2009) defines “CSR as corporate behaviors, which aim to affect stakeholders positively and go beyond its economic interest”. Besides, CSR activities are often concerned about what company do good works. Moreover, there is certainly nothing wrong with doing more good works in CSR (Freeman & Velamuri, 2008).

The World Business Council for Sustainable Development (WBCSD) (2002) states CSR as “the commitment of the company to contribute to the sustained economic development by working with employees, their families, the local community, and the entire society in order to improve life quality”. Kotler and Lee (2005) maintain that CSR as a commitment to improve community well-being through discretionary business practice and contributions of corporate resources. When participating social activities, firm can build its positive image to consumers, investors, distributors, shareholders, media channels and even to the parliament or the court. It might become motivation to employees or internal customers in promoting the willingness in work and enhancing supports from managerial board. Sethi (1995) defines CSR as “corporate activity and its impact on different social groups”. Also, Freeman & Velamuri (2008) state that the main goal of CSR practices is to create value for key stakeholders and fulfill responsibilities to them. As a broader concept, other terms relating to CSR such as corporate social responsiveness, or corporate social performance, corporate citizenship, and stakeholder management have been extensively used (Qu, 2009).

There have numerous studies attempting to define CSR from various perspective in detail with descriptions ranging from “philanthropy” to “business ethics”. Kotler and

Lee (2005) say "The majority of experts on health management advised that regular exercise and physical activities can help the body be cleaner, better mood, working more efficiently and we can live longer. There also has the same this view that enterprise participate in social activities supporting and relating to the real benefits in its business ". CSR strengthens stakeholder relationships and creates greater confidence. Therefore, when enhancing positive image, firm tries raising more new and potential customers. Besides, it also remains the loyalty from existing customers. Moreover, it is trust amongst stakeholder groups by optimizing the positive as well as minimizing the negative effects of its actions (Lai Cheng & Ahmad, 2010).

Smith (1994) mentions the changing in patterns of social contribution activities from enterprises, basically, it is still not enough. In other words, social contribution activities are not only supporting and solving social problems, but they also improve the quality of life and therefore improve positive image in order to raise firm performance. Such as, firm could support physical items, raising funds, or even relating to mental issues. Although there have many point-of-view to CSR research in the field of management and business ethics, Carroll's (1979) conceptualization of the responsibilities of firms has remained a consistently and wide accepted approach (Galbreath, 2009). This review of literature has been suggested as a classification CSR framework. Moreover, this conceptualization suggests that although all firms have the same responsibilities, not all firms demonstrate CSR equally (Birch, 2002).

According to Carroll (1979), CSR is a multi-dimensional construct, consisting of four types of responsibilities: *economic*, *legal*, *ethical* and *discretionary*. However, Carroll (1991) offers a broader view of CSR in his work and suggests that four dimensions of CSR are *economic*, *legal*, *ethical*, and *philanthropic*. These components are not mutually exclusive. They help the firm manager to see the different types of obligations are in a constant tension with one another (Carroll, 1991). Besides, Schwartz & Carroll (2003) re-analyze four dimensions in CSR and expand CSR concept into social approach. They use an approach CSR concept by incorporating three dimensions: *economic*, *ethical* and *legal* together with stakeholders transferring

to three other dimensions such as *economic*, *social* and *environment*. Basically, this study is still kept and adopted the four dimensions of CSR concept from Carroll (1991). They are,

Economic dimension of CSR concerns to the firm's economic responsibilities to its stakeholders (for example, firm operation efficiency, business strategies, firm competitiveness, firm value, etc.). Maher & Andersson (2000) claim that owners of firm always try to monitor and control firm managers' activities and these actions result to agency costs. In addition, Cremers et al. (2008) define that firms in competitive industries could have the highest agency costs with managers entrenching themselves most. Besides, according to agency theory, the principal hires or delegates as an agent to perform works. This relationship can be brought together through structures of control and through economic incentive plans (Del Baldo, 2012). In the other hand, by satisfying stakeholder demands, the firm could develop the trust and loyalty among stakeholders. Therefore, firm management need actively to explore its relationships with all stakeholders in order to develop its business strategies and other objectives. Donaldson & Preston (1995) state that managers who take into consideration stakeholders' interests will enjoy better firm performance. In addition, Jensen (2010) mentions that, in order to maximize the value, firm managers have not only to satisfy but also enlist the support to all their stakeholder groups.

Legal dimension relates to firm's obligation in term of rules and regulations which is established by lawmakers. Maher & Andersson (2000) argue that the legal protection from expropriation by managers such as the protection and enforcement of shareholder rights, and prohibitions against insider-dealing. Firm managers have to treat stakeholders in fact basing on the role of business, the rights, the needs which connect them, and on the responsible use of power in political and social arenas (Donaldson & Preston, 1995; Del Baldo, 2012). In addition, top organization management should recognize the company legitimacy gap and carry out necessary social practices in order to strengthen stakeholders' accountability (Khan et al., 2013).

Ethical dimension mentions to firm's responsibility and making decisions beyond firm's legal obligations. In agency theory, Jensen & Meckling (1976) show that the separation between owners and managers can lead to managers' actions may not aim to maximizing owners' values, but for managers' own sake. The representative problem arises from the asymmetric information theory that happens between the owner and the manager. The information asymmetry between managers and stakeholders gives managers greater discretionary control over the use to which the firm's resources are put (Hill & Jones, 1992). Firm managers should pay their attention to the interests of all stakeholders that are based on the premise of universal rights and sustainable development (Donaldson & Preston, 1995; Del Baldo, 2012). Jones (1995) identify proponents of stakeholder theory strive to describing what firm managers actually do with their respects to stakeholder relationships. Because of corporate governance aims to nurturing relationships among stakeholders, so stakeholders can cohere together around corporate strategies towards the high organizational performance (Trong, 2014).

Philanthropic dimension refers to firm's responsibility engaging in activities that promote human welfare or goodwill. Philanthropy can help firms gain their social legitimacy or approval from the public, including their key stakeholders. Lindblom (1993) consists that the organization will receive supports from stakeholder groups and continue in existence in so far if its activities give benefits, or at least are not harmful to society. Philanthropy promotes firm taking its cooperations and supports from their stakeholders (including employees, suppliers, customers, and its located community) (Wang & Qian, 2011). Moreover, Fisman et al. (2006) suggest firm managers may use firms' resources for philanthropy as a signal of their products and their commitment to customers. They find that corporate philanthropy and profits are positively related in the industries with high competition and high advertising expenses. In general, stakeholders will not only react to the charitable behavior by providing greater cooperation and supports, but also tending to improve firm performance (Wang & Qian, 2011).

CSR and firm performance

Firm performance is seen as the degree of enterprise's achievement. Firm performance is expressed as profits and market share growth, achievement in sales and strategic objectives of enterprise (Cyer & March, 1992; Keh et al., 2007; Wu & Cavusgil, 2006). The relationship between CSR and firm performance has attracted much interests towards scholars. According to social responsibility theorists, firms should engage in their activities that bring benefits to staff, suppliers, customers and society (Mackey et al., 2007). Besides, when a firm conducting its CSR engagements, it will positive influence operating performance as well as its value (Harjoto & Jo, 2011).

There have many studies as well as management literatures testifying the positive impacts of CSR on firm performance (Qu, 2009; Luo & Homburg, 2007; Long, 2015; Marium & Younas, 2017; Kao et al., 2018; Yoon & Chung, 2018). In general, CSR activities mention to making business decisions. CSR activities associate with ethical values, compliance with local legal requirements, respect people, communities and company's environment. For example, Sheikh (2018) states that CSR activities enhance the firm value by balancing the interests of all stakeholders. Kao et al. (2018), in their study with non-state owned enterprises in China, find that CSR engagement affects to firm performance positively in context of less of government intervention. Similarity, Yoon & Chung (2018) conduct the study in the US restaurant industry with result that internal CSR increases a firm's operational profitability.

However, there have some studies expressing the negative or no relation between CSR and firm performance. For example, findings regarding to the link between CSR and firm performance have reported a negative relationship such as Vance (1975), Ullman (1985), Lee & Faff (2009); or no relationship such as Alexander & Buchholz (1978), Abbott & Monsen (1979), Aupperle et al. (1985); or CSR has no impact on a firm's profitability such as Kang et al. (2010) and Lee et al. (2013). This study tries

to contributing the existing body of knowledge by positing that CSR and firm performance has positive relationship in such a typical industry. So,

Hypothesis 2: There has a positive relationship between CSR and firm performance.

2.8. Firm performance

In general, firm performance is defined as the achievement from objectives of the firm. This is expressed as profits and market share growth, achievement in sales and strategic objectives of enterprise (Cyer & March, 1992; Keh et al., 2007; Wu & Cavusgil, 2006). Firm performance is a multidimensional construct. There are many ways to measure firm performance. For example, Wang et al (2016) proposes that firm performance reflects a firm's performance in terms of both market expansion and financial return. It assesses the rating, compared with its major competitors, of a firm's performance in sales growth, market share and return on investment. In order to capture the multi-dimensionality of performance, Venkatraman and Ramanujan (1987) assert that firm performance is divided into two dimensions: market performance and financial performance. By the simplest way, firm performance is measured purely by financial results with criteria such as turnover and profit. According to Franco & Santos (2007), since the 1980s, firm performance has been supplemented with other measures to reflect the overall performance of the firm, such as market development, customer satisfaction, etc.

Delaney & Huselid (1996) state that to measure the performance, it is necessary based on the assessment of perceptions of organizational performance and market performance. In particular, organizational performance is considered through the awareness of such factors as product quality, service quality, the ability to develop products, the ability to attract and retain employees, customer satisfaction, the relationship between management and staff, relationship among employees. And, the market performance include marketing activities, revenue growth, profits and market

share (Wu & Cavusgil, 2006). On the other hand, Li et al. (2009) measure the firm performance variable with three dimensions: Efficiency, Growth, and Profit. They are, three items measured efficiency: return on investment, return on equity, return on assets in the past three years; three items measured growth: sale growth, employee growth, market share growth; three items measured profit: return on sales, net profit margin, gross profit margin. Besides, Hughes & Morgan (2007) suggest two trends to evaluate firm performance, such as: customer performance and product performance. Customer performance is based on what firm creates its attractions, effects, retention, coming back of customers as well as establishing sustainable customers (Hansotia, 2004; Jayachandran et al., 2005; Keh et al., 2007). Meanwhile, product performance is measured by the success of firm on sales and market share which products/services are sold.

It is recognized that different organizational strategies and activities may have different effects on the dimensions of firm performance (Ray et al., 2004; Lumpkin & Dess, 1996; Hakala, 2013). Besides, Kaplan & Norton (1992) introduce Balanced Scorecard (BSC) tool that has made new strides in firm performance measurement. This tool is effective both in research and in the real business environment. It quantifies all the key of business activities in such aspects as finance, sales and marketing, internal operating procedures, and personnel administration. In Vietnamese firm context, the BSC has not been widely applied as well as been popular (Long, 2015). Therefore, in this study firm performance concerns mainly to market performance. The firm market performance is measured by the perceptions of goal of market share growth and customer satisfaction regarding to firm's products and services. Moreover, in this study, firm performance scale is followed by Keh et al. (2007) and Wu & Cavusgil (2006)

2.9. Market orientation and CSR

Market orientation, as defined above, has three behavioral components: *customer orientation*, *competitor orientation*, and *inter-functional coordination* and seems

much relating to outside environment (customers and competitors). Market-oriented firms continuously collect information about target customers' needs and competitors' capabilities in order to consolidate their reputations. A positive reputation is seen as a key strategic asset that helps a firm build and sustains its competitive advantages. Firms can be reactive and make minimal effort or do less than required by stakeholder standards for social responsibility (Galbreath, 2009). Moreover, different stakeholder groups may have different preferences for specific socially responsible activities that they would like to see their firm invest in. Therefore, Market orientation relates to specific and routine processes that create superior values to customers and assist firms in gaining sustainable competitive advantage (Mackey et al., 2007)

According to CSR theorists, CSR is more concerned its round environment and community where the firm operating in. For example, Fombrun & Shanley (1990) show that investment in CSR activities is critical for differentiating products from competitors and building a reputation. Brown & Dacin (1997), Sen & Bhattacharya (2001), Ellen et al (2006) in their studying of U.S firms found that CSR influences both consumers' purchase intent and their perceptions of firm products. Previous studies suggest that CSR offers a competitive advantage to enterprises as well. Moreover, it is important to manage enterprise's image through CSR (Kang et al., 2010).

In modern business environment, customers always have high expectations of a firm's CSR activities. Market-oriented firms will be among the first to realize the importance of CSR and implement its activities on route to achieve better firm performance. The issue is, how to extent CSR activities may help market-oriented firm to achieve its better firm performance such in a transition economy. Market orientation and CSR are both now generally recognized as important determinants of firm performance. However, few studies have accounted for their joint effects on firm performance (Qu, 2009). This study provides either evidence to growing body of literature in order to demonstrate the impact between market orientation and CSR.

Moreover, in such emerging economy context like Vietnam, this study posits that MO impacts on CSR as following Qu (2009) and Long (2015). Hence,

Hypothesis 3: There has a positive effect of market orientation on CSR.

2.10. RMO as moderator for MO and Firm performance

Van & Mathur-Helm (2007) suggest that MO and RMO are as strategic orientations being employed in tandem, superior customer value. They also state that MO could be obtained the result in organizational performance through RMO. Moreover, Tse et al (2004) state that it is deemed necessary for a leader in a marketplace to cultivate trust, be empathetic with customers' requirements, and strengthen its bonds with customers. These may maintain a strong relationship among them. With multi contexts, it is important to note that the RMO focuses on the buyer and seller relationship benefits (Sin et al., 2005; Van & Mathur-Helm, 2007). In addition, RMO measures the extent to which a firm engages in developing a long term relationship with its customers (Sin et al., 2005). In service sector, the relationship marketing has replaced the transactional marketing paradigm which mostly focused on the 4P's approach (Gronroos, 1999; Van & Mathur-Helm, 2007). A positive relationship with the high levels of innovation and customer orientation, competitor orientation is expected to affect positively business performance. RMO purports to the creation of stronger customer relationships that enhances performance outcomes (Nguyen & Viet, 2012)

There have rich body of literature that supports the positive relationship among MO, RMO and firm performance. Especially, most of researches have been conducted in service industry (Smith, 1991; Tse et al., 2004; Sin et al., 2005). MO embraces activities coordination of various functional areas in an organization to satisfy customers' needs and monitor competitive moves. On the other hand, RMO is more concerned with relationship building by cultivating trust, empathy, bonding and reciprocity between a firm and its customers. All of them gear at capturing the market share and promote firm's level of performance (Tse et al., 2004). Because of both

MO and RMO are strategic orientations (Sin et al., 2005), a firm can adopt in various degrees depending on the conditions of competitive environment in which the firm operates. Therefore, Sin et al. (2005) also suggest that depending on the characteristics of competitive environment, a firm may experience different levels of its performance. These are contingent on its choice basing on the appropriate blend of MO and RMO. However, the level of MO influence on firm performance may vary when the moderating effects of RMO is considered respectively (Tse et al., 2004; Sin et al., 2005; Luu, 2017). This study aims to providing either evidence to growing body of literature the moderation role of RMO which impacts on the relationship between MO and firm performance. Since,

Hypothesis 4: RMO positively moderates the positive relationship between market orientation and firm performance.

2.11 RMO as moderator for CSR and Firm performance

The transactional cost theory is used to explain the importance of personal relationships, or *guanxi*, in imperfect competitive economies. This usually happen and has been characterized by weak market-institutional support in areas such as transparent laws and regulations (Tse et al., 2004; Sin et al., 2005). Without a strong market-institutional framework, firms will attempt to minimize business uncertainties by engaging in building personal relationships. Mostly, all these relationships relate to governmental bodies, major resource suppliers and key customers (Sin et al., 2005). Besides, these relationships could eventually permeate in improved business performance (Van & Mathur-Helm, 2007). Even, Wong (1998), in his studies the effect of *guanxi* and relationship performance on industrial buying in China, suggests that firms should adapt relationship marketing plans to the changing environment of Chinese market (Sin et al., 2005)

According to Oliver et al. (2000), the concept of relationship marketing mentions to fostering a long-term relationship and thereby create repeat purchases. RMO creates

the link all related parties with high levels of cooperation and interdependence. Then, it establishes higher levels of stakeholder satisfactions as well as effective firm performance (Oliver et al., 2000). Firm obtains its benefits from forming sustainable relationships with relevant stakeholders that could be strengthened by RMO (Van & Mathur-Helm, 2007). For this reason, RMO reflects the firms' philosophy of doing business. RMO concerns to the relationship establishing by cultivating through trust, empathy, bonding, and reciprocity between a firm and all its stakeholder groups (Sin et al., 2005; Tse et al., 2004; Nguyen & Viet, 2012). Six components of RMO increase customers' positive evaluations in term of a socially responsible organization's status and values (Luu, 2017). This study tries to providing either evidence to growing body of literature the moderation role of RMO which impacts on the relationship between CSR and firm performance. Therefore,

Hypothesis 5: RMO positively moderates the positive relationship between CSR and firm performance.

2.12. RMO as moderator for MO & CSR

RMO consists of marketing activities oriented toward customer interests to increase perceived membership in customers. Consequently, RMO activities bring CSR values closer to customers and further increase reciprocity from them (Luu, 2017). As analyzed above, MO also relates to specific and routine processes that create superior values to customers and reflects an organization's orientation toward its stakeholders. Therefore, there has the growing scholarly attention on the attitudes and behaviors of organizational stakeholders through RMO (He & Li, 2011; Luu, 2017). RMO engenders customers' embedded relationships and may drive customers to further identify with organizations and their CSR values. It makes them further perceive their membership that CSR shaping (Rao et al., 2000).

The relationship between CSR and MO may be strengthened by firm's activities to deepen relationship with customers (Long, 2015). In this context, RMO can serve as

such an enhancer. RMO may drive customers to further identify with the organization and its CSR values (Luu, 2017), and become active participants in market orientation process. Towards marketing activities, RMO reflects the trust in customers as well as respect and care for the bonding with them (Tse et al. 2004). Besides, with a socially responsible firm, RMO augments customers' positive assessment of the organizational status and image (Luu, 2017). In a big picture, with the relationship marketing orientation strategy, a socially responsible organization further invests resources in building a strong relationship with its stakeholders. Receiving increased value through such a relationship with the organization, stakeholders find the relationship crucial and invest effort in reinforcing and sustaining it (Lagace et al. 1991; Luu, 2017). This study aims to providing either evidence to growing body of literature the moderation role of RMO which impacts on the relationship between MO and CSR. So,

Hypothesis 6: RMO positively moderates the positive relationship between market orientation and CSR.

2.13. Summary of some relating empirical researches

Table. 2.3 Summary of some relating empirical researches

| Authors | Name of research | Country of experiment | The purpose of research | Research sample | Methods | Findings | Research limitation |
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| <i>Researches that show there has positive relationship between market orientation and firm performance</i> | | | | | | | |
| Nguyen & Barrett, 2006 | The role of market orientation and learning orientation in quality relationship: The case of Vietnam exporting firms and their customers | Vietnam | This study examines the roles of market and learning orientations in relationship quality between exporters in transition economies and their foreign importers and subsequently, | A random sample of 283 export firms in Vietnam provides evidence to support the hypothesized main effects | Survey | The impact of market orientation on relationship quality is found only in the new relationship. In addition, firm-ownership structure does not moderate the relationships between learning orientation, market orientation, relationship quality, and export performance | Study is conducted only with Vietnamese exporting firms. |

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| | | | export performance | | | | |
| Greenley, 1995 | Market orientation and company performance: empirical evidence from UK companies | UK | The overall aim of study reported to build on this limited empirical evidence about a relationship by achieving new insights from another national business culture, namely the UK | UK companies | Survey | <p>The results from this study suggest that the influence of market orientation on performance is moderated by environmental variables.</p> <p>They suggest that market orientation may not be advantageous in highly turbulent markets, and in conditions of low customer power and</p> | |

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| | | | | | | high technological change | |
| Long, 2013 | The Relationship among Learning Orientation, Market Orientation, Entrepreneurial Orientation, and Firm Performance of Vietnam Marketing Communications Firms | Vietnam | This paper examines the relationship among learning orientation, market orientation and entrepreneurial orientation and how these affect firm performance in a transition economy like in Vietnam. | A model incorporating the key determinants was tested with a sample of 642 owners, senior managers and CEOs in Vietnam marketing communications firms. | Structural equation modeling (SEM) was used to analyze the collected data. | The results showed that entrepreneurial orientation and market orientation have a positive impact on firm performance. | A major limitation of this study is the examination of only three concepts that impact on Vietnam marketing communications firm performance: entrepreneurial orientation, market orientation and learning orientation. Several other concepts of dynamic capabilities may be investigated. |

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| | | | | | | | stigated in other industries apart from marketing communications firms. |
| Sin et al, 2005 | An analysis of the relationship between market orientation and business performance in the hotel industry | Hong Kong - China | The purpose of this study was to conduct an investigation into the link between market orientation and business performance in the hotel industry | Data were generated from 63 hotels in Hong Kong. | | The findings indicated that market orientation is positively and significantly associated with the marketing performance and financial performance of a hotel. | |

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| <p>Nguyen & Nguyen, 2011</p> | <p>The WTO, marketing and innovativeness capabilities of Vietnamese firms</p> | <p>Vietnam</p> | <p>This study aims to explore the impact of Vietnamese firms' expectations of opportunities provided by the expected WTO opportunities on their marketing and innovativeness capabilities, and subsequently,</p> | <p>Using a sample of 323 Vietnamese firms in Ho Chi Minh City, Vietnam</p> | <p>A model incorporating expected WTO opportunities, marketing and innovativeness capabilities, and business performance by means of structural equation modeling was tested.</p> | <p>It was found that expected WTO opportunities had positive impacts on both marketing and innovativeness capabilities. Further, marketing and innovativeness capabilities underlie business performance of Vietnamese firms</p> | <p>A key limitation of this study is the examination of the impact of expected WTO on only two firm capabilities: marketing and innovativeness.</p> |
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| | | | on business performance | | | | |
| Long, 2015 | The impact of market orientation and corporate social responsibility on firm performance: evidence from Vietnam | Vietnam | The research examines the impact of market orientation and corporate social responsibility (CSR) on firm performance and how firm performance is affected by these factors in a transition economy, like Vietnam | A model incorporating the key determinants was tested with a sample of 256 owners, senior managers and CEOs in Vietnamese enterprises in the Mekong Delta. | Four concepts of CSR are used in study: <i>economic, legal, ethical</i> and <i>philanthropic</i> . Market orientation comprises three behavioral components: <i>customer orientation, competitor orientation, and inter-functional coordination</i> . | Both CSR activities and MO have positive impact on firm performance. | A major limitation of this study is the examination of two concepts that impact on Vietnamese firms' performance |

