

Corporate social responsibility and the effectiveness of local governance practices in the construction sector in Vietnam: an empirical survey-based analysis

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Abstract

Corporate Social Responsibility (CSR) is increasingly recognized as a strategic instrument for strengthening public governance and advancing sustainable development, particularly in emerging economies such as Vietnam. In the construction sector, which is characterized by high environmental and social risks, the integration of CSR remains largely voluntary, with limited regulatory enforcement and weak monitoring systems. This institutional gap creates urgency to investigate how CSR contributes to local governance effectiveness, especially within the context of ongoing digital transformation. This study examines the impact of CSR dimensions on local governance effectiveness in Vietnam's construction sector using 110 survey based observations from firms, government officials, and experts collected between 2022 and 2024. A quantitative approach was applied, including Cronbach's Alpha, Pearson correlation, and multiple linear regression using SPSS 26.0. The results indicate that all CSR components significantly enhance governance effectiveness, with legal and ethical responsibilities exerting a stronger influence than economic and philanthropic dimensions. The novelty of this research lies in positioning CSR as a complementary governance mechanism rather than merely a corporate obligation. The study contributes empirical evidence to the limited literature on CSR and public governance in developing contexts and offers policy relevant insights to strengthen legal frameworks, improve multi stakeholder coordination, and promote ethical business practices for sustainable governance outcomes.

Keywords: *CSR, local governance, sustainable development, governance effectiveness, construction enterprises*

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Introduction

The construction sector is a foundational pillar of Vietnam's economy, playing a central role in driving urbanization and infrastructure development (Fan et al., 2019; Thanh & Tri, 2025). In 2024, the industry recorded a growth rate of approximately 7.8–8.2%, exceeding the government's target set in Resolution No. 01/NQ-CP (6.4–7.3%). These advancements are supported by implementing the Politburo's Resolution No. 06-NQ/TW, which outlines a comprehensive vision for urban planning, management, and sustainable development in Vietnam through 2030, with a long-term outlook to 2045. At the same time, the sector is experiencing structural changes aimed at promoting the research, production, and adoption of green materials, innovative technologies, and environmentally friendly alternatives in construction practices. These initiatives are supported by broader institutional reforms, such as administrative streamlining, digital transformation, and the development of e-government platforms.

CSR must be distinguished from philanthropy, sponsorships, or charitable donations. While such activities may meaningfully contribute to poverty alleviation and enhance a company's public image or brand equity, they do not encompass the full scope of CSR (Plewa et al., 2016; Von Schnurbein et al., 2016). In local governance, CSR functions as a voluntary corporate initiative and a strategic instrument through which private actors contribute to the public good. Effective CSR practices can support governance processes by complementing public service delivery, improving regulatory compliance, and fostering community resilience. As such, CSR becomes embedded within broader governance networks, playing a pivotal role in shaping inclusive, transparent, and sustainable local development.

Research on local governance in Vietnam, while having demonstrated its impact on the business climate and economic performance, has not yet focused extensively on how these institutional dimensions influence CSR practices in high-risk sectors such as the construction sector. Consequently, a significant scholarly gap persists: an absence of an integrated analytical framework linking CSR and local governance, as well as a lack of empirical evidence directly testing this relationship at the firm level. In particular, there remains insufficient understanding of the mediating mechanisms through which factors such as transparency, corruption control, administrative accessibility, and the effectiveness of law enforcement significantly influence the level of engagement in CSR by construction firms within Vietnam's distinctive institutional context.

Governance refers to the processes by which the state and society jointly manage and regulate the economic and social affairs of a nation, region, or locality to promote sustainable development (Nguyen et al., 2021; Tran & Nguyen, 2025). To address the limitations in the theoretical foundation, the study should be situated within the analytical framework of contemporary governance theories. In particular, Good Governance Theory emphasizes principles such as transparency, accountability, effectiveness, and stakeholder participation, thereby providing key criteria for assessing local governance effectiveness. Keping (2018); Rotberg (2014) defines good governance as systems of management that are capable, timely, comprehensive, and transparent.

New Public Governance extends the analytical lens beyond traditional public administration toward a multi-actor governance model, in which businesses, the state, and civil society collaboratively co-create public value. Dwivedi (2002) defines New Public Administration as encompassing the full range of strategies and tactics aimed at enhancing the effectiveness of the public sector. Lane (2002) defines New Public Administration as a theoretical framework of public administration that is characterized by modern criteria such as reactivity, dynamism, responsiveness, and high adaptability, aimed at meeting increasingly complex demands for governance and public service delivery in the context of a robust market economy and growing international interdependence. This theoretical approach also incorporates substantial insights from game theory and economics.