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| | | | | | Structural equation modeling (SEM) was used to analyze the data collected | | |
| <i>Researches that show there has positive relationship between CSR and firm performance</i> | | | | | | | |
| Jo & Harjoto, 2011 | Corporate governance and firm value: The impact of corporate social responsibility | The US | This study investigates the effects of internal and external corporate governance and monitoring mechanisms on the choice of corporate | Listed companies on US stock market, in period 1993-2009 | Corporate governance and firm value are measured by industry-adjusted Tobin's q | The results show that CSR engagement positively influences firm value measured by industry-adjusted Tobin's q. They find that the impact of analyst following for firms that engage in CSR on | Needs a broader external social enhancement such as community relation and environmental concerns |

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| | | | social responsibility (CSR) engagement and the value of firms engaging in CSR activities | | | firm value is strongly positive. CSR activities that address internal social enhancement within the firm | |
| Long, 2015 | The impact of market orientation and corporate social responsibility on firm performance: evidence from Vietnam | Vietnam | The research examines the impact of market orientation and corporate social responsibility (CSR) on firm performance and how firm | A model incorporating the key determinants was tested with a sample of 256 owners, senior managers and CEOs in Vietnamese | Structural equation modeling (SEM) was used to analyze the data collected | Through the analysis, legal factor (PL) almost has no significant. Only PL1 variable (with $\lambda = .664$) has significant and nearly compatible with ethical component. The study also suggests Vietnamese | A major limitation of this study is the examination of two concepts that impact on Vietnamese firms' performance |

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| | | | performance is affected by these factors in a transition economy, like Vietnam | enterprises in the Mekong Delta. | | senior managers, CEOs, as well as owners should upgrade their perceptions about the importance of CSR | |
| Qu, 2009 | The impact of market orientation and corporate social responsibility on firm performance: evidence from China | China | The purpose of this paper is to investigate the joint effects of market orientation (MO) and corporate social responsibility (CSR) on firm performance | Data were collected via a questionnaire survey of star-rated hotels in China and a total of 143 valid responses were received | The hypotheses were tested by employing structural equation modelling with a maximum likelihood estimation option. | It was found that although both MO and CSR could enhance performance, once the effects of CSR are accounted for, the direct effects of MO on performance diminish considerably to almost non-existent | It nonetheless provides strong evidence that MO's impact on organizational performance is mediated by CSR |

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| Kao et al., 2018 | The relationship between CSR and performance: Evidence in China | China | The study aims to investigate whether ownership type affects to the relationship between CSR and firm performance, in China context | Random selected state-owned enterprises and non-state owned enterprises in China | Simultaneous regression; Firm performance is measured by Tobin's Q (Qit) | Variations in market response to CSR engagement by firm ownership type. CSR engagement affects firm performance positively. | |
| Mackey et al, 2007 | Corporate social responsibility and firm performance: investor | The US | Study addresses the debate about whether firms should engage in socially | | Proposing a theoretical model in which the supply of and demand for socially | The theory shows that managers in publicly traded firms might fund socially responsible activities that do not maximize | |

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| | preferences and corporate strategies | | responsible behavior | | responsible investment opportunities determine whether these activities will improve, reduce, or have no impact on a firm's market value | the present value of their firm's future cash flows yet still maximize the market value of the firm | |
| Lou & Bhattacharya, 2006 | Corporate Social Responsibility, Customer Satisfaction, and Market Value | The US | This study develops and tests a conceptual framework, which predicts that (1) customer satisfaction | Based on a large-scale secondary data set | Using the Tobin's q and stock return | The results show support for this framework. Notably, the authors find that in firms with low innovativeness capability, CSR actually reduces customer satisfaction | |

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| | | | <p>partially mediates the relationship between CSR and firm market value; (2) corporate abilities moderate the financial returns to CSR; (3) these moderated relationships are mediated by customer satisfaction</p> | | | <p>levels and, through the lowered satisfaction, harms market value.</p> | |
| <p><i>Researches that show there has positive effect of market orientation on CSR</i></p> | | | | | | | |

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| Kang et al, 2010 | Impacts of positive and negative corporate social responsibility activities on company performance in the hospitality industry | The US | Research measuring the separate impacts of positive and negative CSR activities on companies' financial performances remains | Firms coming from hotel, casino, restaurant and airline companies | | Study examines different impacts of positive and negative CSR activities on financial performance of hotel, casino, restaurant and airline companies, theoretically based on positivity and negativity effects | Different industries and will contribute to companies' appropriate strategic decision-making for CSR activities on financial performance |
| Galbreath, J., 2009 | Building corporate social responsibility into strategy | Australia | This paper seeks to explore how corporate social responsibility | | By drawing upon classic work in the field, the paper first offers conceptual discussion and | Common approaches to CSR, such as PR campaigns, codes of ethics and triple bottom line reports are far too removed | CSR as an issue that is strategic, rather than one that is problematic or potentially a |

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| | | | (CSR) can be effectively built into firm strategy | | then systematically develops a means of incorporating CSR into strategy | from strategy. To counter common and generally non-strategic approaches, a framework is offered which demonstrates that CSR can be linked integrally with strategy, and highlights an approach to consider CSR across six dimensions of firm strategy | threat. By doing so, firms are offered a means to take a much more proactive approach to CSR than previously discussed |
| Ellen et al, 2006 | Building Corporate Associations: Consumer | The US | This research examined the influence of consumers' | Managers in the US firms and their consumers | Survey | Consumers responded most positively to CSR efforts they judged as values driven and | |

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| | Attributions for Corporate Socially Responsible Programs | | attributions on corporate outcomes in response to CSR | | | strategic while responding negatively to efforts perceived as stakeholder driven or egoistic. | |
| Qu, 2009 | The impact of market orientation and corporate social responsibility on firm performance: evidence from China | China | The purpose of this paper is to investigate the joint effects of market orientation (MO) and corporate social responsibility (CSR) on firm performance | Data were collected via a questionnaire survey of star-rated hotels in China and a total of 143 valid responses were received | The hypotheses were tested by employing structural equation modelling with a maximum likelihood estimation option. | It was found that although both MO and CSR could enhance performance, once the effects of CSR are accounted for, the direct effects of MO on performance diminish considerably to almost non-existent | It nonetheless provides strong evidence that MO's impact on organizational performance is mediated by CSR |

| <i>Researches that show RMO as moderator or impacting among relationships</i> | | | | | | | |
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| Luu, 2017 | CSR and Customer Value Co-creation Behavior: The Moderation Mechanisms of Servant Leadership and Relationship Marketing Orientation | Vietnam | The purpose of the research is to assess how CSR contributes to customer value co-creation. The research also seeks evidence on the moderation mechanisms of servant leadership and relationship marketing orientation for | The data were collected from 873 employees and 873 customers in software industry in Vietnam context. | Two waves of data collection were conducted so as to mitigate the potential common method variance (CMV) bias (Podsakoff et al. 2003). In the first-wave survey (T1), demographic data and responses on CSR and servant leadership were collected from sales employees | The data analysis supported the positive effect of CSR on customer value co-creation behavior. Servant leadership and relationship marketing orientation were also found to play moderating roles for the CSR– customer value co-creation linkage. | The research model should be retested in other manufacturing industries and service industries. |

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| | | | the effect of CSR on customer value co-creation behavior | | of software companies. In the second-wave survey (T2), conducted 1 month after T1 | | |
| Leo et al., 2005 | Market Orientation, Relationship Marketing Orientation, and Business Performance: The Moderating Effects of Economic | Hong Kong - China | This study examines how economic ideology and industry type moderate the impacts of market orientation and relationship marketing on | Randomly selected 1,200 companies from the Beijing Yellow Pages Commercial/Industrial Telephone Directory. Then, hand delivered a total of 300 questionnaires to the top | The reliability of constructs scale using Cronbach's coefficient alpha. | The authors find support for the moderating effect of economic ideology and industry type on the link among market orientation, relationship marketing orientation, and business performance. | Testing of relationships among MO, RMO and performance in a longitudinal framework could provide more insight into probable causation. |

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| | Ideology and Industry type | | business performance | administrator in each company | | | |
| Van & Mathur-Helm, 2007 | Exploring a conceptual model, based on the combined effects of entrepreneurial leadership, market orientation and relationship marketing orientation on South Africa's small tourism | South Africa | This article explores the relationships between entrepreneurial leadership, market orientation and relationship marketing orientation and South Africa's Small tourism business performance. | It is a descriptive and theoretical article, and thus secondary data from previous studies are used as comparative analysis for examination and discussion. | This article firstly explores the relationship of entrepreneurial leadership as an antecedent to the blend of market orientation and relationship marketing orientation on small tourism performance. Secondly, the relationship of the combined effects of | The findings indicate that there is a relationship between the identified constructs. | The exact nature and extent of these relationships need to be further investigated. |

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| | business performance | | | | entrepreneurial leadership, market orientation and relationship marketing orientation on small tourism business performance | | |
| Alan et al., 2004 | A firm's role in the marketplace and the relative importance of market orientation and | Hong Kong - China | A study was conducted to determine the relationship between a firm's role in the competitive environment and the | The data for the study were collected from 646 companies located in Beijing were randomly selected from the Beijing Yellow Pages | To verify if the self-reported market position corresponds with the actual market position, they use ANOVA to check if the four types | Market-oriented and relationship marketing-oriented strategies are both important for market leaders. Market-oriented strategies are the best for market challengers, | The reliabilities of the RMO subscales obtained in this study are only marginally acceptable. Further refinement of the |

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| | relationship marketing orientation | | appropriate strategies to use. | Commercial/Industrial Telephone Directory. Telephone calls were made to the top administrator of each company to explain the purpose of the study | of firms differ significantly. | while relationship marketing-oriented strategies serve market followers and market nichers best. | scales is necessary |
| Rao et al, 2000 | Toward an understanding of religiousness and marketing ethics: An | The US | This study examines the influence of religiousness on different components of marketing professionals' ethical decision | The data are from a national survey of the American Marketing Associations' professional members. | Survey | The results generally indicate that the religiousness of a marketer can partially explain his or her perception of an ethical problem and behavioral intentions. Results also suggest | |

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| | empirical study | | making: personal moral philosophies, perceived ethical problem, and ethical intentions | | | that the religiousness significantly influences the personal moral philosophies of marketers. | |
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2.14. General comments about the previous studies

The previous studies have mentioned the relationship among concepts of CSR, MO, RMO and firm performance. The main common background theories were used in these studies with agency theory, stakeholder theory and stewardship theory. In general, all these theories are the main theme for analyzing as well as conducting the related research concepts (CSR, RMO, MO). Most of studies go straightforward to the relationship among MO, CSR and firm performance; or, relationship RMO, MO and firm performance; or, RMO with other concepts such as customer satisfaction, servant leadership, entrepreneurial leadership, etc.; or even the role of RMO scale. Mostly, RMO concept is suggested best its significance in service sector (Groenroos, 1991; Winklhofer et al., 2006; Yau et al., 2000; Sin et al., 2005). Besides, RMO is conducted as moderator towards relations relating to CSR, firm performance concepts (Luu, 2017; Tse et al., 2004; Yau et al., 2000).

The results of most these studies show that there have a positive relationship among concepts CSR, MO, RMO and firm performance (Long, 2015; Tse et al., 2004; Sin et al., 2005; Qu, 2009). Especially, regarding to research of Qu (2009), conducted in China market, and Long (2015), conducted in Vietnam market, there have a model with three components: MO, CSR and firm performance. Both studies found that three components have positive relations. In addition, both research were conducted with various industries. However, both research models don't have the moderator such as RMO component relating to the relations of MO, CSR and firm performance as well.

In term of research methods, most of previous studies has used data analysis together with survey by questionnaires. Structural equation modeling (SEM) was used to analyze the data collected. In addition, the reliability of constructs scale using Cronbach's coefficient alpha. In order to verify the market position corresponds with the actual market position, most of scholars have used ANOVA to check differ

significantly. Besides, the data for most of studies were collected randomly from the mass industry or various sources. Some have used the telephone calls to explain the purpose of the study. However, some studies also have used its typical methods such as the goodness-of-fit (GoF) index using the formula suggested by Tenenhaus et al. (2005), or the potential common method variance (CMV) bias (Podsakoff et al. 2003).

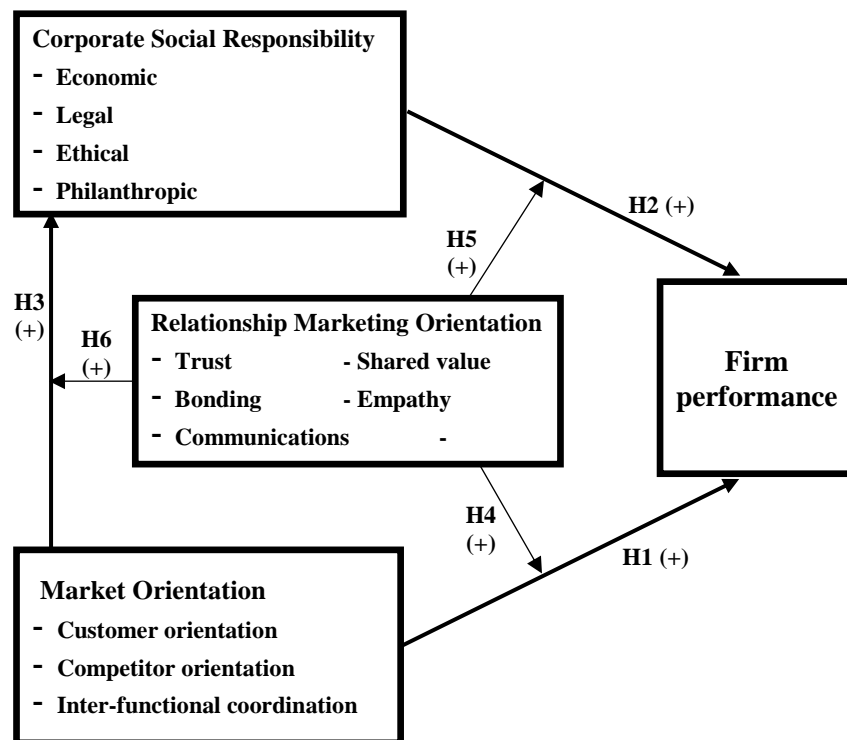
Regarding to the future research directions, most of previous studies state that it is necessary to conduct more studies investigating the relationship among CSR, MO, RMO and firm performance concepts. Some scholars recommend investigating these relations in SMEs or even in small firm environment. In addition, previous scholars recommend the future researches should be continuing exploited in developing countries or emerging economies. Moreover, previous studies also advise to expanding more sectors or industries in order to explore whether the above relationship in different contexts. Finally, in term of agency theory and stakeholder theory, scholars mention to stakeholders incorporating with the CSR, MO and RMO that need to be continuously conducted in future research.

2.15. Proposing direction for the study

According to general comments about related previous studies, the researcher finds that there have many studies been conducted for investigating the relationship among concepts as CSR, MO, RMO and firm performance. These studies also were conducted in some developing countries as well as emerging and transitional economies in the past such as Hong Kong - China, Vietnam, South Africa, Latin America. In addition, previous studies seem to testing the relationship of big-size firms in various industries, some have in tourism. However, there has a limitation or no study investigating clearly the relationship among concepts CSR, MO and firm performance in typical industry. Especially, it seems there has no study conducting the relationship among CSR, MO and firm performance with the role of RMO as moderator factor affecting to among these relations.

In this study, it is needed to conduct a research for examining the relationship among CSR, MO and firm performance with the moderation role of RMO. The study will be conducted in typical service industry and in transitional economy, such Vietnam marketing communications. Nguyen & Viet (2012) state that the role of RMO in transitional economies such as Vietnam is not still clarified and need to be more explored. Basing on the review of literature, the summary of empirical researches and the research objectives, this study suggests the proposed research model in Figure 1.1, as following

Figure 1.1: Proposed research model



2.16. Conclusion

Stakeholder theory and agency theory involve a set of relationships among firm's management, its strategies and other related stakeholders. It also provides the structure through which the objectives of the firm are set. Moreover, firm always wants to attain its business objectives as well as monitors its excellent performance

through strategies. To do this, firm managers or top executives should implement corporate governance as a mechanism to build values through situation-specific guidelines. Those are guidelines towards the interests of stakeholder groups and functional relationships among them (Trong, 2014). Stakeholder theory as well as business relationship theory express that an organization survival and success correlating strongly with its competency in combining strategic objectives with various stakeholders. In order to effectively respond to various stakeholders, firms usually promote their socially responsible actions as well as their related policies (Janslatt Axelsson & Blick, 2016; Marium & Younas, 2017). Therefore, the firm with more effective governance is more likely to engage in its CSR practices.

There have been recent studies on the linkage among concepts CSR, MO and firm performance. These studies have also provided more consistent empirical evidence of positive relationships. However, the researcher has not found any studies investigating the relationship among concepts CSR, MO and firm performance with RMO as the moderator among these relations. Especially, this proposed research model (Figure 1.1) is conducted in Vietnam marketing communications firms, a typical service sector in an emerging economy. Therefore, this study is hoped to enrich the literature of stakeholder, the business relationship, the agency as proposed research model above.

CHAPTER 3

METHODS AND MEASUREMENT

3.1. Introduction

Chapter 2 presents the theoretical background and propose a research model with 6 hypotheses. Chapter 3 will introduce the method for testing research scales as well as the research model with proposed hypotheses. This chapter consists of two main parts (i) the research design, and (ii) the measurement and assessment of research concepts.

3.2. Research design

The study is carried out through two phases: a pilot study and a main survey with the mix-methods. It is conducted into two stages (1) the qualitative research adjusts research scales as well as complements added components to concepts: *Market orientation*, *CSR*, *RMO* and *firm performance*; (2) the quantitative research aims to collect, analyze data from the main survey as well as re-testing the research scales, research model and hypotheses.

3.2.1. Preliminary assessment

Preliminary assessment is developed and adjusted through qualitative method and expert discussions. This stage aims to adjust research scales from research model that such be done in the world and in Vietnam as well. Preliminary assessment is carried out with respondents through discussions and conversations in Saturday and Sunday in Ho Chi Minh City, at randomly locations. This stage uses by dividing to small groups or personal interview in which has 1 secretary, 1 coordinator and respondents. Most of them are managers, senior managers and owners or founders in Vietnam operating enterprises. They have concerned about the relationship among Market orientation, CSR, RMO that impact on their existing firm performance. These firms

come from marketing communications industry that have offices or branches mostly operating in Ho Chi Minh City, Vietnam.

During the discussion, author notes all opinions and comments about all research factors that affect to firm performance. This stage is proceeded through brainstorming and Q&A. Next, author systemizes all information as well as suggestions from respondents in order to re-organize collecting data. All collecting data are unified by respondents from the interview. These data are recorded and deployed primarily on information and observation variables from previous studies.

3.2.2. Main survey

All data from qualitative are used to revise the quantitative questionnaire. This revised questionnaire is served for preliminary interview before conducting the official questionnaire. Official survey is conducted through quantitative method by using questionnaires sent directly to respondents of the study. These respondents are CEO, business owners, senior managers who are collected basing on the data source from the Vietnam Marketing Association (VMA). Most of firms in this study are Vietnamese firms and have their head offices or branches mainly operating in marketing communications industry in Ho Chi Minh City, Vietnam.

All items were measured by using 7-point Likert scales anchored by 1 = *strongly disagree* and 7 = *strongly agree*. The analytical methods are used to evaluate research factors including Cronbach alpha reliability and the exploratory factor analysis - EFA. The results from testing Cronbach alpha and EFA are re-evaluated by the confirmatory factor analysis - CFA. Finally, the structural equation model – SEM is used for examination the relationship among factors in the research model which is introduced in the previous chapter.

3.2.3. Sampling

The sample size of the main survey is conducted following Hair et al. (2010). The pilot survey is conducted with in-depth interviews to 12 senior executives, CEOs and

owners from Vietnam marketing communications firms. They are Vietnamese residents and their firms are possessed 100% by Vietnamese people. This phase aims to examine whether the survey questions are appropriate or not before implementing the main survey. In the quantitative pilot step, the author undertook face to face interviews with senior executives and CEOs to refine the measures. Sampling is conducted with data from the Vietnam Marketing Association – VMA.

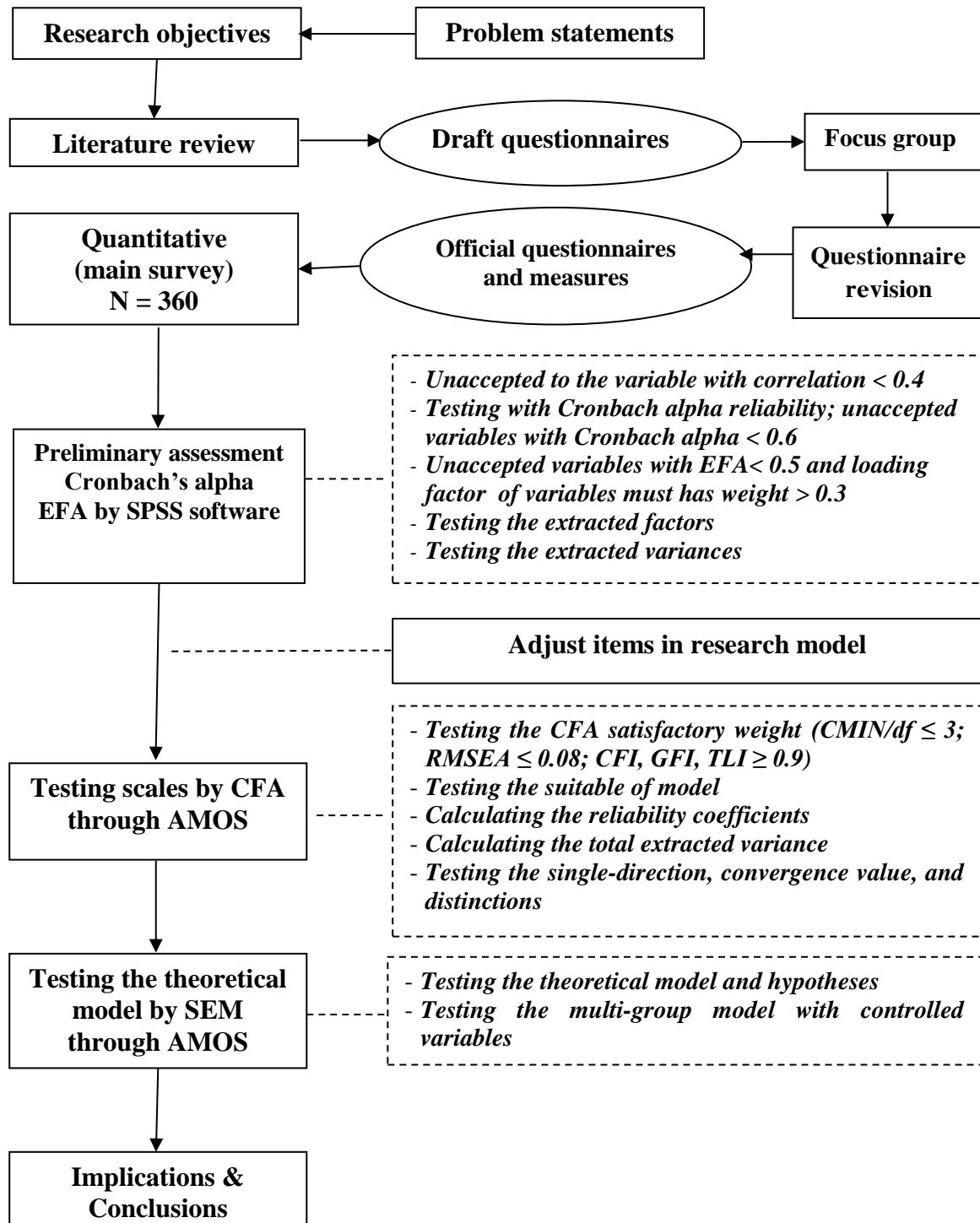
The questionnaire is initially prepared in Vietnamese and then translated into English by an academic expert who is fluent in both languages. Back translation is undertaken to ensure the equivalence of meanings. According to Tabachnick & Fidell (1996), the sample size should follow formula $n \geq 8m + 50$ (m : number of independent variables). In this study, $m = 13$. So, the sample should be $n \geq 154$ for suitable. Besides, Harris RJ. Aprimer (2001) suggests the formula for sampling with $n \geq m + 104$. In this study, $m = 13$. So, it should be $n \geq 117$. Whilst, Hair et al. (2010) express the sample size should be $n > 100$, and the ratio of observed/measured variables is 5/1. In this study, the ratio is counted with $70/13 = 5.38$. Finally, this study follows Hair et al. (2010).

Samples are distributed approximately 360 questionnaires in two ways: (i) sending directly to target respondents, and (ii) sending questionnaires to selected respondents via e-mail. The main survey is implemented by using in both face to face interviews and direct mailing with broader scope to business owners, CEOs and senior executives coming from Vietnamese marketing communications firms.

3.2.4. Research process

The research process is presented in Figure 3.1 as,

Figure 3.1: Research process



3.3. Measurement

3.3.1. Market orientation scale

Market orientation focuses on the outside of the firm in which mainly directs to customers and competitors. Market orientation also evaluates how a firm responds to its customers (Jaworski & Kohli, 1993). Further, market orientation exists on the degree to which firms obtain and react to feedback from customers and competitors. Market-oriented firms continuously collect information about target customers' needs and competitors' capabilities, and then they utilize this information to continuously create superior customer value. Therefore, market orientation is related to specific and routine processes that create superior values to customers. It also assists firms in gaining sustainable competitive advantage.

In Kohli & Jaworski (1993), Market orientation includes three components and six items. This study is adopted the MO scale of Tse et al. (2004), Market orientation consists of three components and fourteen items on needs assessment and market-oriented behavior of reciprocal market information, with customer orientation (6 variables), competitor orientation (4 variables), inter-functional coordination (4 variables), as following

Customer orientation is seen as customer philosophy that need to identifying and satisfying customers' wants and needs. Moreover, it must also try to maintain its leadership position by not only monitoring customer needs, but also investing in research and development for new products and services that satisfy these needs (Tse et al., 2004).

Table 3.1: Customer orientation item scale

| I | Customer orientation | Points | | | | | | |
|----------|-------------------------------|---------------|---|---|---|---|---|---|
| 1 | Measure customer satisfaction | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | Create customer value | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| | | | | | | | | |
|---|----------------------------------|---|---|---|---|---|---|---|
| 3 | Understand customer needs | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | After-sales service | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | Customer satisfaction objectives | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | Customer commitment | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Tse et al., 2004

Competitor orientation is basically an offensive strategy that can be used to capture market share and expand a firm's position in a marketplace (Tse et al., 2004). Firm should consider environmental characteristics in the choice, development and implementation of strategy (Slater & Narver, 1994; Sin et al., 2005).

Table 3.2: Competitor orientation item scale

| | Competitor orientation | Points | | | | | | |
|---|------------------------------------------------|--------|---|---|---|---|---|---|
| 1 | Respond rapidly to competitors' actions | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | Salespeople share competitor information | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | Target opportunities for competitive advantage | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | Top managers discuss competitors' strategies | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Tse et al., 2004

Inter-functional coordination means various functional areas in an organization to satisfy customers' needs and monitor competitive moves. All these will gear at capturing market share and promote a firm's level of performance (Tse et al., 2004). Firm should regularly collect information from the market conditions, target customer needs and competitor information. Then, they use these information to continually create better customer value (Narver & Slater, 1990; Nguyen & Nguyen, 2011; Long, 2013).

Table 3.3: Inter-functional coordination item scale

| | Inter-functional coordination | Points | | | | | | |
|---|------------------------------------|--------|---|---|---|---|---|---|
| 1 | Functional integration in strategy | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| | | | | | | | | |
|---|--------------------------------------------|---|---|---|---|---|---|---|
| 2 | Share resources with other business units | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | Information shared among functions | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | All functions contribute to customer value | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Tse et al., 2004

3.3.2. CSR scale

CSR refers to a firm's activities, organizational processes, and status in relation to its perceived social or stakeholder obligations (Galbreath, 2009). CSR is defined in a broader view as corporate behaviors and commitments which aim to affect positively stakeholder obligations, and go beyond its economic interest (Turker, 2009; Kotler & Lee, 2005; Galbreath, 2009; Carroll, 1991). According to Carroll (1991), Schwatz & Carroll (2003), CSR is a multi-dimensional construct and consists of four types of responsibilities: *economic*, *legal*, *ethical*, and *philanthropic*. The CSR concept is measured by 29 observation variables through four its attributes of Economic (7 variables), Legal (7 variables), Ethical (7 variations), and Philanthropic (8 variables). Particularly, the content of specific scale is measured as follows:

Economic responsibility: is measured through the growth of business profits, effective in expense controlling, working productivity, providing products that meet customer demands. The observed variables are measured as following:

Table 3.4: Economic responsibility item scale

| I | Economic responsibility | Points | | | | | | |
|---|------------------------------------------------------------------------------------------|--------|---|---|---|---|---|---|
| 1 | Our business has a procedure in place to respond to every customer complaint | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | It is important that a successful firm be defined as one that is consistently profitable | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | It is important to be committed to being as profitable as possible | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| | | | | | | | | |
|---|--------------------------------------------------------------------------------------|---|---|---|---|---|---|---|
| 4 | It is important to perform in a manner consistent with maximizing earnings per share | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | It is important to maintain a high level of operating efficiency | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | We closely monitor employee's productivity | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | It is important to maintain a strong competitive position | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Carroll (1991); Schwartz & Carroll (2003)

Legal responsibility: is measured through management methods, updated law information that relating to enterprise operations, product orientation to meet market requirements, labor market, all target stakeholders and non-discrimination with the staff. The observed variables measure legal responsibility as following:

Table 3.5: Legal responsibility item scale

| II | Legal responsibility | Points | | | | | | |
|----|----------------------------------------------------------------------------------------------|--------|---|---|---|---|---|---|
| 8 | It is important that a successful firm be defined as one that fulfills its legal obligations | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9 | It is important to provide goods and services that at least meet minimal legal requirements | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10 | Our contractual obligations are always honored | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11 | It is important to comply with various federal, state, and local regulations | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 12 | It is important to perform in a manner consistent with expectations of government and law | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 13 | It is important to be a law-abiding corporate citizen | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 14 | Internal policies prevent discrimination in employees' compensation and promotion | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Carroll (1991); Schwartz & Carroll (2003)

Ethical responsibility: is measured through organizational and ethical regulations in operation, working requirements, surveillance system during working time, in-time information providing to customers. The observed variables measure ethical responsibility as following:

Table 3.6: Ethical responsibility item scale

| III | Ethical responsibility | Points | | | | | | |
|-----|--------------------------------------------------------------------------------------------------------------------------------|--------|---|---|---|---|---|---|
| 15 | It is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 16 | It is important that good corporate citizenship be defined as doing what is expected morally or ethically | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 17 | It is important to prevent ethical norms from being compromised in order to achieve corporate goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 18 | We are recognized as a trustworthy company | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 19 | It is important to perform in a manner consistent with expectations of societal mores and ethical norms | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 20 | It is important to recognize and respect new or evolving ethical moral norms adopted by society | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 21 | Our salespersons and employees are required to provide full and accurate information to all customers | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Carroll (1991); Schwartz & Carroll (2003)

Philanthropic responsibility: is measured by the efforts in improving products/services image, the awareness in business behaviors. Philanthropic factor is also measured through charity activities and meeting requirements of non-governmental organizations.

Table 3.7: Philanthropic responsibility item scale

| IV | Philanthropic responsibility | Points | | | | | | |
|-----------|-------------------------------------------------------------------------------------------------------------------------------|---------------|---|---|---|---|---|---|
| 22 | The corporate tries to improve perception of its business conduct | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 23 | It is important to assist the fine and performing arts | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 24 | The corporation tries to help the poor | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 25 | It is important to perform in a manner consistent with the philanthropic and charitable expectations of society | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 26 | It is important that managers and employees participate in voluntary and charitable activities within their local communities | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 27 | The corporation tries to fulfill its social responsibility | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 28 | The corporation tries to contribute toward bettering the local community | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 29 | It is important to assist voluntarily those projects that enhance a community's "quality of life" | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Carroll (1991); Schwartz & Carroll (2003)

3.3.3. Relationship marketing orientation scale

Relationship marketing orientation consists of marketing activities oriented toward the customer interests (Morgan & Hunt 1994; Gruen 1995; Gruen et al. 2000). Unlike the market orientation that focuses on generating, disseminating and responding to market intelligence, RMO reflects the firms' philosophy of doing business (Nguyen & Viet, 2012). According to Sin et al. (2005), RMO consists six components: *trust*, *bonding*, *communications*, *shared value*, *empathy*, and *reciprocity*. To measure this construct, Sin et al. (2005) developed it with comprising six dimensions above and was assessed via a 22-item scale.

Trust: is measured when partners perceive that their counterpart has chosen the appropriate actions, they will be willing to increase their level of trust and commitment (Dwyer, Schurr, & Oh, 1987; Morgan & Hunt, 1994; MacMillan et al., 2005; Barroso-Méndez et al., 2014). The existence of trust fosters the exchange of ideas, information and promoting a climate of problem solving and conflict resolution (Mellat-Parast & Digman, 2008; Ybarra & Turk, 2009).

Table 3.8: Trust item scale

| | Trust | Points | | | | | | |
|---|--------------------------------------------------------------------------------------------------|---------------|---|---|---|---|---|---|
| 1 | We trust each other | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | They are trustworthy on important things | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | According to our past business relationship, my company thinks that they are trustworthy persons | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | My company trusts them | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Sin et al (2005)

Bonding: is measured of paramount importance for successful buyer-seller relationship because bonds form the seeds of long-term buyer-seller norms (Palmatier, 2009). Parvatlyar (1995) states that bonding in the firm would extend beyond single levels of the relationship to multiple levels of the relationship.

Table 3.9: Bonding item scale

| | Bonding | Points | | | | | | |
|---|-------------------------------------------------------------|---------------|---|---|---|---|---|---|
| 1 | We rely on each other | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | We both try very hard to establish a long-term relationship | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | We work in close cooperation | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | We keep in touch constantly | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Sin et al (2005)

Communications: is measures an effective relationship building strategy that helps resolve disputes, align goals, and uncover new value creating opportunities (Morgan & Hunt, 1994; Palmatier et al., 2006; Nguyen & Viet, 2012). The accumulation of trust leads to increase the sharing of information and better communications in subsequent exchange between partners (Lewin & Johnston, 1997).

Table 3.10: Communications item scale

| | Communications | Points | | | | | | |
|---|----------------------------------------------------------------------|--------|---|---|---|---|---|---|
| 1 | We communicate and express our opinions to each other frequently | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | We can show our discontent towards each other through communications | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | We can communicate honestly | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Sin et al (2005)

Shared value: is measured the degree to which partners have beliefs in common about the appropriateness, rightness, and magnitude of policies, goals, and behaviors (Morgan & Hunt, 1994; Luu, 2017).

Table 3.11: Shared value item scale

| | Shared value | Points | | | | | | |
|---|----------------------------------------------------|--------|---|---|---|---|---|---|
| 1 | We share the same worldview | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | We share the same opinion about most things | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | We share the same feelings toward things around us | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | We share the same values | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Sin et al (2005)

Empathy: is measured as seeking to understand desires and goals of somebody else (Sin et al., 2005b). Without empathy to understand and adapt to buyer needs, the reciprocal favors may not be chosen appropriately (Geddie et al., 2005). When the organization empathizes with its customers' situation from their stance, they will be grateful to the organization (Wang 2007).

Table 3.12: Empathy item scale

| | Empathy | Points | | | | | | |
|---|---------------------------------------------|---------------|---|---|---|---|---|---|
| 1 | We always see things from each other's view | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | We know how each other feels | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | We understand each other's values and goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | We care about each other's feelings | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Sin et al (2005)

Reciprocity: is measured increasing satisfaction with the relationship, in turn, leads to long-term commitment in the relationship (Lewin & Johnston, 1997). Reciprocity causes either party to provide favors for the other in return for similar favors to be received (Callaghan et al., 1995; Sin et al., 2005b; Yau et al., 2000; Nguyen & Viet, 2012).

Table 3.13: Reciprocity item scale

| | Reciprocity | Points | | | | | | |
|---|------------------------------------------------------------------------------------------------------|---------------|---|---|---|---|---|---|
| 1 | My company regards "never forget a good turn" as our business motto | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | We keep our promises to each other in any situation. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | If our customers gave assistance when my company had difficulties, then I would repay their kindness | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Sin et al (2005)

3.3.4. Firm performance scale

Performance outcome is a statement of a result. Firm performance is the achievement levels that a firm achieve by its business activities. It could be expressed in profits, the market share growth, revenues and strategic objectives of the enterprise (Cyer & March, 1992). It is a management tool used to clarify goals, document the contribution toward achieving those goals, and document the benefits of products and services to customers. Performance measure is the method used to measure business

progress. Firm performance is a multidimensional construct. In this study, firm performance scale is based on Keh et al. (2007), Wu & Cavusgil (2006) and Long (2015). It has 5 observed variables measuring the level of achievement in business objectives, as following

Table 3.14: Firm performance scale

| | Firm performance | Points | | | | | | |
|---|-----------------------------------------------------|---------------|---|---|---|---|---|---|
| 1 | Our company achieves the desired profit | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | Our company achieves the desired revenue growth | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | Our company achieves desired market share | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | Our company increases more desired markets | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | Our company increases new desired products/services | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Source: Keh et al. (2007); Wu & Cavusgil (2006); Long (2015)

3.4. Conclusion

This chapter presents research methods with focusing on how to conduct and collect research data. In addition, it also shows how to build measure scales to the research concepts that affect to firm performance of Vietnam marketing communications firms. Besides research methods, this chapter expresses the research design, the preliminary assessment, the main survey, the sampling, the research process, the measure scales to each research concept from research model. Moreover, the study describes methods that are applied with proxies for the relevant theories, estimation regression models, along with the detail description of both qualitative and quantitative. All these methods help study empirical estimation in Chapter 4 which presents the research data way is collected, along with the criteria to classify them. The flow chart is showed for the research process. All research concepts measure scales are described in detail. The next chapter will present research results with the Cronbach alpha reliability and the EFA, CFA, SEM for testing research models and hypotheses.

CHAPTER 4

DATA ANALYSIS AND RESEARCH RESULTS

4.1. Introduction

This chapter presents the methods as well as the results of both qualitative and quantitative research. Qualitative research is undertaken by using face to face to preliminarily assess the measures. The main survey is also undertaken by using face to face interview with questionnaires and direct mailing with target respondents through convenience sampling. Quantitative is mainly undertaken in this stage. The purpose of this main survey is to validate the measures and to test the structure model. Cronbach alpha reliability and exploratory factor analysis (EFA) is used in this stage. To assess the measures, confirmatory factor analysis (CFA) is utilized. Besides, to test the theoretical model and hypotheses, structure equation modeling (SEM) is employed.

4.2. Overview and research sample description

4.2.1. Qualitative research questions

In order to identify research objectives, in the first phase, the author conducted exploratory research for analyzing, assessing research problems, research gap, explore concepts as well as the scales through tools in qualitative research. Based on theory of the firm, the stakeholder theory, the RMO theory, the CSR theory, this study uses qualitative methods to explore and find out main factors that local firms apply in their operations and business activities. This method is conducted through focus group and in-depth interviews by face to face. There has one focus group with 4 respondents and the rest ones are personal discussions (detail in Appendix 3). This phase aims to examine whether the survey questions are appropriate or not before implementing the main survey.

4.2.2. Qualitative research sample and implementation method

- Execution time: in April and May 2018. The time for each discussion section is around one hour or more.
- Main participants: including 12 senior executives, CEOs, owners coming from Vietnamese firms in marketing communications industry. Because of the author has been working in advertising and marketing communications industry for more than 10 years, therefore, it is more convenient for inviting the owners, founders as well as senior executives participating in discussion sections.
- Research questions for discussion: the content is presented in Appendix 1
- Implementation method: this stage uses one focus group and 8 personal interviews in which has one secretary, one coordinator and respondents. The respondents list is presented in Appendix 3. During the meetings, author notes all opinions and comments from respondents relating to all research factors. Moreover, the study is also conducted to two experts (*Expert 1*, *Expert 2*) basing on available theoretical framework in order to get opinions for comparison with firm actual activities.
- Place for implementation: most of personal interviews are conducted in the respondent's office, the focus group is conducted in meeting-room of Smentor Corporation (122/24 Bui Dinh Tuy street, ward 12, Binh Thanh district, Ho Chi Minh City). All discussion and interviews are implemented on Saturday and Sunday in Ho Chi Minh City, Vietnam.

4.2.3. Quantitative research

The quantitative research is undertaken to examine the scale of factors belonging to CSR, MO, Firm performance and RMO concepts that have been discovered and find out in the first phase. There has no revision of all research concepts as well as their scales from the qualitative research. This means, all the research concepts and their

components as well as their scales are kept following previous studies. Besides, this phase aims to measure how the impact of RMO, as the moderator variable, to other relationships in the research model. The main survey is implemented through questionnaires.

4.2.4. Quantitative research sample and implementation method

- Execution time: from July to December 2018.
- Respondents: including senior managers, directors, managers, business owners or shareholders coming from Vietnamese firms in marketing communications industry, in Ho Chi Minh City, Vietnam. Because of author is member of Vietnam Marketing Association – VMA, therefore, it is a little bit convenient for using the e-mail list of target respondents for conducting the survey. VMA has more than 100 members and 70% of them are in Ho Chi Minh City.
- Questionnaire: the detail content is presented in Appendix 2
- Place for implementation: the questionnaires are distributed to senior managers, directors, managers, business owners or shareholders coming from Vietnamese firm in the marketing communications industry, in Ho Chi Minh City, Vietnam.
- Implementation method: in this phase, the authors divide the research survey into two stages,
 - + *The preliminary survey*: this stage is conducted by providing questionnaires direct to respondents. The number of questionnaires is 100. Participating companies are members of VMA. After collected and assessed, there has 72 appropriate samples using for analyzing, the ratio for appropriation is 72%. The result, all the research concept scales are suitable as well as consistent to previous studies.
 - + *The main survey*: this stage is conducted by using in both providing and direct mailing the questionnaire via Google form. In addition, this stage includes

participating companies in the preliminary survey stage. The number of questionnaires is distributed over 360. The participating and e-mail list of respondents are taken from VMA. After collected and assessed data, there has 242 appropriate samples using for analyzing, the ratio for appropriation is 68%.

The Table 4.1 shows that 33.9% of the respondents are joint-stock companies, 62.8% of which are limited companies or private companies. There only has 3.3% state-owned enterprises in the main survey. The time of company operation is quite similar with the group of 10-15 years (26%) and over 15 years (26.4%). The rest ones with 3-10 years account for 31.8%. The percentage of companies participating in the survey with time of operation less than 3 years is 15.7%.

In terms of the number of staff, companies with official workforce more than 50 account for a high proportion (48.3%). Meanwhile, the number of companies with 30 - 50 employees accounts for lowest proportion (10.3%). The number of companies with 15 - 30 employees is 26.4%. The rest ones with less than 15 employees are 14.9%.