Ndreu (2016) defines local governance as encompassing a wide range of issues. It encompasses multiple actors capable of shaping and influencing economic, political, and social conditions. Local governance as the process of decision-making and public policy implementation at the local level, carried out through the coordination among local government authorities, social organizations, enterprises, communities, and other stakeholders, with the aim of delivering effective public services and promoting stable, prosperous, and sustainable local development (Armstrong et al., 2013; Grimmelikhuisen, 2010; Taamneh et al., 2020).

Key characteristics of effective local governance, broadly recognized in international discourse and gaining growing attention in Vietnam, encompass participation, accountability, transparency, efficiency and effectiveness, adherence to the rule of law, responsiveness, and equity. These elements serve as fundamental criteria for assessing both the performance and legitimacy of local administrative institutions.

In Vietnam, effective local governance has gained traction within the broader framework of national governance reform and public administration modernization, aiming to establish a service-oriented, citizen-centered bureaucracy. Instruments such as the Provincial Competitiveness Index (PCI) and the Provincial Governance and Public Administration Performance Index (PAPI) have become essential tools for assessing the quality of local governance. These indices reflect the perceptions and experiences of businesses and citizens, concentrating on transparency, time costs, leadership dynamism, and civic participation.

Institutional theory provides a strong analytical foundation for understanding the complex relationship between CSR and local governance in transitional economies such as Vietnam (Nguyen et al., 2018). Institutions are broadly understood as systems that shape and regulate social and organizational behavior through both formal and informal mechanisms. Contemporary institutional scholarship conceptualizes institutions not only as formal arrangements such as laws, regulations, and enforcement systems, but also as informal structures including norms, values, and cultural expectations that guide collective behavior (Tolmie et al., 2020). These formal and informal dimensions interact to create a structured environment that influences how organizations operate and respond to societal demands.

Building on institutional theory, recent studies emphasize that organizational behavior is shaped by multiple layers of institutional pressure, typically categorized as coercive, normative, and mimetic forces. These pressures operate through regulatory requirements, professional standards, and the imitation of best practices, thereby constraining and enabling organizational actions within a given institutional context (Ding & Wang, 2025). Such mechanisms explain how shared rules, values, and belief systems are internalized by organizations and translated into strategic decisions.

Within this framework, Corporate Social Responsibility (CSR) can be interpreted as a strategic organizational response to institutional pressures. Firms adopt CSR practices not only to achieve legitimacy and align with stakeholder expectations but also to comply with regulatory demands and maintain competitiveness in institutional environments characterized by evolving governance standards (Ding & Wang, 2025). This perspective highlights CSR as an adaptive mechanism through which organizations navigate complex institutional landscapes while contributing to broader social and governance objectives.

Integrating institutional theory into the CSR and local governance nexus enhances the explanatory power of the theoretical model and opens new avenues for research. Specifically, it encourages further investigation into the mediating or moderating role of institutional quality in improving the effectiveness of CSR practices within local governance systems.

In addition to institutional theory, stakeholder theory provides a foundational lens for examining CSR, particularly the social and institutional effects of business activities at the local level. As one of the most influential frameworks in CSR scholarship, stakeholder theory was established by Freeman's stakeholder approach and later refined by Donaldson and Preston's distinction between the descriptive, instrumental,

and normative dimensions of the theory. The descriptive dimension explains how corporations are governed and how boards and managers understand stakeholder relationships, whereas the instrumental dimension links stakeholder-oriented management to organizational performance by suggesting that firms attentive to legitimate stakeholder interests may achieve stronger financial and operational outcomes (Dmytriiev et al., 2021; Freeman, 2010; Harrison et al., 2010). In the construction sector, where firms often exert direct influence over land, local resources, communities, and public infrastructure, stakeholder theory is especially relevant because decisions concerning investment, land clearance, infrastructure development, and project implementation frequently extend beyond economic objectives and affect community trust, social sustainability, socio-political stability, and citizens' perceptions of governance legitimacy (Collinge, 2020; Hudon & Floricel, 2023; Maddaloni & Sabini, 2022; Yang & Shen, 2015)

To what extent does CSR influence local governance effectiveness in Vietnam's construction sector, and through what mechanisms do the various dimensions of CSR and contextual factors shape this relationship?