The education level of the top leaders in companies is quite impressive. In the survey, there has 54.5% number of companies with top leaders holding the postgraduate degree. The number of company top leaders with bachelor degree is 42.1%. The rest ones, number company top leaders holding undergraduate, could be college level or vocational school graduates, is 3.3%.

Nationality of company top leaders, the survey shows that they are Vietnamese with mainly rate of 85.5%. However, the number of Vietnamese companies employing foreigners in top leader positions is high (accounting for 14.5%). This also shows the openness of hiring foreign workers as well as the willingness of international integration of Vietnamese enterprises is quite good.

Companies in the survey show that gender of top leaders with majority are male, the rate of 78.5%. This rate for female is 21.5%. The survey also shows that there has no

other sex towards the top leaders in Vietnam marketing communications companies. This indicates that Vietnam companies in marketing communications industry may not have the interests, or they may be hesitant in hiring other sex towards top leader positions, or the respondents may not provide information. While, in fact, in this industry, the foreign companies or joint venture companies between Vietnamese and foreigners, the proportion of top leader positions relating to other sex can make sense.

Regarding the age of company top leaders, in the survey, the average age from 35 to 45 accounts for highest proportion (47.9%). The age over 45 years old is significant at 38%. This can be deduced that majority of top leaders in Vietnam marketing communications companies with working experiences more than 10 years in the industry, they either open their own businesses or get advance to the top management level. This information is totally suitable to the real situation. The company top leaders in the age of 25 - 35 has rate of 12%. The rest ones with the age under 25 has rate of 2.1%.

In terms of working experience of company top leaders, the percentage of companies with top leaders over 15 years of working experience is 50%. The number of company top leaders with working experience from 10 – 15 years accounts for 26%. Again, this information perfectly fits to the real situation as well as it reinforces to the variable "age of company top leaders". The percentage of senior executives who have working experience from 5 - 10 years is 19.8%. The rest one in survey with working experience less than 5 years is 4.1%.

Regarding to the company specialization, there has only 13.2% of companies in survey with their main profession in consulting or planning marketing and communications strategies to other businesses. This also reflects the limitation of high level in professional competence of Vietnam companies in domestic marketing communications industry. In fact, Vietnam companies in this industry often receive contracts from foreign players to implement or deploy such as media programs and events. According to the survey, towards this field, Vietnam companies account for

38%. The rest, Vietnam companies are the third-party or further, or they may carry out sub-contracts, or be sub-contractors in the industry. The percentage of Vietnam companies in this character accounts for a quite high rate of 48.8%.

Table 4.1: Research sample description

| No. | Variable | | Frequency | Valid percent (%) | Cumulative percent (%) |
|------------|-------------------------------|------------------|------------------|--------------------------|-------------------------------|
| 1 | Type of enterprise | Joint-stock | 82 | 33.9 | 96.7 |
| | | Limited/private | 152 | 62.8 | 62.8 |
| | | State-owned | 8 | 3.3 | 100 |
| 2 | Time of operation | Under 3 years | 38 | 15.7 | 15.7 |
| | | From 3-10 years | 77 | 31.8 | 47.5 |
| | | From 10-15 years | 63 | 26.0 | 73.6 |
| | | Over 15 years | 64 | 26.4 | 100 |
| 3 | Number of staff | Under 15 | 36 | 14.9 | 14.9 |
| | | From 15 - 30 | 64 | 26.4 | 41.3 |
| | | From 30 - 50 | 25 | 10.3 | 51.7 |
| | | Over 50 | 117 | 48.3 | 100 |
| 4 | Education level of top leader | Undergraduate | 8 | 3.3 | 3.3 |
| | | Bachelor | 102 | 42.1 | 45.5 |
| | | Post graduate | 132 | 54.5 | 100 |
| 5 | Nationality of top leader | Vietnamese | 207 | 85.5 | 58.5 |
| | | Foreigner | 35 | 14.5 | 100 |
| 6 | Gender of top leader | Male | 190 | 78.5 | 78.5 |
| | | Female | 52 | 21.5 | 100 |
| | | Other | 0 | 0 | 0 |
| 7 | The age of top leader | Under 25 | 5 | 2.1 | 2.1 |
| | | From 25 – 35 | 29 | 12.0 | 14.0 |

| | | | | | |
|---|----------------------------------------|---------------------------|-----|------|------|
| | | From 35 – 45 | 116 | 47.9 | 62.0 |
| | | Over 45 | 92 | 38.0 | 100 |
| 8 | Working experience of top leader | Under 5 years | 10 | 4.1 | 4.1 |
| | | From 5–10 years | 48 | 19.8 | 24.0 |
| | | From 10-15 years | 63 | 26.0 | 50.0 |
| | | Over 15 years | 121 | 50.0 | 100 |
| 9 | Company specialization | Consulting | 32 | 13.2 | 13.2 |
| | | Communications & event | 92 | 38.0 | 79.7 |
| | | Other | 118 | 48.8 | 100 |

4.3. Measuring scales before analyzing EFA

In order to evaluate the relationships of observable variables in research scales, the measuring research scales need to be implemented before conducting the Exploratory Factor Analysis (EFA). This step helps to avoiding rubbish variables because they can create dummy factors when implemeting the EFA (Churchill, 1979). All observation variables with total correlation coefficients < 0.3 will be excluded. Criterion for choosing scale when coefficient Cronbach's Alpha is 0.60 or higher (Nunnally & Burnstein 1994). Trong & Ngoc (2008) state that many researchers also accept when Cronbach's Alpha is 0.80 or closer to 1. This is seen as the good measurement scale, besides, it is from 0.70 to 0.80 is suitable. However, there also have some researchers suggesting that Cronbach's Alpha 0.60 or higher can use in case the research concept is new to respondents in the same research context (Trong & Ngoc, 2008).

Basing on above assumptions, author establishes the criteria for testing Cronbach's alpha as follows: Variables with Corrected Item Total Correlation < 0.30 will be rejected. The criteria for Cronbach's Alpha reliability scale should be 0.6 or higher (Nunnally & Burnstein, 1994).

4.4 Cronbach's alpha for CSR components

Table 4.2: Cronbach's alpha for CSR components

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|--------------------------------|-------------------------------|--------------------------------------|----------------------------------------|-------------------------------------------|
| <i>Economic - EC</i> | | | | |
| EC1 | 33.000 | 47.079 | 0.664 | 0.892 |
| EC2 | 32.740 | 45.314 | 0.772 | 0.880 |
| EC3 | 32.460 | 46.067 | 0.725 | 0.885 |
| EC4 | 33.510 | 48.915 | 0.630 | 0.895 |
| EC5 | 32.930 | 46.165 | 0.728 | 0.885 |
| EC6 | 33.080 | 48.164 | 0.672 | 0.891 |
| EC7 | 32.810 | 45.358 | 0.773 | 0.880 |
| <i>Cronbach's Alpha</i> | | <i>0.902</i> | | |
| <i>Legal - LG</i> | | | | |
| LG8 | 33.920 | 39.201 | 0.585 | 0.840 |
| LG9 | 33.330 | 37.159 | 0.739 | 0.817 |
| LG10 | 33.400 | 38.265 | 0.725 | 0.821 |
| LG11 | 33.330 | 38.295 | 0.746 | 0.819 |
| LG12 | 33.470 | 37.047 | 0.747 | 0.816 |
| LG13 | 33.750 | 39.391 | 0.590 | 0.839 |
| LG14 | 34.300 | 42.451 | 0.304 | 0.886 |
| <i>Cronbach's Alpha</i> | | <i>0.855</i> | | |
| <i>Ethical - ET</i> | | | | |

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|----------------------------------|---------------------------------------|-----------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| ET15 | 32.820 | 47.286 | 0.712 | 0.896 |
| ET16 | 32.760 | 47.812 | 0.756 | 0.891 |
| ET17 | 32.930 | 48.605 | 0.715 | 0.896 |
| ET18 | 32.620 | 47.433 | 0.889 | 0.879 |
| ET19 | 32.530 | 49.495 | 0.692 | 0.898 |
| ET20 | 32.750 | 46.090 | 0.702 | 0.899 |
| ET21 | 32.540 | 48.963 | 0.650 | 0.903 |
| <i>Cronbach's Alpha</i> | | <i>0.908</i> | | |
| <i>Philanthropic - PH</i> | | | | |
| PH22 | 38.620 | 62.984 | 0.712 | 0.908 |
| PH23 | 38.770 | 61.902 | 0.758 | 0.904 |
| PH24 | 38.660 | 61.138 | 0.760 | 0.904 |
| PH25 | 39.270 | 57.882 | 0.700 | 0.909 |
| PH26 | 39.340 | 57.395 | 0.787 | 0.901 |
| PH27 | 39.640 | 59.137 | 0.699 | 0.909 |
| PH28 | 39.140 | 61.098 | 0.636 | 0.914 |
| PH29 | 38.990 | 59.743 | 0.804 | 0.900 |
| <i>Cronbach's Alpha</i> | | <i>0.917</i> | | |

Source: author's calculation

The CSR Economic – EC scale has Cronbach's alpha of 0.902 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value of total correlation is 0.630. Thus, all variables in this scale are suitable for explaining the Economic factor - EC.

The CSR Legal – LG scale has Cronbach's alpha of 0.855 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value of total correlation is 0.304. Therefore, all variables in this scale are suitable for explaining the Legal factor - LG.

The CSR Ethical – ET scale has Cronbach's alpha of 0.908 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value of total correlation is 0.605. Thus, all variables in this scale are suitable for explaining the Ethical factor - ET.

The CSR Philanthropic - PH scale has Cronbach's alpha of 0.917 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value of total correlation is 0.636. Therefore, all variables in this scale are suitable for explaining the Philanthropic factor - PH.

4.5. Cronbach's alpha for MO components

Table 4.3: Cronbach's Alpha for MO components

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|----------------------------------|---------------------------------------|-----------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| <i>Customer orientation - CU</i> | | | | |
| CU30 | 25.040 | 33.497 | 0.534 | 0.865 |
| CU31 | 24.560 | 31.575 | 0.763 | 0.823 |
| CU32 | 23.970 | 35.335 | 0.547 | 0.860 |
| CU33 | 24.270 | 31.660 | 0.736 | 0.828 |
| CU34 | 24.050 | 31.969 | 0.691 | 0.835 |

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|--------------------------------------------------|---------------------------------------|-----------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| CU35 | 24.650 | 30.660 | 0.699 | 0.834 |
| <i>Cronbach's Alpha</i> | | <i>0.864</i> | | |
| <i>Competitor orientation - CO</i> | | | | |
| CO36 | 13.540 | 14.582 | 0.683 | 0.781 |
| CO37 | 13.640 | 15.402 | 0.704 | 0.771 |
| CO38 | 13.030 | 16.377 | 0.583 | 0.824 |
| CO39 | 13.190 | 15.599 | 0.686 | 0.779 |
| <i>Cronbach's Alpha</i> | | <i>0.833</i> | | |
| <i>Inter-functional coordination - IN</i> | | | | |
| IN40 | 14.390 | 14.397 | 0.645 | 0.729 |
| IN41 | 14.560 | 14.563 | 0.637 | 0.734 |
| IN42 | 14.340 | 13.753 | 0.683 | 0.710 |
| IN43 | 14.310 | 15.104 | 0.486 | 0.810 |
| <i>Cronbach's Alpha</i> | | <i>0.797</i> | | |

Source: author's calculation

The Customer orientation – CU scale has Cronbach's alpha of 0.864 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value of total correlation is 0.534. Thus, all variables in this scale are suitable for explaining the Customer orientation factor - CU.

The Competitor orientation – CO scale has Cronbach's alpha of 0.833 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value

of total correlation is 0.583. Thus, all variables in this scale are suitable for explaining the factor Competitor orientation – CO.

The Inter-functional coordination – IN scale has Cronbach's alpha of 0.797 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value of total correlation is 0.486. Thus, all variables in this scale are suitable for explaining the factor Inter-functional coordination – IN.

4.6. Cronbach's alpha for RMO components

Table 4.4: Cronbach's Alpha for RMO components

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|-----------------------------------|---------------------------------------|-----------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| <i>Trust - TR</i> | | | | |
| TR44 | 14.450 | 14.954 | 0.680 | 0.759 |
| TR45 | 14.700 | 14.890 | 0.678 | 0.759 |
| TR46 | 14.400 | 14.001 | 0.697 | 0.749 |
| TR47 | 14.290 | 15.544 | 0.531 | 0.828 |
| <i>Cronbach's Alpha</i> | | <i>0.821</i> | | |
| <i>Bonding - BO</i> | | | | |
| BO48 | 12.260 | 17.727 | 0.530 | 0.864 |
| BO49 | 12.870 | 15.327 | 0.699 | 0.795 |
| BO50 | 12.500 | 15.438 | 0.743 | 0.775 |
| BO51 | 12.530 | 15.503 | 0.761 | 0.768 |
| <i>Cronbach's Alpha</i> | | <i>0.845</i> | | |
| <i>Communications - CM</i> | | | | |

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|---------------------------------|---------------------------------------|-----------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| CM52 | 10.850 | 6.169 | 0.831 | 0.768 |
| CM53 | 11.180 | 6.465 | 0.745 | 0.844 |
| CM54 | 10.790 | 6.297 | 0.720 | 0.869 |
| <i>Cronbach's Alpha</i> | | <i>0.878</i> | | |
| <i>Shared value - SV</i> | | | | |
| SV55 | 13.340 | 14.922 | 0.781 | 0.791 |
| SV56 | 13.590 | 16.053 | 0.711 | 0.821 |
| SV57 | 12.940 | 16.727 | 0.656 | 0.844 |
| SV58 | 13.390 | 16.446 | 0.684 | 0.833 |
| <i>Cronbach's Alpha</i> | | <i>0.861</i> | | |
| <i>Empathy - EM</i> | | | | |
| EM59 | 15.620 | 11.905 | 0.742 | 0.796 |
| EM60 | 15.120 | 13.351 | 0.664 | 0.829 |
| EM61 | 15.380 | 12.086 | 0.717 | 0.806 |
| EM62 | 15.150 | 12.218 | 0.669 | 0.828 |
| <i>Cronbach's Alpha</i> | | <i>0.855</i> | | |
| <i>Reciprocity - RE</i> | | | | |
| RE63 | 10.620 | 10.161 | 0.667 | 0.965 |
| RE64 | 10.110 | 8.345 | 0.857 | 0.806 |
| RE65 | 10.080 | 8.62 | 0.893 | 0.777 |
| <i>Cronbach's Alpha</i> | | <i>0.899</i> | | |

Source: author's calculation

The Trust – TR scale has Cronbach's alpha of 0.821 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of

0.3. In this scale, the component variables with minimum value of total correlation is 0.531. Thus, all variables in this scale are suitable for explaining the factor Trust - TR.

The Bonding – BO scale has Cronbach's alpha of 0.845 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value of total correlation is 0.530. Thus, all variables in this scale are suitable for explaining the factor Bonding - BO.

The Communications – CM scale has Cronbach's alpha of 0.878 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value of total correlation is 0.720. Thus, all variables in this scale are suitable for explaining the factor Communcation - CM.

The Shared value – SV scale has Cronbach's alpha of 0.861 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value of total correlation is 0.656. Thus, all variables in this scale are suitable for explaining the factor Shared value - SV.

The Empathy – EM scale has Cronbach's alpha of 0.855 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value of total correlation is 0.664. Thus, all variables in this scale are suitable for explaining the factor Empathy - EM.

The Reciprocity – RE scale has Cronbach's alpha of 0.899 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value of total

correlation is 0.667. Thus, all variables in this scale are suitable for explaining the factor Reciprocity - RE.

4.7. Cronbach's alpha for FP components

Table 4.5: Cronbach's Alpha for FP components

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|-------------------------------------|---------------------------------------|-----------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| <i>Firm performance - FP</i> | | | | |
| FP67 | 20.800 | 19.291 | 0.699 | 0.872 |
| FP68 | 21.230 | 17.921 | 0.773 | 0.855 |
| FP69 | 21.310 | 18.537 | 0.742 | 0.862 |
| FP70 | 20.860 | 18.332 | 0.744 | 0.862 |
| FP66 | 20.980 | 19.560 | 0.695 | 0.873 |
| <i>Cronbach's Alpha</i> | | <i>0.889</i> | | |

Source: author's calculation

The Firm performance – FP scale has Cronbach's alpha of 0.889 (> 0.6). In addition, the total variance coefficient of component variables are greater than the accepted standard of 0.3. In this scale, the component variables with minimum value of total correlation is 0.695. Thus, all variables in this scale are suitable for explaining the factor Firm performance - FP.

4.8. Exploratory Factor Analysis - EFA

EFA analyzing needs to meet two conditions and four criterias as following:

- (i) *Condition 1*: The KMO coefficient is an index for considering the appropriateness of EFA. This means, EFA should be as $0.5 \leq \text{KMO} \leq 1$ (Trong & Ngoc, 2008);
- (ii) *Condition 2*: The Bartlett testing will consider all hypothesis relating to the correlation among observation variables. If this test has statistically significant ($\text{sig} \leq 0.05$), observation variables will have the correlation, in general (Trong & Ngoc, 2008);
- (iii) *Criteria 1*: The scale will be accepted when the total variance $\geq 50\%$. (Hair et al., 2010; Gerbing & Anderson, 1988);
- (iv) *Criteria 2*: The Eigenvalue coefficient must be > 1 (Gerbing & Anderson, 1998). The number of factors is determined by Eigenvalue index which represents the variance explaining by each factor;
- (v) *Criteria 3*: The maximum factor loading of each observation variable must be ≥ 0.5 , considering as practical significance (Hair et al., 2010);
- (vi) *Criteria 4*: The difference of factor loading of an observation variable must be ≥ 0.3 in order to create different value among factors (Jabnoun & Al-Tamimi, 2003).

Emplemeting EFA steps will be conducted for both multi-dimensional and single-dimensional construct. In particular, the EFA multi-dimensional construct will be implemented for each component of CSR concept (*Economic, Legal, Ethical, Philanthropic*), for Market Orientation concept (*Customer orientation, Competitor orientation, Inter-functional coordination*), for Relationship Marketing Orientation concept (*Trust, Bonding, Communications, Shared value, Empathy, Reciprocity*). Besides, the EFA single-dimensional construct will be conducted for each component of Firm performance concept.

CSR component factors

This shows the EFA results after rejecting some observation variables that can not meet the requirements (such as LG8, LG14, PH24, LG13, PH23, PH22, ET19, EC4). Factor analysis model has results as following,

Table 4.6: Final results of analyzing CSR components

| | Factor | | | |
|------|--------|-------|-------|-------|
| | 1 | 2 | 3 | 4 |
| EC2 | 0.862 | | | |
| EC7 | 0.837 | | | |
| EC3 | 0.783 | | | |
| EC5 | 0.760 | | | |
| EC1 | 0.692 | | | |
| EC6 | 0.572 | 0.209 | | |
| ET18 | | 0.865 | | |
| ET20 | | 0.863 | | |
| ET21 | | 0.767 | | |
| ET17 | 0.200 | 0.638 | | |
| ET15 | | 0.585 | | |
| ET16 | | 0.572 | | |
| PH27 | | | 0.952 | |
| PH26 | | | 0.786 | |
| PH25 | | | 0.657 | |
| PH29 | | | 0.623 | |
| PH28 | | | 0.614 | 0.221 |
| LG10 | | | | 0.867 |
| LG11 | | | | 0.839 |
| LG9 | | | | 0.730 |

| | Factor | | | |
|--------------------------|---------------|----------|----------|----------|
| | 1 | 2 | 3 | 4 |
| LG12 | | | | 0.640 |
| Kaiser-Meyer-Olkin | | | | 0.936 |
| Bartlett's Test (sig.) | | | | 0.000 |
| Total Variance Explained | | | | 63.501 |
| Eigenvalues | | | | 1.072 |

Source: author's calculation

The explanatory variance of model takes 63.501% of total variance of the sample. It satisfies following Gerbing & Anderson (1988). The KMO and Barlett's test provide very high value, such KMO is 0.936 and the Sig value is 0.000. These indexes satisfy for the highly relevant in factor analysis model.

Factor loading of all factors have minimum value of over 0.5. This satisfies all the conditions towards the study gaining practical significance (Hair et al., 2010). Similarity, the difference of factor loading among variables reaches minimum value of nearly 0.3. This also satisfies the condition to each observation variable existing in model that explains a single factor (Jabnoun & Al-Tamimi, 2003). Therefore, it could be concluded that the factor analysis model completely gains practical significance and has high reality explanation. Besides, it formulizes of four significant factors:

Factor 1, is named as Economic (EC) consists of 6 observation variables EC1, EC2, EC3, EC5, EC6, EC7.

Factor 2, is named as Ethical (ET) consists of 6 observation variables ET15, E16, E17, ET18, ET20, ET21.

Factor 3, is named as Philanthropic (PH) consists of 5 observation variables: PH25, PH26, PH27, PH28, PH29.

Factor 4, is named as Legal (LG) consists of 4 observation variables LG9, LG10, LG11, LG12.

Market orientation components

This shows the EFA results after rejecting some observation variables that can not meet the requirements (such as IN43, CU30). Factor analysis model has results as following,

Table 4.7: The final results of analyzing MO components

| | Factor | | |
|--------------------------|--------|-------|--------|
| | 1 | 2 | 3 |
| CU34 | 0.855 | | |
| CU33 | 0.831 | | |
| CU31 | 0.715 | | |
| CU35 | 0.688 | | |
| CU32 | 0.577 | | |
| CO36 | | 0.899 | |
| CO37 | | 0.685 | |
| CO39 | | 0.642 | |
| CO38 | | 0.639 | |
| IN42 | | | 0.883 |
| IN41 | | | 0.788 |
| IN40 | | 0.234 | 0.559 |
| Kaiser-Meyer-Olkin | | | 0.892 |
| Bartlett's Test (sig.) | | | 0.000 |
| Total Variance Explained | | | 58.579 |
| Eigenvalues | | | 1.112 |

Source: author's calculation

The explanatory variance of model takes 58.579% of total variance of the sample. It satisfies following Gerbing & Anderson (1988). The KMO and Barlett's test provide

very high value, such KMO is 0.892 and the Sig value is 0.000. These indexes satisfy for the highly relevant in factor analysis model.

Factor loading of all factors have minimum value of over 0.5. This satisfies all the conditions towards the study gaining practical significance (Hair et al., 2010). Similarity, the difference of factor loading among variables reach minimum value of nearly 0.3. This also satisfies the condition to each observation variable existing in model that explains a single factor (Jabnoun & Al-Tamimi, 2003). Therefore, it could be concluded that the factor analysis model completely gains practical significance and has high reality explanation. Besides, it formulizes of three significant factors:

Factor 1, is named as Customer Orientation (CU) consists of 5 observation variables CU31, CU32, CU33, CU34, CU35.

Factor 2, is named as Competitor Orientation (CO) consists of 4 observation variables CO36, CO37, CO38, CO39.

Factor 3, is named as Inter-Functional Coordination (IN) consists of 3 observation variables IN40, IN41, IN42.

RMO components

This shows the EFA results after rejecting some observation variables that can not meet the requirements (such as TR47, BO48). Factor analysis model has results as following,

Table 4.8: Final results of analyzing RMO components

| | Factor | | | | | |
|------|---------------|----------|----------|----------|----------|----------|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| SV55 | 0.976 | | | | | |
| SV57 | 0.758 | | | | | |
| SV56 | 0.708 | | | | | |
| SV58 | 0.645 | | | | | |

| | Factor | | | | | |
|--------------------------|---------------|----------|----------|----------|----------|----------|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| EM61 | | 0.802 | | | | |
| EM62 | | 0.799 | | | | |
| EM59 | | 0.765 | | | | |
| EM60 | | 0.621 | | | | |
| RE64 | | | 0.998 | | | |
| RE65 | | | 0.991 | | | |
| RE63 | | | 0.577 | | | |
| CM52 | | | | 0.969 | | |
| CM53 | | | | 0.790 | | |
| CM54 | | | | 0.742 | | |
| BO51 | | | | | 0.918 | |
| BO50 | | | | | 0.841 | |
| BO49 | | | | | 0.748 | |
| TR46 | | | | | | 0.967 |
| TR45 | | | | | | 0.737 |
| TR44 | | | | | | 0.586 |
| Kaiser-Meyer-Olkin | | | | | | 0.846 |
| Bartlett's Test (sig.) | | | | | | 0.000 |
| Total Variance Explained | | | | | | 69.059 |
| Eigenvalues | | | | | | 1.103 |

Source: author's calculation

The explanatory variance of model takes 69.059% of total variance of the sample. It satisfies following Gerbing & Anderson (1988). The KMO and Barlett's test provide very high value, such KMO is 0.846 and the Sig value is 0.000. These indexes satisfy for the highly relevant in factor analysis model.

Factor loading of all factors have minimum value of over 0.5. This satisfies all the conditions towards the study gaining practical significance (Hair et al., 2010). Similarity, the difference of factor loading among variables reaches minimum value of nearly 0.3. This also satisfies the condition to each observation variable existing in model that explains a single factor (Jabnoun & Al-Tamimi, 2003). Therefore, it could be concluded that the factor analysis model completely gains practical significance and has high reality explanation. Besides, it formulizes of six significant factors:

Factor 1, is named as Shared value (SV) consists of 4 observable variables SV55, SV56, SV57, SV58.

Factor 2, is named as Empathy (EM) consists of 4 observable variables EM59, EM60, EM61, EM62.

Factor 3, is named as Reciprocity (RE) consists of 3 observation variables RE63, RE64, RE65.

Factor 4, is named as Communications (CM) consists of 3 observation variables CM52, CM53, CM54.

Factor 5, is named as Bonding (BO) consists of 3 observation variables BO49, BO50, BO51.

Factor 6, is named as Trust (TR) consists of 3 observation variables TR44, TR45, TR46.

Firm performance components

The factor analysis model has results as following:

Table 4.9: Final results of analyzing FP components

| | Factor |
|------|---------------|
| | 1 |
| FP68 | 0.835 |
| FP70 | 0.800 |
| FP69 | 0.799 |

| | |
|--------------------------|--------|
| FP67 | 0.748 |
| FP66 | 0.742 |
| Kaiser-Meyer-Olkin | 0.854 |
| Bartlett's Test (sig.) | 0.000 |
| Total Variance Explained | 61.715 |
| Eigenvalues | 3.465 |

Source: author's calculation

The explanatory variance of model takes 61.715% of total variance of the sample. It satisfies following Gerbing & Anderson (1988). The KMO and Barlett's test provide very high value, such KMO is 0.854 and the Sig value is 0.000. These indexes satisfy for the highly relevant in factor analysis model. The factor is named as Firm performance (FP) consists of 5 observation variables FP66, FP67, FP68, FP69, FP70.

Detail evaluation to each factor after EFA

The statistical results of the reliability analysis to each factor after EFA analysis are presented in following table:

Table 4.10: Reliability analysis after EFA

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|-----------------------------|-------------------------------|-----------------------------------------|----------------------------------------|-------------------------------------------|
| <i>Economic (EC)</i> | | | | |
| EC1 | 28.090 | 35.407 | 0.652 | 0.888 |
| EC2 | 27.830 | 33.447 | 0.793 | 0.865 |
| EC3 | 27.550 | 34.365 | 0.726 | 0.876 |
| EC5 | 28.020 | 34.730 | 0.709 | 0.879 |
| EC6 | 28.170 | 36.255 | 0.667 | 0.885 |
| EC7 | 27.900 | 33.869 | 0.766 | 0.870 |

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|-----------------------------------------|---------------------------------------|---------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| <i>Cronbach's Alpha</i> | | <i>0.895</i> | | |
| <i>Legal (LG)</i> | | | | |
| LG9 | 17.550 | 12.505 | 0.755 | 0.873 |
| LG10 | 17.620 | 12.792 | 0.794 | 0.858 |
| LG11 | 17.550 | 13.078 | 0.782 | 0.863 |
| LG12 | 17.690 | 12.504 | 0.756 | 0.873 |
| <i>Cronbach's Alpha</i> | | <i>0.897</i> | | |
| <i>Ethical (ET)</i> | | | | |
| ET15 | 27.190 | 34.655 | 0.709 | 0.883 |
| ET16 | 27.130 | 35.227 | 0.747 | 0.877 |
| ET17 | 27.310 | 35.765 | 0.715 | 0.882 |
| ET18 | 26.990 | 34.946 | 0.879 | 0.861 |
| ET20 | 27.120 | 33.702 | 0.694 | 0.887 |
| ET21 | 26.920 | 36.126 | 0.644 | 0.893 |
| <i>Cronbach's Alpha</i> | | <i>0.898</i> | | |
| <i>Philanthropic (PH)</i> | | | | |
| PH25 | 21.430 | 23.955 | 0.697 | 0.868 |
| PH26 | 21.500 | 23.745 | 0.784 | 0.846 |
| PH27 | 21.790 | 24.131 | 0.751 | 0.854 |
| PH28 | 21.290 | 25.818 | 0.651 | 0.876 |
| PH29 | 21.150 | 25.945 | 0.745 | 0.857 |
| <i>Cronbach's Alpha</i> | | <i>0.885</i> | | |
| <i>Customer orientation (CU)</i> | | | | |
| CU31 | 20.290 | 22.040 | 0.725 | 0.827 |

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|--------------------------------------------------|---------------------------------------|---------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| CU32 | 19.700 | 24.419 | 0.574 | 0.862 |
| CU33 | 20.000 | 21.515 | 0.752 | 0.819 |
| CU34 | 19.780 | 21.792 | 0.703 | 0.832 |
| CU35 | 20.380 | 21.050 | 0.680 | 0.839 |
| <i>Cronbach's Alpha</i> | | <i>0.865</i> | | |
| <i>Competitor orientation (CO)</i> | | | | |
| CO36 | 13.540 | 14.582 | 0.683 | 0.781 |
| CO37 | 13.640 | 15.402 | 0.704 | 0.771 |
| CO38 | 13.030 | 16.377 | 0.583 | 0.824 |
| CO39 | 13.190 | 15.599 | 0.686 | 0.779 |
| <i>Cronbach's Alpha</i> | | <i>0.833</i> | | |
| <i>Inter-functional coordination (IN)</i> | | | | |
| IN40 | 9.500 | 7.736 | 0.606 | 0.794 |
| IN41 | 9.670 | 7.417 | 0.669 | 0.731 |
| IN42 | 9.450 | 6.896 | 0.706 | 0.690 |
| <i>Cronbach's Alpha</i> | | <i>0.810</i> | | |
| <i>Trust (TR)</i> | | | | |
| TR44 | 9.460 | 7.959 | 0.648 | 0.798 |
| TR45 | 9.710 | 7.650 | 0.689 | 0.760 |
| TR46 | 9.410 | 6.899 | 0.723 | 0.724 |
| <i>Cronbach's Alpha</i> | | <i>0.828</i> | | |
| <i>Bonding (BO)</i> | | | | |
| BO49 | 8.400 | 8.217 | 0.721 | 0.830 |
| BO50 | 8.040 | 8.609 | 0.725 | 0.825 |

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|-----------------------------------|---------------------------------------|---------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| BO51 | 8.070 | 8.414 | 0.783 | 0.773 |
| <i>Cronbach's Alpha</i> | | <i>0.864</i> | | |
| <i>Communications (CM)</i> | | | | |
| CM52 | 10.850 | 6.169 | 0.831 | 0.768 |
| CM53 | 11.180 | 6.465 | 0.745 | 0.844 |
| CM54 | 10.790 | 6.297 | 0.720 | 0.869 |
| <i>Cronbach's Alpha</i> | | <i>0.878</i> | | |
| <i>Shared value (SV)</i> | | | | |
| SV55 | 13.340 | 14.922 | 0.781 | 0.791 |
| SV56 | 13.590 | 16.053 | 0.711 | 0.821 |
| SV57 | 12.940 | 16.727 | 0.656 | 0.844 |
| SV58 | 13.390 | 16.446 | 0.684 | 0.833 |
| <i>Cronbach's Alpha</i> | | <i>0.861</i> | | |
| <i>Empathy (EM)</i> | | | | |
| EM59 | 15.620 | 11.905 | 0.742 | 0.796 |
| EM60 | 15.120 | 13.351 | 0.664 | 0.829 |
| EM61 | 15.380 | 12.086 | 0.717 | 0.806 |
| EM62 | 15.150 | 12.218 | 0.669 | 0.828 |
| <i>Cronbach's Alpha</i> | | <i>0.855</i> | | |
| <i>Reciprocity (RE)</i> | | | | |
| RE63 | 10.620 | 10.161 | 0.667 | 0.965 |
| RE64 | 10.110 | 8.345 | 0.857 | 0.806 |
| RE65 | 10.080 | 8.620 | 0.893 | 0.777 |
| <i>Cronbach's Alpha</i> | | <i>0.899</i> | | |

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|-------------------------------------|---------------------------------------|---------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| <i>Firm performance (FP)</i> | | | | |
| FP67 | 20.800 | 19.291 | 0.699 | 0.872 |
| FP68 | 21.230 | 17.921 | 0.773 | 0.855 |
| FP69 | 21.310 | 18.537 | 0.742 | 0.862 |
| FP70 | 20.860 | 18.332 | 0.744 | 0.862 |
| FP66 | 20.980 | 19.560 | 0.695 | 0.873 |
| <i>Cronbach's Alpha</i> | | <i>0.889</i> | | |

Source: author's calculation

The results show that all research scales meet the requirements. Therefore, after rejecting unacceptable variables all research data have reliability, distinctiveness and convergence.

4.9. Confirmatory Factor Analysis - CFA

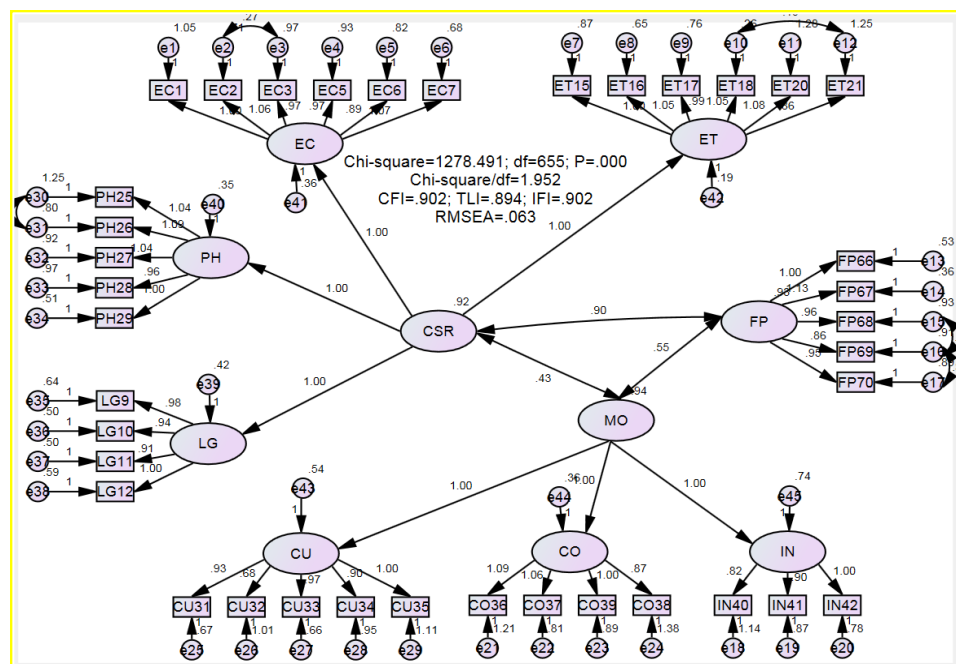
Factors that have been evaluated by the EFA and Cronbach's Alpha will be confirmed by using CFA method. The CFA method helps analysts looking for statistical tests in order to consider a measurement model that matches the research data. In addition, it supports to determining the convergent validity of each observation variable for measuring research concept. Besides, it provides the discriminant validity among concepts in research model.

In CFA, the most concern of analysts is the suitability of research model towards data. To do this, analysts often rely on many indicators. The first is the P-value of CMIN. The P-value of CMIN must be greater than 0.05. Second, the CMIN/df ratio must be less than 2 (Carmin & McIver, 1981). In some cases, the analysis model is also accepted when this ratio has approximately 3. In fact, the significance of CMIN is

often difficult to meet requirement because it is very sensitive with the sample size. Therefore, to ensure the accuracy, analysts often use the Comparative Fit Index (CFI), the Tucker-Lewis Index (TLI), and the Incremental Fit Index (IFI). The CFI, TLI, IFI must have value in the range from 0.9 to 1 (Schumacker & Lomax, 2010)

According to Steiger (1990), the RMSEA has a value of 0.08 or less. The $RMSEA \leq 0.05$ is considered very good. Moreover, there also have many other measuring indicators. However, each analyst will has their own choices of indicators in order to measure the fit for reporting research model. Normally, they often use indicators such as the CMIN (also called Chi-square), df, P-value of CMIN, TLI, CFI, IFI, and RMSEA.

Figure 4.1: Confirmatory Factor Analysis – CFA



Source: author's calculation by AMOS, 2018

The CFA results show that research model achieves the high compatibility with market data, such as Chi-square = 1278.491, df = 655, CFI = 0.902, TLI = 0.894, IFI = 0.902 (Bentler & Chou, 1987). Similarity, the chi-square correlation (Chi-

square/df) reaches 1.952 (Carmines & McIver, 1981) in association with RMSEA = 0.063 (Steiger, 1990) that are consistent to this research.

4.9.1. Discriminant validity

The correlation coefficients testing among factors shows that all factor correlation coefficients are significant, less than 1 (the significance level is 10%). Thus, all above concepts achieve the distinct values (Steenkamp & Vantrijp, 1991).

Table 4.11: Correlation coefficient among concepts

| | | | Estimate | se | CR | p |
|-----|------|----|-----------------|-----------|-----------|----------|
| CSR | <--> | MO | 0.455 | 0.057 | 9.481 | 0.000 |
| MO | <--> | FP | 0.584 | 0.052 | 7.939 | 0.000 |
| CSR | <--> | FP | 0.973 | 0.015 | 1.812 | 0.071 |

Source: author's calculation

4.9.2. Convergent validity

The results from CFA are analyzed by AMOS software and the CFA weight table of observation variables shows that all values are greater than 0.5. This confirms the convergent value of all scales (Gerbring & Anderson, 1988).

4.10. The construct reliability and variance extracted

This content relates to the verification of construct reliability and variance extracted to each factor. The reliability coefficients ρ_c and ρ_{vc} are calculated in the following table. This bases on the weight of factors that are estimated in CFA model. The results show that most of concepts achieve the single-dimensional and meet the requirement of construct reliability (> 50%) as well as achieving the variance extracted of each factor (> 50%).

Table 4.12: The construct reliability and variance extracted of research concepts

| | | | Lamda (se) | lamda ² | 1- lamda ² | Construct reliability | Variance extracted |
|--------------|------|------|---------------|--------------------|--------------------------|--------------------------|-----------------------|
| EC | <--- | CSR | 0.848 | 0.719 | 0.281 | | |
| ET | <--- | CSR | 0.911 | 0.830 | 0.170 | | |
| PH | <--- | CSR | 0.851 | 0.724 | 0.276 | | |
| LG | <--- | VCSR | 0.830 | 0.689 | 0.311 | | |
| Total | | | 3.440 | 2.962 | 1.038 | 0.919 | 0.741 |
| CU | <--- | MO | 0.798 | 0.637 | 0.363 | | |
| CO | <--- | MO | 0.852 | 0.726 | 0.274 | | |
| IN | <--- | MO | 0.750 | 0.563 | 0.438 | | |
| Total | | | 2.400 | 1.925 | 1.075 | 0.843 | 0.642 |
| EC1 | <--- | EC | 0.742 | 0.551 | 0.449 | | |
| EC2 | <--- | EC | 0.820 | 0.672 | 0.328 | | |
| EC3 | <--- | EC | 0.744 | 0.554 | 0.446 | | |
| EC5 | <--- | EC | 0.751 | 0.564 | 0.436 | | |
| EC6 | <--- | EC | 0.745 | 0.555 | 0.445 | | |
| EC7 | <--- | EC | 0.828 | 0.686 | 0.314 | | |
| Total | | | 4.630 | 3.581 | 2.419 | 0.899 | 0.597 |
| ET15 | <--- | ET | 0.748 | 0.560 | 0.440 | | |
| ET16 | <--- | ET | 0.808 | 0.653 | 0.347 | | |
| ET17 | <--- | ET | 0.770 | 0.593 | 0.407 | | |
| ET18 | <--- | ET | 0.908 | 0.824 | 0.176 | | |
| ET20 | <--- | ET | 0.711 | 0.506 | 0.494 | | |
| ET21 | <--- | ET | 0.629 | 0.396 | 0.604 | | |
| Total | | | 4.574 | 3.531 | 2.469 | 0.894 | 0.588 |
| LG12 | <--- | LG | 0.833 | 0.694 | 0.306 | | |
| LG11 | <--- | LG | 0.830 | 0.689 | 0.311 | | |

| | | | Lamda (se) | lamda ² | 1- lamda ² | Construct reliability | Variance extracted |
|--------------|------|----|---------------|--------------------|--------------------------|--------------------------|-----------------------|
| LG10 | <--- | LG | 0.838 | 0.702 | 0.298 | | |
| LG9 | <--- | LG | 0.817 | 0.667 | 0.333 | | |
| Total | | | 3.318 | 2.753 | 1.247 | 0.898 | 0.688 |
| CO39 | <--- | CO | 0.771 | 0.594 | 0.406 | | |
| CO37 | <--- | CO | 0.800 | 0.640 | 0.360 | | |
| CO36 | <--- | CO | 0.748 | 0.560 | 0.440 | | |
| CO38 | <--- | CO | 0.646 | 0.417 | 0.583 | | |
| Total | | | 2.965 | 2.211 | 1.789 | 0.831 | 0.553 |
| FP66 | <--- | FP | 0.797 | 0.635 | 0.365 | | |
| FP67 | <--- | FP | 0.875 | 0.766 | 0.234 | | |
| FP68 | <--- | FP | 0.693 | 0.480 | 0.520 | | |
| FP69 | <--- | FP | 0.655 | 0.429 | 0.571 | | |
| FP70 | <--- | FP | 0.698 | 0.487 | 0.513 | | |
| Total | | | 3.718 | 2.797 | 2.203 | 0.863 | 0.559 |
| IN42 | <--- | IN | 0.826 | 0.682 | 0.318 | | |
| IN41 | <--- | IN | 0.782 | 0.612 | 0.388 | | |
| IN40 | <--- | IN | 0.708 | 0.501 | 0.499 | | |
| Total | | | 2.316 | 1.795 | 1.205 | 0.817 | 0.598 |
| CU35 | <--- | CU | 0.757 | 0.573 | 0.427 | | |
| CU34 | <--- | CU | 0.747 | 0.558 | 0.442 | | |
| CU33 | <--- | CU | 0.822 | 0.676 | 0.324 | | |
| CU32 | <--- | CU | 0.636 | 0.404 | 0.596 | | |
| CU31 | <--- | CU | 0.811 | 0.658 | 0.342 | | |
| Total | | | 3.773 | 2.869 | 2.131 | 0.870 | 0.574 |
| PH29 | <--- | PH | 0.846 | 0.716 | 0.284 | | |
| PH28 | <--- | PH | 0.738 | 0.545 | 0.455 | | |
| PH27 | <--- | PH | 0.775 | 0.601 | 0.399 | | |

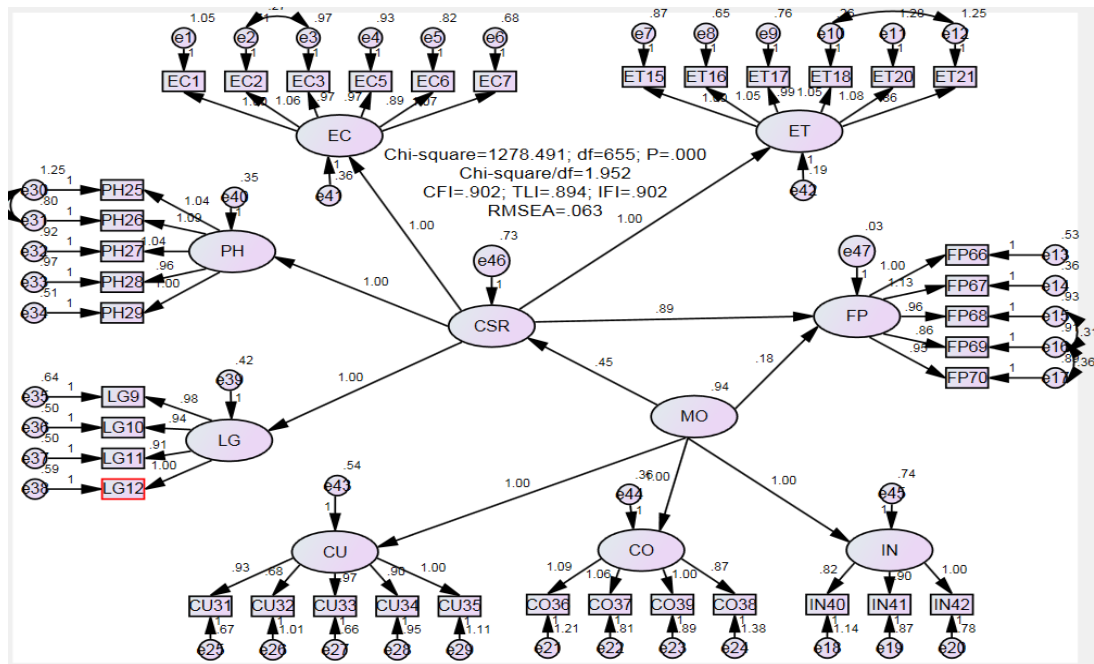
| | | | Lamda (se) | lamda ² | 1- lamda ² | Construct reliability | Variance extracted |
|--------------|------|----|---------------|--------------------|--------------------------|--------------------------|-----------------------|
| PH26 | <--- | PH | 0.808 | 0.653 | 0.347 | | |
| PH25 | <--- | PH | 0.724 | 0.524 | 0.476 | | |
| Total | | | 3.891 | 3.038 | 1.962 | 0.885 | 0.608 |

Source: author's calculation

4.11. Structural Equation Modeling – SEM analysis

The Structural Equation Modeling – SEM analysis is used to test hypotheses in research model. Similar to the testing scale model (CFA), the maximum likelihood (ML) method is used to estimate parameters in research model. Estimated results show that the theoretical model is quite suitable to the market data. It expresses such as Chi-square = 1278,491, the df = 655, p = 0.000, CFI = 0.902, TLI = 0.894, IFI = 0.902, and RMSEA = 0.063. Thus, it can be concluded that the theoretical model is suitable and can be used to test the expected relationships in hypothesis model.