This positive interaction fosters inclusive and sustainable economic growth, generates employment, improves infrastructure, and enhances local public revenues. The transition from a compliance-oriented to a generative CSR model that emphasizes creating shared value for society and the environment is particularly significant. It becomes an integral component of effective and sustainable local governance. CSR initiatives play a critical role in strengthening trust between businesses and local governments, thereby enhancing the institutional capacity of local governance systems. By embedding CSR into their strategic operations, firms gain legitimacy in the eyes of public authorities and contribute to improved transparency, responsiveness, and accountability at the local level. As Lee (2016) noted, promoting and expanding CSR through national policies can offer firms competitive advantages while facilitating access to global markets.

Vietnam's participation in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), within the broader context of international economic integration, demonstrates its commitment to aligning with global standards. As a signatory, Vietnam has pledged to encourage businesses within its jurisdiction to voluntarily adopt CSR practices. Additionally, the country is working to address regulatory shortcomings, particularly in the areas of labor rights and environmental protection, to ensure compliance with international commitments (Peels et al., 2016). These efforts illustrate how CSR is increasingly viewed not only as a corporate obligation but also as a governance tool aligned with global ethical norms.

Research Method

Building on institutional theory and stakeholder theory, this study develops four hypotheses to examine how different dimensions of corporate social responsibility (CSR) influence local governance effectiveness in Vietnam's construction sector. From an institutional perspective, firms are shaped by regulatory and normative pressures, particularly in highly regulated sectors such as construction. Therefore, the fulfillment of economic and legal responsibilities enables construction firms to comply with formal requirements, contribute to local economic development, and strengthen governance effectiveness. Accordingly, this study proposes that the economic responsibility of construction companies positively impacts effective local governance (H1) and that the legal responsibility of construction enterprises positively impacts effective local

governance (H2). From a stakeholder perspective, CSR reflects the extent to which firms respond to the expectations of key stakeholders. Ethical responsibility is expected to enhance transparency, trust, and accountability, while philanthropic responsibility supports community development and complements public service provision. Thus, this study further proposes that the ethical responsibility of construction enterprises positively impacts effective local governance (H3) and that the philanthropic responsibility of construction enterprises positively impacts effective local governance (H4). Overall, CSR is expected to generate not only firm-level benefits but also broader governance improvements through institutional alignment and stakeholder engagement.

The study employed a stratified random sampling approach involving key stakeholders in Vietnam's construction sector, including local urban governance managers, civil servants from relevant local regulatory bodies, and personnel from private construction firms. Respondents were required to have direct involvement in, or professional experience related to, construction activities or local governance processes. The target population was divided into two primary strata, namely the public and private sectors, and eligible respondents were randomly selected from lists of relevant organizations compiled from official sources, including local government agencies and construction industry associations. A total of 110 respondents were selected, consisting of 55 respondents from local government agencies and 55 respondents from construction enterprises. Further stratification was applied based on organizational hierarchy, with 55 respondents holding managerial or leadership positions and 55 occupying non-managerial roles. The survey was conducted from January to April 2025 using both online and face-to-face methods. Participants were assured of confidentiality and voluntary participation to reduce response bias and enhance data reliability. The research instrument used a five-point Likert scale ranging from 1, strongly disagree, to 5, strongly agree.

Local governance effectiveness was measured as a multidimensional construct covering transparency, accountability, public service delivery efficiency, and the responsiveness and interaction capacity of local authorities toward enterprises. The independent variables were measured based on Carroll's CSR pyramid, with items refined to suit the Vietnamese construction context. The questionnaire was developed in English and translated into Vietnamese through a back-translation procedure involving bilingual experts, followed by a pilot test to assess clarity, comprehensibility, and scale reliability. Data analysis was conducted using SPSS through several stages, including data cleaning and screening, Cronbach's Alpha reliability testing, Exploratory Factor Analysis, Pearson correlation analysis, and multiple linear regression analysis to test the four proposed hypotheses.

Result and Discussion

The Results and Discussion section begins with an assessment of the reliability of the measurement scales used to examine the four dimensions of corporate social responsibility (CSR), namely economic, legal, ethical, and philanthropic responsibilities. Before testing the research hypotheses, Cronbach's alpha coefficients were calculated to evaluate the internal consistency of each construct. The results indicate that all CSR dimensions achieved high levels of reliability, with alpha values ranging from 0.830 to 0.903. These values exceed the commonly accepted threshold of 0.70, suggesting that the measurement items were internally consistent and appropriate for further statistical

analysis, including exploratory factor analysis, Pearson correlation analysis, and multiple linear regression.

Table 1. Reliability Statistic

H	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
H1	0,830	0,831	4
H2	0,870	0,870	4
H3	,0903	0,902	4
H4	0,890	0,891	4

Source: processed by author, 2026

Specifically, the scale for economic responsibility (H1) achieved a Cronbach's alpha of 0.830; legal responsibility (H2) scored 0.870; ethical responsibility (H3) obtained the highest reliability at 0.903; and philanthropic responsibility (H4) yielded 0.890. All values surpassed the recommended threshold of 0.70 proposed by Nunnally and Bernstein (1994), confirming strong internal consistency among the observed variables for each CSR dimension.

The robust reliability scores thus provide a sound basis for proceeding with exploratory factor analysis (EFA) and multiple regression modeling, which aim to empirically validate the proposed hypotheses (H1–H4) regarding the impact of each CSR dimension on local governance effectiveness in the construction sector.

Table 2. Summary Item Statistics

H		Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance
H1	Inter-Item Correlations	0,552	,444	0,673	0,228	1,514	0,009
H2	Inter-Item Correlations	0,626	0,496	0,711	0,216	1,435	0,005
H3	Inter-Item Correlations	0,697	0,591	0,794	0,203	1,343	0,009
H4	Inter-Item Correlations	0,671	0,600	0,739	0,140	1,233	0,003

Source: processed by author, 2026

The inter-item correlation analysis provided additional evidence of the robust internal consistency and cohesion of the measurement scales employed to evaluate the four dimensions of CSR. With average inter-item correlation coefficients ranging from 0.552 to 0.697, the results reflect a moderate to high degree of internal alignment among items within each construct, further supporting the reliability of the scales.

Specifically, the ethical responsibility dimension (H3) exhibited the highest average inter-item correlation ($r = 0.697$), followed by the legal and philanthropic responsibility dimensions. In contrast, the economic responsibility dimension (H1) showed the lowest, yet acceptable, average correlation ($r = 0.552$).

The range between minimum and maximum correlation coefficients within each scale was relatively narrow, spanning from 0.444 to 0.794. This indicates that all items consistently represent the conceptual domain of their respective CSR dimensions. Moreover, the variance of inter-item correlations was notably low, ranging from 0.003 to 0.009, and the maximum/minimum correlation ratio remained below 1.52 across all dimensions. These findings suggest an even distribution of response patterns, with no single item diverging significantly from others within the same scale.

Taken together, these findings underscore the strong reliability and construct validity of the CSR measurement model, establishing a solid empirical foundation for conducting exploratory factor analysis (EFA) and subsequent structural modeling. This robust groundwork enables a thorough examination of how various CSR dimensions impact the effectiveness of local governance within the construction sector.

Exploratory Factor Analysis (EFA)

To evaluate the construct validity of the CSR dimensions, separate Exploratory Factor Analyses (EFA) were conducted for each of the four components: economic (H1), legal (H2), ethical (H3), and philanthropic (H4). Principal Component Analysis (PCA) with Varimax rotation was employed to uncover the underlying factor structure of the measurement scales, ensuring that each dimension was accurately represented by its respective items.

The Kaiser-Meyer-Olkin (KMO) values for each construct were found to be satisfactory:

Economic Responsibility (H1)	: KMO = 0.742
Legal Responsibility (H2)	: KMO = 0.7944
Ethical Responsibility (H3)	: KMO = 0.838
Philanthropic Responsibility (H4)	: KMO = 0.810

All KMO values surpassed the commonly accepted threshold of 0.60 (Kaiser, 1974), indicating that the data were suitable for factor analysis. Furthermore, Bartlett's Test of Sphericity for each construct was statistically significant (Sig. = 0.000 for all cases), providing strong evidence to reject the null hypothesis that the correlation matrices are identity matrices. This confirms that the variables are significantly correlated and that factor analysis is appropriate. The factor extraction results showed that each group of observed variables loaded strongly onto a single factor, supporting the single-dimensionality of each CSR dimension. All factor loadings were well above the 0.50 threshold, and communalities exceeded 0.50, demonstrating that the extracted factors accounted for a substantial proportion of variance. These findings offer compelling preliminary evidence of construct validity, confirming that the observed indicators reliably measure their intended latent variables. Overall, the validated factor structure provides a robust foundation for subsequent regression analyses and structural modeling aimed at testing the hypotheses regarding the impact of CSR dimensions on local governance effectiveness.