Figure 4.2: Structural Equation Modeling – SEM analysis



Source: author's calculation by AMOS, 2018

Estimated results before standardized of the major parameters are presented in the Table 4.13, as

Table 4.13: Estimated results before standardized

| | | Regression Weights | | | | | Standardized Regression Weights | |
|-----|----------|--------------------|-------|--------|-----|-----------|---------------------------------|--------------|
| | | Estimate | S.E. | C.R. | P | Result | Estimate | Impact level |
| CSR | <--- MO | 0.450 | 0.074 | 6.113 | *** | Accept H3 | 0.455 | 2 |
| FP | <--- CSR | 0.894 | 0.063 | 14.250 | *** | Accept H2 | 0.892 | 1 |
| FP | <--- MO | 0.176 | 0.046 | 3.863 | *** | Accept H1 | 0.178 | 3 |

Source: author's calculation

In addition, basing on the theoretical background presented above, the research model in this study also has the participation of the moderation variable - RMO. In this study, the effect of moderation variable is expressed through its specific role in the interaction among latent conceptual pairs such as CSR and FP, MO and CSR, MO and FP. RMO is a multi-dimensional component in quantitative form. In order to simplify the problem, previous studies have divided the quantitative RMO variable into two parts, low and high groups (Luu, 2017), or basing on the mean, or the median (Nguyen & Nguyen, 2008). By analyzing on AMOS software, the multigroup analysis technique is often used to avoid errors, the hyperbolic phenomena, and the evaluation will be clearly.

Table 4.14: Results of testing the moderation role of RMO

| Moderation role of RMO | | Chi-square | df |
|------------------------|----------------------|------------|-------|
| CSR--> FP | Un-Constrained model | 2,239.833 | 1,310 |
| | Constrained model | 2,248.137 | 1,311 |
| Difference | | 8.304 | 1 |

| Moderation role of RMO | | Chi-square | df |
|-------------------------------|----------------------|-------------------|------------|
| | Sig. | 0.004 | Difference |
| | Conclusion | Moderating | Accept H5 |
| MO--> CSR | Un-Constrained model | 2239.833 | 1,310 |
| | Constrained model | 2,245.134 | 1,311 |
| | Difference | 5.301 | 1 |
| | Sig. | 0.021 | Difference |
| | Conclusion | Moderating | Accept H6 |
| MO--> FP | Un-Constrained model | 2,239.833 | 1,310 |
| | Constrained model | 2,243.152 | 1,311 |
| | Difference | 3.319 | 1 |
| | Sig. | 0.068 | Difference |
| | Conclusion | Moderating | Accept H4 |

Source: author's calculation

Verification the role of moderating variable is conducted through the Constrained and Un-Constrained models. In Un-Constrained model, estimated parameters in each model are not constrained. In contrast, in the Constrained model, the measurement components are not limited. However, the relationships among concepts in research model are limited and have equal valid between the low and the high group. Chi-square test is used in order to compare both models. If Chi-square test shows that both Constrained model and Un-Constrained model have no differences (P-value > 0.05), then the Constrained model will be chosen (with higher degrees of freedom - df). In contrast, if the difference of Chi-square has significance between models (P-value < 0.05), then the Un-Constrained model will be chosen (with higher compatibility) (Nguyen & Nguyen, 2008).

The analysis results show, when considering the moderation role of RMO in each pair of relationships, there has supporting to the Un-Constrained model. This means, RMO moderates the relationship between CSR and FP, MO and CSR, MO and FP.

Table 4.15: Differences of impact level to low and high group

| | | | Estimate | S.E. | C.R. | P |
|---------------------|------|-----|-----------------|-------------|-------------|----------|
| Group - low | | | | | | |
| CSR | <--- | MO | 0.066 | 0.062 | 1.080 | 0.280 |
| FP | <--- | CSR | 1.277 | 0.162 | 7.879 | *** |
| FP | <--- | MO | 0.021 | 0.057 | 0.370 | 0.711 |
| Group - high | | | | | | |
| CSR | <--- | MO | 0.409 | 0.135 | 3.035 | 0.002 |
| FP | <--- | CSR | 0.656 | 0.086 | 7.611 | *** |
| FP | <--- | MO | 0.176 | 0.062 | 2.855 | 0.004 |

Source: author's calculation

Regarding to the low group, the moderation role of RMO reflects to the relationship of CSR and FP. Toward the high group, the moderation role of RMO reflects clearly and positive impact. Besides, it also has high impact to the pair relationships such as MO -> CSR, CSR -> FP, and MO -> FP.

Table 4.16: Moderation role of RMO in research model

| | | CSR ---> FP | MO --> CSR | MO --> FP |
|----------------------|------------|-----------------------|----------------------|---------------------|
| Moderation role: | RMO | Moderate | Moderate | Moderate |
| | TR | Not moderating | Not moderating | Moderate |
| | BO | Moderate | Moderate | Not moderating |
| Moderating role of | CM | Not moderating | Moderate | Moderate |
| component variables: | SV | Moderate | Moderate | Not moderating |
| | EM | Moderate | Moderate | Not moderating |
| | RE | Not moderating | Moderate | Not moderating |

Source: by author, 2018

The market analysis results as well as testing hypotheses in research model provide some interesting things. Relating to the relationship of concepts in research model,

the MO concept has an impact on the CSR concept. Similarly, CSR has an impact on the firm performance (FP). And, MO has an impact on FP. This suggests that data from the market survey also supporting to the relationship of all concepts from the proposed research model.

In Vietnam marketing and communications industry, domestic companies always have highly awareness of market orientation (MO) in their business with the expectation in generating stable revenue as well as growth. In this study, the result of relationship between market orientation (MO) and firm performance (FP) shows the relevance of theoretical relationship in previous studies (such as Jaworski & Kohli, 1993; Nguyen & Nguyen, 2008; Qu, 2009; Long, 2015). Similarly, Narver & Slater (1990) determine that market orientation creates the behavior necessary to build superior value for customers. Actually, the Vietnam marketing and communications industry, the firm senior management boards always have good awareness and practice in focusing on their target customers. In addition, the planning for responding to competitor activities inner the industry is always focused on (Nguyen & Nguyen, 2008). The research results confirm relationship, such the higher firm's market orientation the higher firm performance. This is also the good signal for companies to show their effectiveness through their business operations process.

Today, in Vietnam market, the CSR activities of local enterprises have been spread and widely implemented. More and more local firms are aware of as well as deploy it in professional way. In morden business environment, customers always put their high expectations on firm CSR activities (Galbreath, 2009; Luu, 2017). Market-oriented firms will become the pioneers who recognize the importance of CSR and carry out their activities on a roadmap to achieve better business outcomes (Qu, 2009, Long, 2015). Basing on research results, market orientation (MO) has impact on corporate social responsibility (CSR). This result is consistent with previous studies, especially in Vietnam context. Although the concept of MO in this study has been adjusted adopting to Tse et al. (2004), with fourteen (14) items instead of Qu (2009)

and Long (2015) with six (6) items, the provided market data also supports to this relationship.

The impact of Corporate Social Responsibility (CSR) on firm performance (FP) in this study shows that the more responsibility of the firm for society is, the better firm performance. Especially, when it is applied in research condition towards enterprises in Vietnam marketing and communications industry. This result is consistent with previous studies by Luo & Bhattacharya (2006), Qu (2009). This result also negate the previous research results of Vance (1975), Ullman (1985), Lee & Faff (2009) relating to the negative relationship between CSR and firm performance. Besides, the other studies such Alexander & Buchholz (1978), Abbott & Monsen (1979), Aupperle et al. (1985) also express that there has non-existent relationship between CSR and firm performance.

Regarding to the role of Relationship marketing orientation (RMO) as a moderator, the study results show that it moderates all relationship in the research model such as MO \rightarrow FP, CSR \rightarrow FP, and MO \rightarrow CSR. With this result, the role of RMO as moderator variable in research model is quite consistent to the Vietnam marketing and communications industry. During conducting the qualitative research, author extracted information from respondents whether the existence of RMO as a moderator of all relations.

As presented above, market orientation (MO) has impact on corporate social responsibility (CSR). A positive reputation is an important strategic asset that helps the firm can build and maintain their competitive advantages. Consequently, firms can respond and implement to at least or even meeting the stakeholder requirements to achieve CSR standards (Galbreath, 2009; Sheikh, 2018; Bachanan et al., 2018). More and more local firms are aware of as well as deploy it in professional way. In morden business environment, customers always put their high expectations on firm CSR activities (Luu, 2017; Kao et al., 2018). Therefore, the moderation role of RMO to the relationship between MO and CSR may has significance.

According to CSR theory, firm should regularly engages in employee benefits, suppliers, customers and society in general. Eventually, if these activities can reduce the present value of cash flows that are generated by firm operations (Mackey et al., 2007). This shows that there has a correlation between CSR and firm performance in strategic business goals (Carter, 2005; Galbreath, 2009). Today, CSR activities in the firm relate to business decision making that affect to ethical values, the compliance with local legal requirements, or respect to people, communities and the environment around the firm (Carroll, 1991). Consequently, many studies confirm that relationship between CSR and firm performance is a positively relationship (Mackey et al., 2007; Qu, 2009; Long, 2015). Thus, the joining of RMO as a moderator variable for this relationship may create significance towards the relationship between CSR and FP.

Market orientation has been demonstrated having an impact on firm performance (Narver & Slater, 1990; Jaworski & Kohli, 1993; Baker & Sinkula, 1999; Nguyen & Barrett, 2006; Nguyen & Nguyen, 2008). Market-oriented enterprises will regularly collect information on market conditions, target customer needs, competitor information and use this information to generate customer value (Slater & Narver, 1995; Nguyen & Nguyen, 2008). This process always be taken place and influences to the internal environment of each enterprise. While it also creates distinctive conditions of each others to gain competitive advantage as well as desired business results (Nguyen & Nguyen, 2008; Long, 2013, 2015). Again, the joining of RMO as moderator variable for MO and FP relationship may create significance towards the relationship between MO and FP.

* The moderating role of component variables in RMO:

Trust (TR)

The analysis result shows that TR does not moderate to relationship of CSR and FP, MO and CSR in research model. Trust - TR is defined as being willing to rely on an exchange in which partners have certain beliefs and certainties to each other (Morgan & Hunt, 1994; Luu, 2017). In the marketing communications industry, trading

transactions are usually made basing on the certainty through the working process together. The trust is built over the time as well as basing on experiences during working together (Palmatier et al., 2009). In Vietnam marketing communications industry, this is considered as a compulsory. However, there also have many local firms not considering the importance of “trust” in their transactions. Therefore, the analysis results express that the moderating component TR only moderates to the relationship between MO and FP. This means, in the real business context, the trust effects to all firm activities towards its target markets in order to create their effectiveness through business operations process.

Bonding (BO)

Bonding refers to the development of relationship between two or more partners working together to reach the desired goals (Sin et al., 2005). Bonding from personal relationships will lead to the linkage among all partnerships. This provides a stable buffer to provide for preventing of unforeseen events (Barroso-Méndez et al., 2014). In many studies, especially in transition economies, the relationship of two concepts market orientation (MO) and CSR is recognized as an important determinant in all company operations (Qu, 2009). In addition, in marketing communications industry, the linkage is always considered as important component among partners. The moderating component variable - BO in this study demonstrates a role in moderating the linking relationship between MO and CSR concepts as well as CSR and FP relationship. By this role, the MO and CSR, the CSR and FP relationships will support to increasing the company competitiveness, as analyzed above, two concepts CSR and MO have positive impact on FP (Galbreath, 2009; Qu, 2009; Long 2015). Therefore, the moderating component variable – BO does not demonstrate moderating role for MO and FP relationship.

Communications (CM)

In business environment, communications is seen as a formal and informal exchange process that happen between buyers and sellers (Sin et al., 2005; Luu, 2017). In tough

competition context, the accumulation of belief leads to better information sharing and communicating in subsequent exchanges among partners (Lewin & Johnston, 1997; Nguyen & Nguyen, 2008; Luu, 2017). Towards the marketing communications industry, communications in trading transaction aims to convey information, even business information trading is extremely important. Therefore, communications is considered as a natural occurrence in any transaction. In qualitative interviews, respondents agree that communications among partners, or between company and customers is seen as mandatory. Therefore, the component variable - CM has no impact as a moderator variable role on the relationship between CSR and FP.

Shared value (SV)

Shared value demonstrates the extent to which partners share their beliefs in appropriate ways, the extent of policies, goals and behaviors (Morgan & Hunt, 1994; Sin et al., 2005). Shared value increases the feeling of association, nurtures long-lasting relationship and has a significant impact on developing commitment to the relationship (Morgan & Hunt, 1994; Mukherjee & Nath, 2007). By conducting qualitative research, most of respondents expressed their point of view about the "shared value" with pessimism. According to them, only partners in the industry with their intimate friendship, or long-lasting relationships that show as "shared value" to each other, or simply "shared value" only happens internal of the firm. Therefore, in this study, the analysis results show that the moderating component shared value – SV does not moderate to the relationship between MO and FP.

Empathy (EM)

Empathy is the expression of a partner who puts himself or herself to the others standing and feels the situation of the others (Wang, 2007; Luu, 2017). Empathy facilitates the communications between buyers and sellers, thereby it increases the buyer understanding of how the industry works (Coulter & Coulter, 2003; Nguyen & Viet, 2012). Therefore, market orientation always has specific processes and tries to constantly creating superior values to customers (Jaworski & Kohli, 1993; Narver &

Slater, 1995). CSR theory shows that enterprises that are interested in CSR activities will have certainly competitive advantages (Luu, 2017). This is really one of the key elements for enterprises to manage their image through CSR activities (Kang et al., 2010). In this study, the component variable - EM demonstrates a role in moderating the linking relationship between MO and CSR concepts as well as CSR and FP. In fact, when partners in the industry willing to share their empathy it will support to the market-oriented and CSR activities increasing their effectiveness. However, in such marketing communications industry, the empathy may not has a great significance to the relationship between MO and FP. In other words, the moderating component variable - EM does not moderate to the MO and FP relationship in research model.

Reciprocity (RE)

The reciprocity in relationship marketing activities can help increase the self-esteem to each partners or customers. In social identification process, the “reciprocity” component helps companies express and respond to customer interaction and feedback as well (Tse et al., 2004; Jayachandran et al., 2005; Luu, 2017). Market-oriented firms will be the pioneers who recognize the importance of CSR and carry out their activities on a roadmap to achieve better firm performance (Qu, 2009; Long, 2015). In this study, the component variable - RE demonstrates a role in moderating the linking relationship between MO and CSR. This means, with the reciprocity, the interaction among parties such as companies, customers and partners, the relationship between MO and CSR has more significant. In addition, the planning for meaningful market orientation as well as CSR programs usually takes place inside of the firm. Particularly, in Vietnam marketing communications industry, these activities always ask for confidential information and high sensitivity (Long, 2013). Thus, the moderating component variable - RE does not demonstrates a role in moderating to the MO and FP, CSR and FP relationships in research model.

4.12. Conclusion

This chapter shows the data analysis and research results. The study uses mix-methods. Qualitative is undertaken by using face to face to preliminarily assess the measures. The main survey is also undertaken by using face to face interview with questionnaires and direct mailing with target respondents through convenience sampling. Quantitative is mainly undertaken in this stage. Cronbach alpha reliability and exploratory factor analysis (EFA) is presented in this chapter. To assess the measures, confirmatory factor analysis (CFA) is utilized, and to test the theoretical model and hypotheses, structure equation modeling (SEM) is employed. Research results show that the moderation role of RMO moderates all relationships in research model. All moderating component variables belongs to RMO relating to relationships in research model also presented.

CHAPTER 5

DISCUSSION, IMPLICATIONS AND CONCLUSION

5.1. Introduction

This chapter presents the summary of research results through the concepts scales and research model tests that have been conducted in Chapter 4. Basing on the research results, author will discuss, propose management implications as well as suggest solutions for better cognitive development of research concepts to the enterprises community in Vietnam marketing communications industry. The relationship among research factors are Market Orientation (MO), Corporate Social Responsibility (CSR), Firm performance (FP), and the moderation role of Relationship Marketing Orientation (RMO) in Vietnam marketing communications industry.

5.2. Research results summary

The research objectives in this study is to test the relationship among concepts CSR, MO and firm performance in Vietnam marketing communications industry. In addition, study also aim to examine how RMO concept playing as the moderator towards these relations in such typical industry, Vietnam context. The study has some main results,

Firstly, the qualitative research results is conducted through face to face and direct group discussions with 12 respondents. They are owners, senior managers, experts coming from Vietnamese enterprises. In this phase, the research results determine factors that shape the research model such Market Orientation (MO), Corporate Social Responsibility (CSR), Relationship Marketing Orientation (RMO), and Firm performance (FP). In particular, the RMO concept is formed as a moderating variable for pairs of relationship including MO and CSR, CSR and FP, MO and FP. Especially, the research model is formed in the typical context such the Vietnam marketing communications industry.

Second, the preliminary quantitative research results are conducted through questionnaires and direct interviews with sample size $n = 72$. The respondents are business owners, shareholders, senior managers of Vietnamese companies, which have headquarters or branches mainly operating in Ho Chi Minh City, in the marketing communications sector. In this stage, the research results confirm the scale of research concepts that have been formed in previous studies (Tse et al., 2004; Sin et al., 2005; Carroll, 1991). In addition, this results also show that the values of concept scales meet requirements in the real context. There is no adjustment towards the original concept scales. Besides, the results of this stage also reconfirm the existence of proposed research model.

Third, the official quantitative research is conducted to local firms in Ho Chi Minh City with sample size $n = 242$. The respondents in this main survey are business owners, senior managers, shareholders of Vietnamese firms in the marketing communications industry. The research concept scales in research model are tested through the Cronbach's Alpha reliability, the Exploratory Factor Analysis (EFA), the Confirmatory Factor Analysis (CFA), and the Structural Equation Model (SEM) for testing hypothesis. Analytical results show that the Cronbach's Alpha reliability of research concept scales are reliable. In addition, evaluating research concepts through EFA reveals the value of concept scales acceptable.

Fourth, the CFA test results show that all research concept scales meet requirements for consistency (such as single-dimensional, multi-dimensional, convergent, and discriminant validity). The SEM testing shows that the theoretical model is consistent with market data. All hypothesis of the theoretical model are consistent and satisfy towards requirements.

Fifth, regarding to relationships among concepts MO, CSR and firm performance (FP), the analysis results of this study are quite consistent with previous researches conducted by Qu (2009) in China, Long (2015) in the Mekong Delta, Vietnam. Again, this provides an important evidence for the relationship among concepts CSR, MO

and firm performance. However, in this study, RMO concept is added to the research model as a moderator that moderating the relationships among concepts MO, CSR and firm performance. In presence, according to author understanding, there has no such studies in Vietnam context as well as abroad conducting this model. Especially, in Vietnam marketing communications industry, the research results show that RMO concept moderates all relationships of concepts MO and CSR, CSR and FP, MO and FP.