An Exploratory Factor Analysis (EFA) was conducted on the measurement items related to economic responsibility (H1) to examine the underlying latent structure of the construct. The results indicated that a single factor emerged with an Eigenvalue greater than 1, specifically Eigenvalue = 2.663, accounting for 66.572% of the total variance. The Scree Plot further supported this result by revealing a distinct "elbow" after the first component, confirming the appropriateness of a single-dimensional factor structure for the economic responsibility scale. All observed items loaded substantially on this single factor, indicating that they collectively measure the same underlying construct. These findings suggest that the Economic Responsibility Scale exhibits construct coherence and factorial validity, justifying its use in subsequent regression modeling and structural analysis to test its hypothesized relationship with local governance effectiveness.

The Exploratory Factor Analysis (EFA) for the legal responsibility construct (H2) was conducted using the Principal Component Analysis (PCA) extraction method. The

results indicated that only one factor met the extraction criterion of having an Eigenvalue greater than 1, with an Eigenvalue of 2.882, accounting for 72.039% of the total variance among observed variables. This suggests that a single latent factor captures the majority of the variability within the dataset. Subsequent components exhibited Eigenvalues below one and were thus excluded from the model by the Kaiser criterion. The Component Matrix revealed high factor loadings for all observed items on the extracted factor, indicating strong convergent validity and internal consistency among the items. These results support using a single-dimensional measurement structure for the legal responsibility construct in future analyses, such as linear regression and structural modeling.

The Exploratory Factor Analysis (EFA) for the ethical responsibility dimension (H3) revealed that a single factor was extracted, accounting for 77.519% of the total variance. This level of explained variance significantly exceeds the commonly accepted threshold of 50% in social science research (Hair et al., 2010), indicating a firm underlying structure. All observed variables demonstrated high factor loadings on this sole factor, confirming a high degree of convergent validity and single-dimensionality within the scale. The absence of additional significant factors suggests that the observed items consistently represent a single latent construct—ethical responsibility. These findings validate the integrity of the H3 measurement model and support its suitability for subsequent regression analyses and hypothesis testing.

The Exploratory Factor Analysis (EFA) for the philanthropic responsibility dimension (H4) identified a single dominant factor with an eigenvalue of 3.014, which explained 75.345% of the total variance. Following the Kaiser criterion (eigenvalue > 1), no additional factors were retained, indicating a distinct single-dimensional structure. All observed variables loaded strongly onto this factor, demonstrating high convergent validity and internal consistency within the scale. These results affirm that the indicators effectively capture the underlying latent construct of philanthropic responsibility, providing a reliable basis for subsequent regression analyses to test the proposed hypothesis H4.

Pearson correlation analysis

Pearson correlation analysis revealed statistically significant positive relationships among the key components of CSR in Vietnam's construction sector. In relation to economic responsibility, firms that actively create employment opportunities also tend to fulfill their tax obligations, support local economic growth, and provide stable financial benefits to their stakeholders. The strongest correlation was observed between economic growth and stakeholder benefits, with $r = 0.673$ and $p < 0.001$, indicating that sustainable financial outcomes are closely associated with the broader developmental contribution of the construction industry. These findings highlight the interdependence of CSR outcomes and support the need for comprehensive policy frameworks that encourage construction enterprises to integrate economic responsibility into their broader governance and social impact strategies.

The analysis also showed strong and statistically significant associations among various aspects of legal compliance and risk governance. Construction firms that strictly comply with legal regulations are more likely to implement legal risk mitigation measures, with $r = 0.496$ and $p < 0.001$, comply with environmental and labor standards, with $r = 0.711$ and $p < 0.001$, and actively cooperate with government authorities, with $r = 0.600$ and $p < 0.001$. These results suggest that legal compliance in

the construction industry extends beyond the avoidance of sanctions and reflects a broader framework of institutional responsibility that supports sustainable governance. The strong association between compliance with environmental and labor standards and cooperation with regulatory agencies, with $r = 0.667$, further reinforces the importance of multi stakeholder engagement in strengthening responsible and compliant business conduct.

In terms of ethical responsibility, the correlation results demonstrated a strong and coherent relationship between ethical business practices and CSR behavior in the construction sector. Transparent and honest business transactions were strongly associated with proactive efforts to address social issues, with $r = 0.790$ and $p < 0.001$, and with the development of community trust, with $r = 0.783$ and $p < 0.001$. These findings indicate that ethical conduct functions not only as a compliance mechanism but also as a relational asset that strengthens stakeholder trust and enhances public legitimacy. The very strong correlation between responsiveness to social issues and community trust, with $r = 0.794$, further confirms the central role of CSR in helping construction enterprises maintain their social license to operate.

The correlation matrix also indicated positive, consistent, and statistically significant relationships between philanthropic activities and community engagement. Contributions to community development projects, particularly in education and healthcare, were strongly associated with improvements in social welfare, with $r = 0.739$ and $p < 0.001$. This finding suggests that strategic investment in community based initiatives serves as an important mechanism through which construction firms generate broader social impact. In addition, collaboration with government agencies in philanthropic activities showed moderate to strong correlations with other CSR dimensions, particularly social welfare improvement, with $r = 0.716$. This implies that cooperation between public institutions and private construction enterprises plays an important role in promoting sustainable development outcomes within the construction sector.

Linear Regression Analysis

Economic Responsibility: Institutionalized Legitimacy or Mere Procedural Compliance

The Model Summary results indicate a moderate relationship between the independent and dependent variables, with a correlation coefficient (R) 0.564. The R Square value of 0.318 suggests the model can explain approximately 31.8% of the variance in perceived local governance effectiveness. The Adjusted R Square, at 0.292, reflects a relatively stable model fit after accounting for the number of predictors. The Standard Error of the Estimate is 0.5979, which falls within an acceptable range for models used in empirical social research.

Table 3. Model Summary Economic Responsibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,564 ^a	0,318	0,292	0,5979

Source: processed by author, 2026

In this model, only the tax compliance variable is statistically significant, while other components of economic responsibility, such as job creation, stable economic benefits, and the promotion of local economic growth, do not show significant effects.

Therefore, the results do not support a generalized interpretation of the entire economic dimension of CSR, but instead indicate that tax compliance is the key factor influencing stakeholders' perceptions of local governance effectiveness. This suggests that the transparent and full fulfillment of financial obligations plays an important role in strengthening trust in institutional frameworks and governance capacity. Accordingly, the contribution of economic responsibility should be understood selectively, with tax compliance as the only component demonstrating clear empirical significance.

Table 4. ANOVA Results for Economic Responsibility

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17,514	4	4,379	12,247	0,000 ^b
	Residual	37,540	105	0,358		
	Total	55,055	109			

Source: processed by author, 2026

The ANOVA results confirm that the regression model is statistically significant in explaining the dependent variable, local governance effectiveness, with an F statistic of 12.247 and a significance level of $p < 0.001$. The regression sum of squares is 17.514 with 4 degrees of freedom, while the residual sum of squares is 37.540 with 105 degrees of freedom. The mean square for the regression is 4.379, which is substantially higher than the residual mean square of 0.358, indicating that the model has meaningful explanatory power.

The four predictor variables, namely economic growth promotion, job creation, tax compliance, and the delivery of stable economic benefits to stakeholders, collectively explain a statistically significant proportion of the variation in local governance effectiveness. These findings suggest that economic responsibility plays an important role in shaping perceptions of how CSR practices contribute to effective local governance in the construction sector. These results reinforce the model's validity and underscore the strategic importance of economic CSR practices in shaping institutional perceptions and promoting sustainable governance outcomes.

The regression coefficients table illustrates the individual effects of each independent variable on the dependent variable, local governance effectiveness. The constant term has an unstandardized coefficient of 2.223, with a high level of statistical significance ($p < 0.001$), indicating that when all independent variables are held at zero, the expected baseline value of the dependent variable is 2.223.