5.3. Research contributions

5.3.1. Theoretical contributions

The theoretical model in this study is verified in Chapter 4. The analysis results are consistent with market data in Vietnamese enterprises operating on the marketing communications industry. Thus, regarding to the theory aspect, this study has some following contributions:

Firstly, the theory of Corporate Social Responsibility (CSR) by Carroll (1979, 1991) is considered quite new in Vietnam market. Especially, its practical application in the Vietnam marketing communications sector has still limited. Thus, research results in this study continue to contributing to the CSR theory in a typical industry, in a transitional market like Vietnam.

Second, in this study, the Market Orientation (MO) scale is modified with 14 observation variables following Tse et al. (2004) instead of 6 variables that was described in previous studies such as Nguyen & Barrett (2006), Nguyen & Nguyen (2008), Qu (2009). Research results show that it is totally relevance in Vietnam market. With this result, the study contributes to the MO theory as well as enriches the MO scale (Tse et al., 2004) applying in Vietnam market.

Third, the theory of Relationship Marketing Orientation (RMO) by Sin et al. (2005) is new towards some researchers in Vietnam context. At present, there only has a few studies in Vietnam market relating to this concept, such as Nguyen & Viet (2012),

Luu (2017). In particular, study of Luu (2017) conducts RMO as a moderator variable towards the relationship of CSR and customer value co-creation. The result of this study shows that RMO continues to show as moderating variable in some concept relationships. Therefore, the results of this study continue to contribute the RMO theory in a typical industry, in a transitional market like Vietnam.

Fourth, the relationship model among concepts MO, CSR and FP in this study continues to show its existence. In the other word, the study continues to confirm the existence of this relationship model in the Vietnam market (Long, 2015). The study of Long (2015) conducted in the Mekong Delta, Vietnam that showed the legal factor belongs to CSR concept almost has no significant. However, this study conducts in Ho Chi Minh City, Vietnam incorporating marketing communications industry, all CSR components have significant.

Fifth, the moderation variable RMO expresses its role of moderating relations among concepts MO, CSR and FP. In particular, the research is conducted in such typical industry, the Vietnam marketing communications. The research results have also validated the moderation role of RMO. Thus, this research is likely to contributing such a theoretical model that opens door for further research directions.

5.3.2. Practical contributions

In transition economies such as Vietnam, business activities are always affected by changes not only in internal environment but also the external environment. The relationship between MO and FP has been shown as positive effect (Nguyen & Nguyen, 2008; Qu 2009; Long, 2015). Therefore, the research results suggest that in order to have good business performance, enterprises should maintain their activities following market-oriented.

Research results also show the correlation in relationship when MO concept is the important premise towards CSR activities. Then, they ultimately affect to the firm performance. This is also consistent with previous studies such as Maignan et al.

(1999) when conducting the experiment study in US firms, or Qu (2009) in China market, and Long (2015) in the Mekong Delta, Vietnam. Thus, it can be said that enterprises which have clearly market orientation, it would have positive impact on CSR activities. Since then, CSR has positive impact on firm performance (Luo & Bhattacharya, 2006; Qu, 2009; Luu, 2017).

The participation of RMO as moderation variable towards the relationships among MO, CSR, FP concepts is demonstrated in this study. Therefore, beside firm has good market-oriented and effective CSR activities to achieve the desired performances, the implementation of the relationship marketing activities are also necessary. Regarding to six component variables of RMO, the research results show that most of components participates in such a moderation role to all relationships in research model. Again, in practice, local firms should pay much attention to all of these six components.

5.4. Managerial implications

5.4.1 Market Orientation dimension

The market orientation process always links to the identification of business goals, to market needs, and to firms operating in the same industry (Kohli & Jaworski, 1993; Naver & Slater, 1990; Tse et al. ., 2004; Nguyen & Nguyen, 2008). In order to strengthen the market orientation, firms need to focus on following suggestions:

- Determine clearly the purpose of business: combining the maximum profit goals with serving the highest customer needs goals.
- Continuously conducting market research, exploring market demands, proacting in approaching target markets in order to orient operations in accordance with customers' needs.
- Collect and update information of enterprises in the same industry, direct competitors, suppliers, raw materials, technology, production process,

operation policies, sales policies, after-sales services, etc. Then, firm should select the most appropriate markets for implementing.

- Studying the changing trends in both international and domestic markets, the changes in technology that affect to the operation of firm. Then, they should consider and select the best solutions for timely applications.
- Build up the professional operation system inner the firm and establish the coordination mechanism. This aims to increasing the efficiency in production, updated information and meet the needs of customers. Customer information always need to be updated and transfered timely to the functional departments.

5.4.2. Corporate Social Responsibility – CSR

In general, CSR refers to a firm's activities, organizational processes, and status in relation to its perceived social or stakeholder obligations (Galbreath, 2009). CSR has the potential to strengthen stakeholder relationships and instils greater confidence. Moreover, it is trust amongst stakeholder groups by optimizing the positive as well as minimizing the negative effects of its actions (Lai Cheng & Ahmad, 2010). This study is conducted in Vietnam marketing communications firms. In fact, most of firm in this industry usually consult or give advices relating to CSR practices for companies in other industries. However, they rarely practice by themselves about CSR norms. Therefore, in order to implement effective CSR activities, local firms need to focus on following suggestions:

- **CSR Economic**, company should
 - Firm must have a process in right way to meet every customer complaints.
 - Conduct market research about the trends of fluctuations as well as customer preferences relating to product design, improving firm quality of products/services.
 - Drive target business to the criteria "customer satisfaction as the most indicator of business performance"

- Improve continuously the quality of products/services to target customers in order to maximize profits and save operating costs.
- **CSR Ethical**, company should
 - Enterprises should establish, issue a set of business activities standards and publish widely to all staff in the enterprise. In particular, the code of ethics must follow the code of ethics in society as well as following non-government organizations standards in over the world.
 - Require all senior management members, employees in the company always excute activities in accordance with the company standards of business ethics.
 - Top managers always have effective mechanisms in order to observe all activities of their subordinates.
 - Have strategy to build up their credibility image in the eyes of customers. Do this, it hopes to make sustainable development to the firm.
 - Develop a fair mechanism with all colleagues. Moreover, company should have a confidentiality process for employees when reporting misconducts in the workplace.
- **CSR Philanthropic**, company should
 - Orient towards the humanity, to charitable activities for local communities and determine schedules for organizing charity activities.
 - Aim its acivities in helping the poors, the disadvantage people and improving community infrastructure In addition, firm should meet requirements of non-government organizations and government requirements in such its industry.
 - Try to improve its image, products and services standard, and has responsible for building reliable reputation towards the market.
- **CSR Legal**, company should

- Products and services of company always comply with the general regulations in the industry as well as the state agencies.
- Implement the contract obligations with both inside and outside of the company. This means, company should comply all contract obligation with highest commitment.
- Be transparent and well implemented policies on working environment diversity. In addition, company should reduce the discrimination and practicing fair labor law.
- Always update and comply with the legal information relating to business activities of company.

5.4.3. Increasing the Relationship Marketing Orientation (RMO)

Tse et al. (2004) state that relationship marketing orientation is viewed as “the extent to which a company engages in developing a long-term relationship with its customers”. According to Sin et al. (2005), RMO should be more dominant in the determination of firms' business performance in the services sector than in the manufacturing sector. Therefore, the adoption of RMO can help a service provider to design and offer a service mix. This is perceived by core customers as superior and helps the firm making profits and building competitive advantages (Sin et al., 2002).

As analyzed above, Vietnam is an ideal place to test the validity of the RMO model in a service context because of its transformation from a socialism market-oriented economy to a predominantly service-oriented economy. In this study, it is suggested some directions in order to assists the limitations of Vietnam marketing communications firms in understanding the importance of CSR, MO and RMO concepts to improve their competitive advantages. In addition, in this study, the RMO concept plays as moderator towards CSR, MO and Firm performance relationships. Therefore, in order to increase the RMO role in marketing communications industry, local firms need to focus on following suggestions:

- ***Trust***, company should
 - Strengthen mutual trust in all transactions. The more strong beliefs has, the more company limits its potential costs is. In this industry, this makes partners trust to each other to all specific transactions.
 - Create long-lasting trust to its customers and partners. This will bring the ability in sustainable connections. This also supports to contributing internal CSR norms as well as directing target markets to the firm.
 - When companies have their mutual trust, the credibility of business transactions will increase. This is really significant in the marketing communications industry.
- ***Bonding***, company should
 - Keep in touch regularly to each other even there are no business contracts. This helps companies not only gaining information, but it also supports them to update the business environment.
 - Consider “long-term relationship” term as the main key point in establishing and maintaining the state of art in business operation.
 - Maintain relationships with former customers as well as partners in the industry. When companies work closely together, it will help to maintain their continuously co-operation and cohesiveness.
 - Try to explore and establish effective relationships with new customers and partners not only internal industry, but also it has to expand to the others.
- ***Communications***, company should
 - Always communicate with each other in the industry and with target customers through various vehicles.

- Always consider the importance and continuity in training communications skills to managers and staff in modern and professional way (by contracts, or norms, regulations, etc.)
- Try to be sincere and honest in business communications. This should happen in both verbal and non-verbal languages.
- Improve continuously communications skills towards internal staffs in internationalization context.
- ***Shared value***, company should
 - Keeps its core values in business. This is key element that creates the identity to distinguish it from other partners in the industry.
 - Need to share its business value not only to staff but also to customers and close partners.
 - Need to implement common core business values, profession code of ethics in order to establish sustainable development.
- ***Empathy***, company should
 - Understand and commit to implement the contractual obligations to partners in the best performance.
 - Respect to each other's values and business objectives in order to have timely supports.
 - The analysis results in this study show that the "empathy" factor moderates to all relations of research concepts. This shows that local companies in Vietnam marketing communications industry have excuted very good. Companies should continue to hold on it.
- ***Reciprocity***, company should

- In business environment, companies in the industry should support to each other in big projects or contracts that beyond their capacities. It could enhance partners' mutual understanding.
- Share difficulties during operation process internal company. This should also be implemented among enterprises in the industry.
- Implement regularly gratitude programs and support company's customers in its capacity. In some cases, customers give their assistances when company has difficulties, then company should repay their kindness.

5.5. Research limitations and further research directions

There have some contributions from this research results, however, this study also has a number of limitations,

First, the research model was tested with respondents coming from Vietnamese companies that have head quarters or branches mainly operating in Ho Chi Minh City, Vietnam. The research model should be tested with other respondents coming from other big cities and provinces in Vietnam (such as Hanoi, Danang, Can Tho, Hai Phong, etc.) to enhance the generalizability of the results.

Second, the research model was tested with respondents coming from Vietnam marketing communications firms. This is a typical service industry. According to Sin et al. (2005), RMO is more dominant in the determination of firms' business performance in the services sector. Therefore, RMO concept should be conducted in other services in Vietnam market (such as real-estate, hospitality, education, health care, entertainment, etc.) to enlarge its applications.

Third, as mentioned above, the research results have also validated the moderation role of RMO. Especially, it is appropriate to such a typical service industry, marketing communications. Thus, this research is likely to contributing such a theoretical model that opens door for further research. In the other word, the research model in this study might be tested in other service industry in Vietnam context.

Finally, the research model examined the moderation role of only RMO concept incorporating to other concepts relations such as MO, CSR and FP. Further researches could replace the RMO moderation role by other concepts such as servant leadership (Luu, 2017), entrepreneurship orientation (Nguyen & Nguyen, 2008; Long, 2013) into the research model. This might provide further insights into the Vietnam marketing communications industry.

5.6. Conclusion

In this chapter, the study summarizes research findings and points out relevant suggestions for companies operating in business environment. Besides, all research discussions and implications mention about the moderation role of RMO concept that relating to CSR practices, MO concept and how they affect to firm performance. The results of this study offer a number of implications for the theory and practices to Vietnam marketing communications firms in enhancing their operations as well as leveraging their competitive advantages. At the end of this chapter, the study also shows some limitations of the study and figures out a number of directions for further research directions.

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APPENDIX 1

QUALITATIVE RESEARCH QUESTIONS

I. Introduction

Hello, we are Hoang Cuu Long and colleagues. We are Ph.D student and research team come from the University of Economics Ho Chi Minh City – UEH.

Today we are honored to welcome you to join us to discuss the research which names *“Corporate Social Responsibility, Market orientation and Firm performance: the moderation role of Relationship Marketing Orientation”*. We hope to receive your active participation. Please note that there is no right or wrong opinions. All your honest comments will contribute to the success of this research. Now, please introduce yourself to each others and we conduct our discussion.

II. Main contents

1. Corporate Social Responsibility - CSR

Please express your point of views relating to the social responsibilities of corporate in modern society. We have also some initial suggestions as below. Please note that your personal opinions will be recorded and summarized. In addition, there will have no right or wrong opinions. All information is served to the research.

- According to you, why are you thinking of these issues?
- What are point of views as well as opinions of your company about the corporate social responsibility?
- Now, we offer the following questions, please tell us
 - (i) *Do you understand this statement? Do you agree? Why?*
 - (ii) *According to you, what is the meaning of this question? Why?*
 - (iii) *In case it is more depth evaluating on CSR, what should be added or reduced?*

Economic CSR

1. Our business has a procedure in place to respond to every customer complaint

2. It is important that a successful firm be defined as one that is consistently profitable
3. It is important to be committed to being as profitable as possible
4. It is important to perform in a manner consistent with maximizing earnings per share
5. It is important to maintain a high level of operating efficiency
6. We closely monitor employee's productivity
7. It is important to maintain a strong competitive position

Legal CSR

1. It is important that a successful firm be defined as one that fulfills its legal obligations
2. It is important to provide goods and services that at least meet minimal legal requirements
3. Our contractual obligations are always honored
4. It is important to comply with various federal, state, and local regulations
5. It is important to perform in a manner consistent with expectations of government and law
6. It is important to be a law-abiding corporate citizen
7. Internal policies prevent discrimination in employees' compensation and promotion

Ethical CSR

1. It is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations
2. It is important that good corporate citizenship be defined as doing what is expected morally or ethically
3. It is important to prevent ethical norms from being compromised in order to achieve corporate goals
4. We are recognized as a trustworthy company
5. It is important to perform in a manner consistent with expectations of societal

mores and ethical norms

6. It is important to recognize and respect new or evolving ethical moral norms adopted by society
7. Our salespersons and employees are required to provide full and accurate information to all customers

Philanthropic CSR

1. The corporation tries to improve perception of its business conduct
2. It is important to assist the fine and performing arts
3. The corporation tries to help the poor
4. It is important to perform in a manner consistent with the philanthropic and charitable expectations of society
5. It is important that managers and employees participate in voluntary and charitable activities within their local communities
6. The corporation tries to fulfill its social responsibility
7. The corporation tries to contribute toward bettering the local community
8. It is important to assist voluntarily those projects that enhance a community's "quality of life"

2. Market orientation

- When the firm wants to orienting its market, what do you think that your firm needs to do? Why do you think of?
- What are signals from the market? Why do you think of?
- Now, we offer the following questions, please tell us
 - (i) *Do you understand this statement? Do you agree? Why?*
 - (ii) *According to you, what is the meaning of this question? Why?*
 - (iii) *In case it is more depth evaluating on market orientation to your firm, what should be added or reduced?*

Customer orientation

1. Measure customer satisfaction

2. Create customer value
3. Understand customer needs
4. Customer satisfaction objectives
5. After-sales service
6. Customer commitment

Competitor orientation

1. Respond rapidly to competitors' actions
2. Salespeople share competitor information
3. Target opportunities for competitive advantage
4. Top managers discuss competitors' strategies

Inter-functional coordination

1. Functional integration in strategy
2. Share resources with other business units
3. Information shared among functions
4. All functions contribute to customer value

3. Firm performance

- In term of market view, the expectation on achieving in business results, you will think about the firm performance. So, what features will your firm gain? Why do you think of?
- Now, we offer the following questions, please tell us
 - (i) *Do you understand this statement? Do you agree? Why?*
 - (ii) *According to you, what is the meaning of this question? Why?*
 - (iii) *In case evaluating to your firm performance, what should be added or reduced?*

Firm performance

1. Achieve the desired return
2. Achieve desired revenue growth
3. Achieve desired market share

4. Develop more markets as desired
5. Develop more new products/services as desired

4. Relationship Marketing Orientation - RMO

- The importance of business relationship in a highly competitive business environment is always right. Do you think so? Why?
- In service sector, the relationship marketing concept used for engaging stakeholders is positive. Do you agree?
- Now, we offer the following questions, please tell us
 - (i) *Do you understand this statement? Do you agree? Why?*
 - (ii) *According to you, what is the meaning of this question? Why?*
 - (iii) *In case evaluating the RMO concept, what should be added or reduced?*

Trust

1. We trust each other
2. They are trustworthy on important things
3. According to our past business relationship, my company thinks that they are trustworthy persons
4. My company trusts them

Bonding

1. We rely on each other
2. We both try very hard to establish a long-term relationship
3. We work in close cooperation
4. We keep in touch constantly

Communications

1. We communicate and express our opinions to each other frequently
2. We can show our discontent towards each other through communications
3. We can communicate honestly

Shared value

1. We share the same worldview

2. We share the same opinion about most things
3. We share the same feeling about most things around us
4. We share the same values

Empathy

1. We always see things from each other's view
2. We know how each other feels
3. We understand each other's values and goals
4. We care about each other's feelings

Reciprocity

1. My company regards "never forget a good turn" as our business motto
2. We keep our promises to each other in any situation
3. If our customers gave assistance when my company had difficulties, then we would repay their kindness

Thank you for spending time to participate in this research as well as providing valuable comments to us.

APPENDIX 2

MAIN QUANTITATIVE QUESTIONNAIRE

QUESTIONNAIRE

--- o0o ---

Dear ladies and gentlemen!

We are Hoang Cuu Long and colleagues. We are Ph.D. student and research team come from the University of Economics Ho Chi Minh City – UEH. We are conducting the research which names “Corporate Social Responsibility, Market orientation and Firm performance: the moderation role of Relationship Marketing Orientation”. The research purpose is to serve Ph.D. thesis, not for business purposes.

Please take your value time to answer the following questionnaire. Please note that there is no right or wrong opinions. All your honest opinions will contribute to this research. In addition, all information about your company will be combined with other companies for analyzing statistics. Therefore, personal and company information will not appear in the research report. We will send to you the research results if requested. We hope to receive your active participation.

Part I: Please give your opinions with the following statements on a scale from 1 to 7, with criteria:

The point 1: ABSOLUTELY DISAGREE → the point 7: ABSOLUTELY AGREE

(Please circle/tick only one box for each statement)

| I | Economic CSR | | | | | | | |
|---|------------------------------------------------------------------------------|---|---|---|---|---|---|---|
| 1 | Our business has a procedure in place to respond to every customer complaint | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | It is important that a successful firm be defined as | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| | | | | | | | | |
|------------|--------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|---|---|
| | one that is consistently profitable | | | | | | | |
| 3 | It is important to be committed to being as profitable as possible | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | It is important to perform in a manner consistent with maximizing earnings per share | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | It is important to maintain a high level of operating efficiency | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | We closely monitor employee's productivity | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | It is important to maintain a strong competitive position | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| II | Legal CSR | | | | | | | |
| 8 | It is important that a successful firm be defined as one that fulfills its legal obligations | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9 | It is important to provide goods and services that at least meet minimal legal requirements | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10 | Our contractual obligations are always honored | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11 | It is important to comply with various federal, state, and local regulations | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 12 | It is important to perform in a manner consistent with expectations of government and law | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 13 | It is important to be a law-abiding corporate citizen | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 14 | Internal policies prevent discrimination in employees' compensation and promotion | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| III | Ethical CSR | | | | | | | |
| 15 | It is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 16 | It is important that good corporate citizenship be | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| | | | | | | | | |
|-----------|-------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|---|---|
| | defined as doing what is expected morally or ethically | | | | | | | |
| 17 | It is important to prevent ethical norms from being compromised in order to achieve corporate goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 18 | We are recognized as a trustworthy company | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 19 | It is important to perform in a manner consistent with expectations of societal mores and ethical norms | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 20 | It is important to recognize and respect new or evolving ethical moral norms adopted by society | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 21 | Our salespersons and employees are required to provide full and accurate information to all customers | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| IV | Philanthropic CSR | | | | | | | |
| 22 | The corporate tries to improve perception of its business conduct | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 23 | It is important to assist the fine and performing arts | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 24 | The corporation tries to help the poor | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 25 | It is important to perform in a manner consistent with the philanthropic and charitable expectations of society | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 26 | It is important that managers and employees participate in voluntary and charitable activities within their local communities | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 27 | The corporation tries to fulfill its social responsibility | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 28 | The corporation tries to contribute toward bettering the local community | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 29 | It is important to assist voluntarily those projects that enhance a community's "quality of life" | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| V | Customer orientation: your firm always | | | | | | | |
|-------------|--------------------------------------------------------------------------------------------------|---|---|---|---|---|---|---|
| 30 | Measure customer satisfaction | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 31 | Create customer value | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 32 | Understand customer needs | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 33 | Customer satisfaction objectives | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 34 | Conduct after-sales service | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 35 | Implement customer commitment | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| VI | Competitor orientation: your firm always | | | | | | | |
| 36 | Respond rapidly to competitors' actions | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 37 | Salespeople share competitor information | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 38 | Target opportunities for competitive advantage | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 39 | Top managers discuss competitors' strategies | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| VII | Inter-functional coordination: your firm always | | | | | | | |
| 40 | Functional integration in strategy | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 41 | Share resources with other business units | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 42 | Information shared among functions | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 43 | All functions contribute to customer value | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| VII | Trust: in our transactions | | | | | | | |
| 44 | We trust each other | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 45 | They are trustworthy on important things | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 46 | According to our past business relationship, my company thinks that they are trustworthy persons | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 47 | My company trusts them | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| VIII | Bonding: in our transactions | | | | | | | |
| 48 | We rely on each other | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 49 | We both try very hard to establish a long-term relationship | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 50 | We work in close cooperation | | | | | | | |

| | | | | | | | | |
|-------------|-------------------------------------------------------------------------------------------------------|---|---|---|---|---|---|---|
| 51 | We keep in touch constantly | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| IX | Communications: in our transactions | | | | | | | |
| 52 | We communicate and express our opinions to each other frequently | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 53 | We can show our discontent towards each other through communications | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 54 | We can communicate honestly | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| X | Shared value: in our transactions | | | | | | | |
| 55 | We share the same worldview | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 56 | We share the same opinion about most things | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 57 | We share the same feeling about most things around us | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 58 | We share the same values | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| XI | Empathy: in our transactions | | | | | | | |
| 59 | We always see things from each other's view | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 60 | We know how each other feels | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 61 | We understand each other's values and goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 62 | We care about each other's feelings | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| XII | Reciprocity: in our transactions | | | | | | | |
| 63 | My company regards "never forget a good turn" as our business motto | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 64 | We keep our promises to each other in any situation | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 65 | If our customers gave assistance when my company had difficulties, then we would repay their kindness | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| XIII | Firm performance: our firm always | | | | | | | |
| 66 | Achieve the desired return | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 67 | Achieve desired revenue growth | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 68 | Achieve desired market share | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| | | | | | | | | |
|----|-----------------------------------------------|---|---|---|---|---|---|---|
| 69 | Develop more markets as desired | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 70 | Develop more new products/services as desired | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part II: Company information

Question 71: your company is

1. Limited/private 2. Stock 3. State owned

Question 72: Time of operation

1. Under 3 years 2. From 3–10 3. From 10–15 4. Over 15 years

Question 73: Company specialization

1. Consulting 2. Communications & event 3. Other:.....

Question 74: number of staff

1. Under 15 2. From 15 – 30 3. From 30 – 50 4. Over 50

Question 75: Education level of the top leader

1. Undergraduate 2. Bachelor 3. Post-graduate

Question 76: Nationality of the top leader

1. Vietnamese 2. Foreigner

Question 77: Gender of the top leader

1. Male 2. Female 3. Other

Question 78: The age of the top leader

1. Under 25 2. From 25 - 35 3. From 35 – 45 4. Over 45

Question 79: Working experience of the top leader

1. Under 5 years 2. From 5 – 10 3. From 10 – 15 4. Over 15 years

Thanks for your co-operations!