Among the four predictors, only tax compliance demonstrates a statistically significant effect. The contribution of construction firms to job creation shows a negative but statistically insignificant coefficient, with $B = -0.082$, standardized $\beta = -0.102$, $t = -0.992$, and $p = 0.323$. This indicates that job creation does not significantly affect perceptions of local governance effectiveness within this sample. Similarly, economic growth promotion has a negative and statistically insignificant effect, with $B = -0.091$, standardized $\beta = -0.107$, $t = -0.916$, and $p = 0.362$, suggesting that this variable does not have a meaningful influence on the dependent variable. Providing stable economic benefits to stakeholders also shows no significant effect, with $B = 0.000$, standardized $\beta = -0.001$, $t = -0.004$, and $p = 0.997$, further indicating its limited role in explaining variations in local governance effectiveness.

In contrast, tax compliance has a strong, positive, and statistically significant effect, with $B = 0.520$, standardized $\beta = 0.634$, $t = 5.899$, and $p < 0.001$. It is the only

predictor in the model that significantly contributes to explaining variations in local governance effectiveness. This finding suggests that construction firms that fully and promptly fulfill their tax obligations are more likely to support effective governance outcomes and perceive CSR related policies as practical and relevant. Overall, the results indicate that among the economic dimensions of CSR, tax compliance is the only reliable and significant predictor of effective governance outcomes, reinforcing its role as a key institutional mechanism linking corporate responsibility with public policy effectiveness in the construction sector.

Legal Responsibility: Between Passive Compliance and Active Co-Governance

The Multiple Correlation Coefficient (Multiple R) reaches a value of 0.581, indicating a moderately strong relationship between the dependent variable and the set of independent variables included in the model. This reflects a reasonably good fit between the model and data in the context of the current study.

Table 5. Model Summary of Legal Responsibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,581 ^a	0,337	0,312	0,5895

Source: processed by author, 2026

The coefficient of determination, R^2 , is 0.337, indicating that the independent variables explain approximately 33.7% of the variance in the dependent variable, local governance effectiveness. After accounting for the number of predictors and the sample size, the adjusted R^2 value is 0.312, suggesting that the model demonstrates relatively stable and reliable explanatory power.

Table 6. ANOVA Result of Legal Responsibility

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18,569	4	4,642	13,360	0,000 ^b
	Residual	36,485	105	0,347		
	Total	55,055	109			

Source: processed by author, 2026

The ANOVA results indicate a highly significant F-statistic of 13.360 with a p-value of 0.000 ($p < 0.001$), confirming that the regression model is statistically robust. This finding demonstrates that the independent variables collectively explain a significant portion of the variance in the dependent variable. It also reinforces the model's overall fit and predictive validity concerning the research data.

The results of the regression analysis indicate that two independent variables exhibit a statistically significant and positive influence on local governance effectiveness at the $p < 0.05$ level: strict legal compliance by construction enterprises ($B = 0.309$; $\beta = 0.299$; $t = 2.564$; $p = 0.012$) and collaboration with government agencies to ensure legal compliance ($B = 0.367$; $\beta = 0.389$; $t = 3.384$; $p = 0.001$). In contrast, the variables related to implementing legal risk mitigation measures ($p = 0.679$) and complying with environmental and labor standards ($p = 0.940$) do not show statistically significant effects on the dependent variable within the model. These findings suggest that strict adherence to legal regulations and close cooperation with public authorities are pivotal in enhancing the legal and policy framework's effectiveness in promoting CSR in the construction sector. Meanwhile, measures for legal risk mitigation and compliance with environmental and labor standards have not demonstrated a meaningful impact within the scope of this study.

Ethical Responsibility: Transparency as a Strategic Bridge for Institutional Trust

The regression model results indicate that the overall correlation coefficient (R) reached 0.662, suggesting a relatively strong relationship between the independent and dependent variables in the research model. This reflects the model's general adequacy in explaining the variance of the dependent variable based on the included predictors.

Table 7. Model Summary of Ethical Responsibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,662 ^a	0,438	0,417	0,5426

Source: processed by author, 2026

The coefficient of determination (R Square) is 0.438, meaning the model explains approximately 43.8% of the variance in the dependent variable. This represents a strong explanatory capacity, indicating that the selected independent variables significantly influence the dependent outcome.

After adjusting for the number of predictors to provide a more accurate reflection, the Adjusted R Square is 0.417, only slightly lower than the original R Square. This suggests that the model maintains good reliability and is not prone to overfitting, while the independent variables continue to offer practical explanatory value for the dependent construct.