APPENDIX 3

LIST OF EXPERTS IN QUALITATIVE RESEARCH

| No. | Code | Name | Position | Company | Address | Note |
|-----|------|------------------------|--------------------------------|-------------------------------------|----------------------------------------------------|---------------------------|
| 1 | E1 | Mrs. Nguyen Phuong Mai | Marketing manager | NVV Communications | 10/29 Trần Nhật Duật, phường Tân Định, quận 1 | <i>Personal; Expert 1</i> |
| 2 | E2 | Mr. Chuong Nguyen | Founder & CEO | Century Media & Travel Co., ltd | 42 Trần Cao Vân, phường 6, quận 3 | <i>Personal; Expert 2</i> |
| 3 | E3 | Mr. Phan Huynh Anh | Marketing manager | Saigon Today travel & entertainment | 340 Đỗ Pháp Thuận, phường An Phú, quận 2 | <i>Focus group</i> |
| 4 | E4 | Ms. Minh Khanh | Head of Event & Communications | Smentor Corp. | 122/24 Bùi Đình Túy, phường 12, Bình Thạnh | |
| 5 | E5 | Mr. Nguyen Thanh Phong | Head of PR division | Thanh Nien communications | 268-270 Nguyễn Đình Chiểu, phường 6, quận 3 | |
| 6 | E6 | Mr. Nguyen Van Thanh | CEO | Smentor Corp. | 122/24 Bùi Đình Túy, phường 12, Bình Thạnh | |
| 7 | E7 | Mr. Lam Viet Hung | Events Director | SQUARE group | 55 Trương Quốc Dung, phường 8, Phú Nhuận | <i>Personal</i> |
| 8 | E8 | Mr. Tran Hoang | Founder & CEO | Vietnam Marcom Corp. | 8B, Nguyễn Trung Trực, Quận 1 | <i>Personal</i> |
| 9 | E9 | Mr. Nguyen Thanh Hai | Former Managing Director | Music Fans & Communications Company | 84/16 Lâu 2, Trần Đình Xu, phường Cô Giang, quận 1 | <i>Personal</i> |
| 10 | E10 | Mr. Duong Thai Binh | Former Managing Director | Milestones Communications Co. ltd | 11 Xô Viết Nghệ Tĩnh, phường 19, Bình Thạnh | <i>Personal</i> |
| 11 | E11 | Mr. Nguyen Huu Thinh | Vice Managing Director | NVV Communications | 10/29 Trần Nhật Duật, phường Tân Định, quận 1 | <i>Personal</i> |

| | | | | | | | |
|----|-----|---------------------------|-------------------|-----------------------|-----|------------------------------|-----------------|
| 12 | E12 | Mrs. Phan Mong Thuy | Managing Director | Phuong Corporation | Nam | 940 Ba Thang Hai, quận 11 | <i>Personal</i> |
|----|-----|---------------------------|-------------------|-----------------------|-----|------------------------------|-----------------|

APPENDIX 4

CRONBACH ALPHA OF RESEARCH CONECEPTS SCALES

1. STATISTICAL DESCRIPTION

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2. TESTING FOR RELIABILITY INITIAL SCALES

2.1. Corporate Social Responsibility – CSR scale

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2.2. Market Orientation – MO scale

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2.3. Relationship Marketing Orientation – RMO

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2.4. Firm performance - FP

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3. EXPLATORY FACTOR ANALYSIS - EFA

3.1. CSR

3.1.1. *EFA initial*

FACTOR

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3.1.2. *EFA final*

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3.2. MO

3.2.1. EFA initial

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3.2.2. EFA final

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3.3. RMO

3.3.1. *EFA initial*

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3.3.2. *EFA final*

FACTOR

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3.4. FP

FACTOR

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4. RELIABILITY SCALE TESTING AFTER EFA

4.1. CSR

RELIABILITY

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RELIABILITY

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/SUMMARY=TOTAL.

RELIABILITY

/VARIABLES=ET15 ET16 ET17 ET18 ET20 ET21

/SCALE('ALL VARIABLES') ALL

/MODEL=ALPHA

/SUMMARY=TOTAL.

RELIABILITY

/VARIABLES= PH25 PH26 PH27 PH28 PH29

/SCALE('ALL VARIABLES') ALL

/MODEL=ALPHA

/SUMMARY=TOTAL.

4.2. MO

RELIABILITY

/VARIABLES= CU31 CU32 CU33 CU34 CU35

/SCALE('ALL VARIABLES') ALL

/MODEL=ALPHA

/SUMMARY=TOTAL.

RELIABILITY

/VARIABLES=CO36 CO37 CO38 CO39

/SCALE('ALL VARIABLES') ALL

/MODEL=ALPHA

/SUMMARY=TOTAL.

RELIABILITY

/VARIABLES=IN40 IN41 IN42

/SCALE('ALL VARIABLES') ALL

/MODEL=ALPHA

/SUMMARY=TOTAL.

4.3. RMO

RELIABILITY

```
/VARIABLES=TR44 TR45 TR46  
/SCALE('ALL VARIABLES') ALL  
/MODEL=ALPHA  
/SUMMARY=TOTAL.
```

RELIABILITY

```
/VARIABLES= BO49 BO50 BO51  
/SCALE('ALL VARIABLES') ALL  
/MODEL=ALPHA  
/SUMMARY=TOTAL.
```

RELIABILITY

```
/VARIABLES=CM52 CM53 CM54  
/SCALE('ALL VARIABLES') ALL  
/MODEL=ALPHA  
/SUMMARY=TOTAL.
```

RELIABILITY

```
/VARIABLES=SV55 SV56 SV57 SV58  
/SCALE('ALL VARIABLES') ALL  
/MODEL=ALPHA  
/SUMMARY=TOTAL.
```

RELIABILITY

```
/VARIABLES=EM59 EM60 EM61 EM62  
/SCALE('ALL VARIABLES') ALL  
/MODEL=ALPHA  
/SUMMARY=TOTAL.
```

RELIABILITY

```
/VARIABLES=RE63 RE64 RE65  
/SCALE('ALL VARIABLES') ALL  
/MODEL=ALPHA  
/SUMMARY=TOTAL.
```

4.4. FP

RELIABILITY

/VARIABLES=FP66 FP67 FP68 FP69 FP70

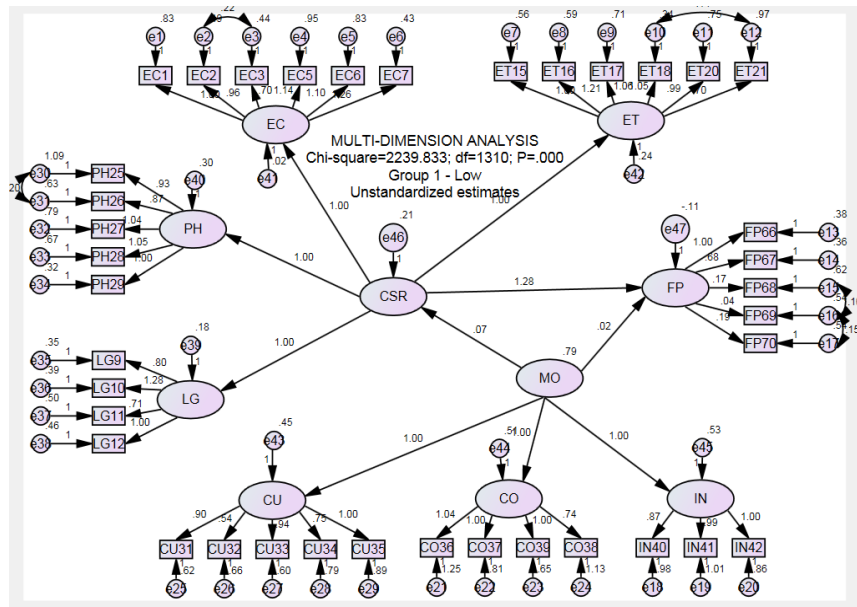
/SCALE('ALL VARIABLES') ALL

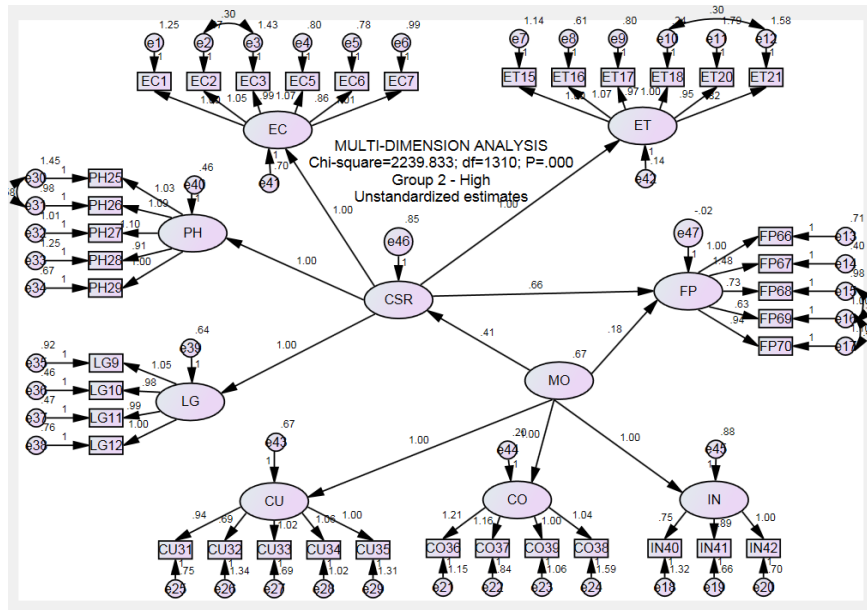
/MODEL=ALPHA

/SUMMARY=TOTAL.

5. ANALYSIS RESULTS WITH MODERATION VARIABLE

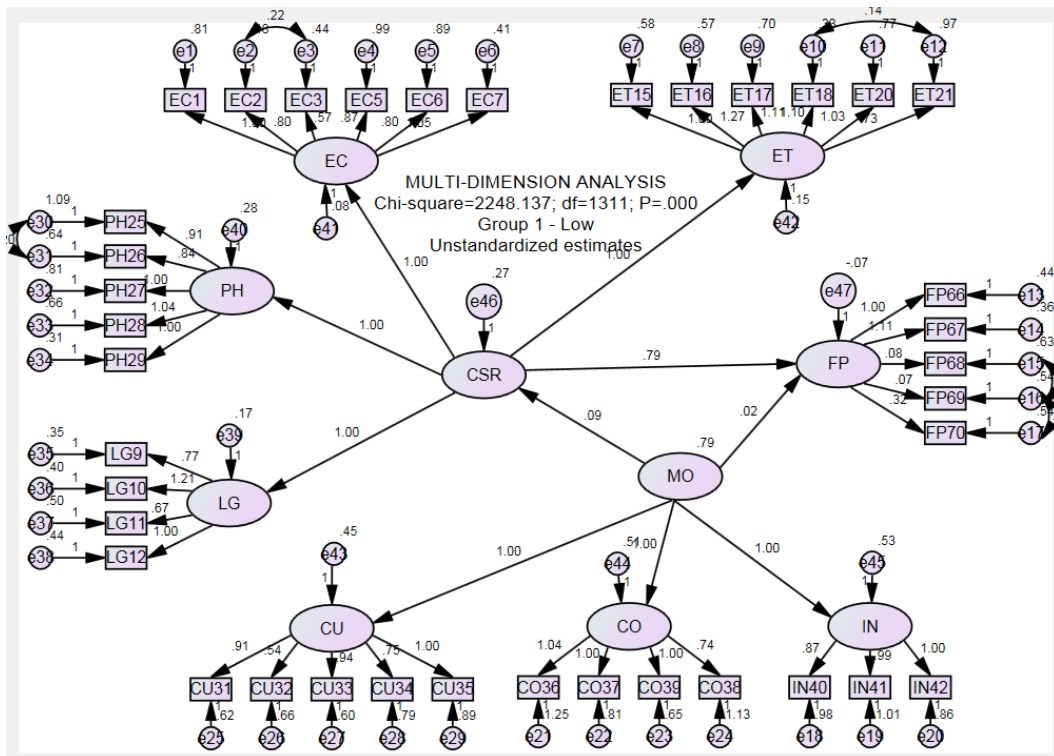
5.1. Variable model

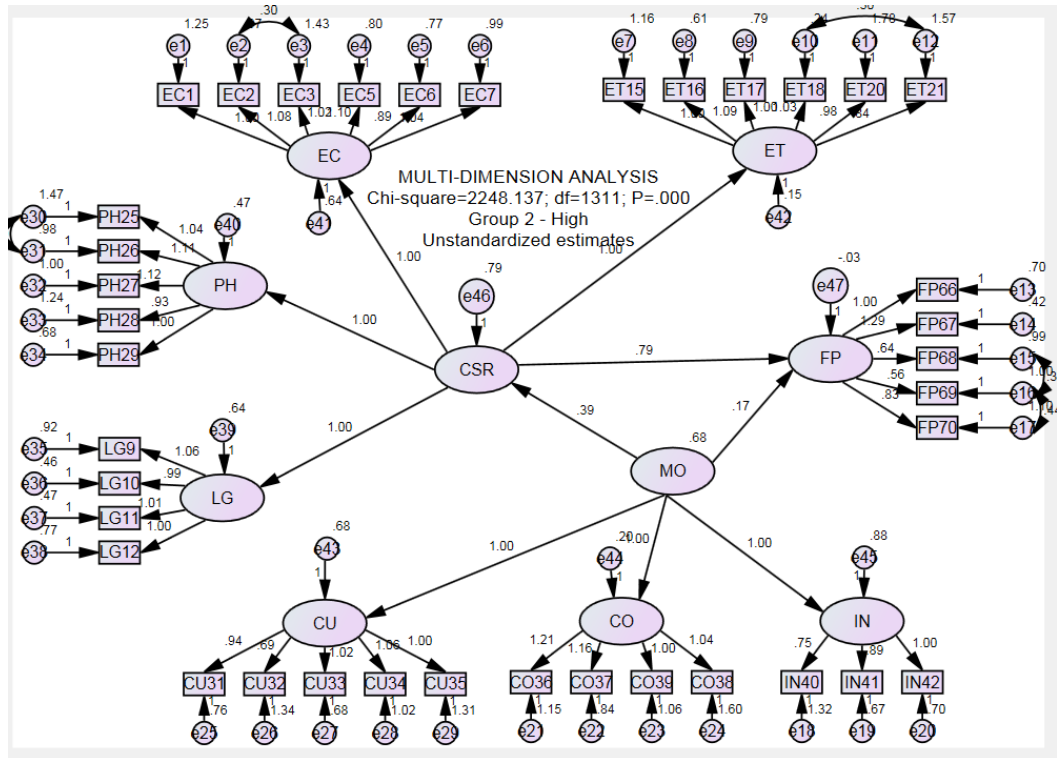




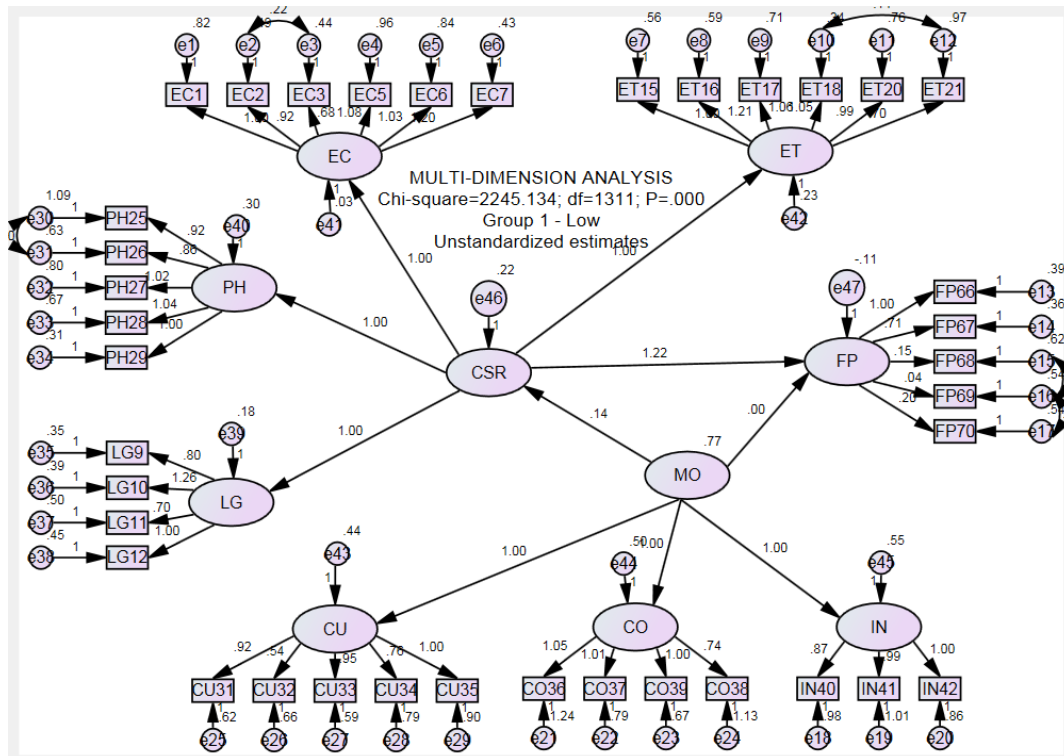
5.2. Variable model

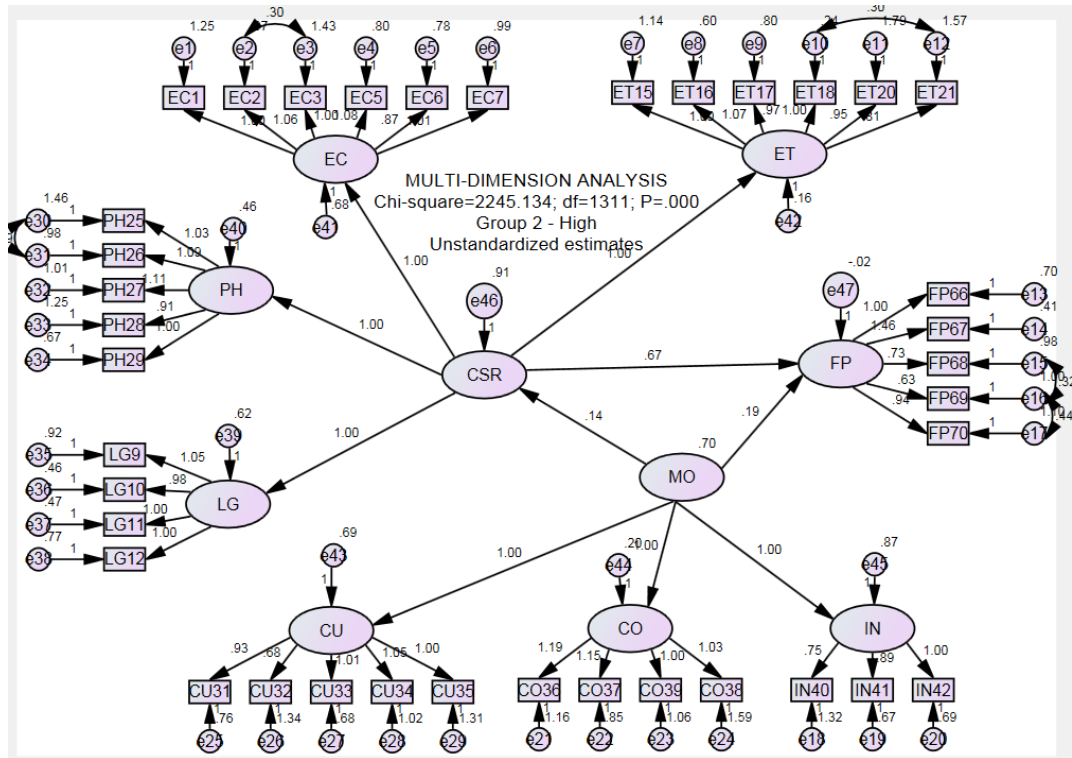
5.2.1. Moderating relationship between CSR and FP





5.2.2. Moderating relationship between MO and CSR





5.2.3. Moderating relationship between MO and FP