Table 8. ANOVA Result of Ethical Responsibility

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24,138	4	6,034	20,494	0,000 ^b
	Residual	30,917	105	0,294		
	Total	55,055	109			

Source: processed by author, 2026

The ANOVA table confirms that the overall regression model is statistically significant, with a significance level of $P < 0.05$, specifically $P = 0.000$ ($p < 0.01$). The F-statistic value of 20.494 indicates that at least one of the independent variables included in the model has a statistically significant effect on the dependent variable.

The regression analysis results indicate that the model includes a statistically significant intercept of 1.306 ($p < 0.000$), suggesting the baseline level of the dependent variable when all independent variables are set to zero. Among the predictors, only the variable related to transparent and honest business transactions demonstrated a positive and statistically significant effect on the dependent variable, with a standardized coefficient of $\beta = 0.495$ ($p = 0.000$). This finding highlights that transparency in business dealings is the most crucial factor in securing enhanced governmental support through effective local governance. The remaining variables did not reach the conventional threshold of statistical significance ($p > 0.05$), which indicates their limited explanatory power in this model. Thus, transparency and integrity in business practices emerge as the central drivers in fostering institutional support and regulatory frameworks for CSR in the construction sector.

Philanthropic Responsibility: From Symbolic Acts to Strategic Alliances for Local Development

The regression model incorporates four independent variables representing the key dimensions of CSR practices within the construction sector, with the aim of explaining variations in local governance effectiveness. The results indicate a multiple correlation coefficient (R) of 0.617, reflecting a moderate and statistically significant relationship between CSR variables and local governance effectiveness.

Table 9. Model Summary of Philanthropic Responsibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,617 ^a	0,380	0,357	0,5701

Source: processed by author, 2026

The coefficient of determination (R^2) is 0.380, meaning that 38 percent of the variance in local governance effectiveness is explained by the CSR-related predictors included in the model. The adjusted R^2 value of 0.357 further confirms the model's relatively good fit, taking into account the number of predictors. The standard error of the estimate is 0.5701, suggesting a reasonable level of prediction accuracy within the context of applied social science research. Collectively, these findings demonstrate that CSR activities in the construction industry have a positive and significant impact on effective local governance. However, a substantial portion of the variation remains unexplained, indicating that other influential factors not considered in the current model may also play a role.

Table 10. ANOVA Result of Philanthropic Responsibility

Model	Sum of Squares	df	Mean Square	F	Sig.
1					
Regression	20,930	4	5,232	16,100	0,000 ^b
Residual	34,125	105	0,325		
Total	55,055	109			

Source: processed by author, 2026

The ANOVA results indicate that the regression model is statistically significant, with an F-statistic of 16.100 and a p-value less than 0.001. The total sum of squares explained by the model is 20.930, while the residual sum of squares is 34.125. These results demonstrate the overall goodness of fit of the model and confirm that the CSR-related independent variables collectively have a statistically significant impact on the dependent variable, local governance effectiveness.

Among the four CSR variables examined, only the contribution of construction firms to improving social welfare demonstrated a positive and statistically significant effect on the dependent variable, with $B = 0.316$ and $p = 0.013$. Two other variables, support for community based projects in areas such as education and healthcare, with $p = 0.064$, and collaboration with local authorities in charitable activities, with $p = 0.059$, were marginally significant. These results suggest potential effects that warrant further investigation. The regression results confirm that CSR practices by construction firms are significantly associated with local governance effectiveness, particularly in relation to legal and policy frameworks that support CSR implementation. The overall regression model is statistically significant, with $F = 16.100$ and $p < 0.001$, explaining approximately 38.0% of the variance in the dependent variable, with $R^2 = 0.380$.

Among the predictors, the involvement of construction firms in enhancing social welfare emerged as the most influential and consistent factor, with $p = 0.013$. Although partnerships with public authorities and investment in community development projects did not meet the conventional significance threshold of $p < 0.05$, their marginal significance indicates potentially meaningful relationships that may become clearer in larger or more focused samples. In contrast, routine philanthropic activities did not show a statistically significant effect. Overall, these findings highlight the important role of CSR in enhancing local governance effectiveness and provide policy relevant insights for strengthening cooperation between the public and private sectors in promoting sustainable development within the construction industry.

Discussion

The findings indicate that not all dimensions of CSR contribute equally to perceptions of local governance effectiveness in Vietnam's construction sector. Within the economic responsibility dimension, tax compliance is the only variable with a statistically significant effect on local governance effectiveness, with $\beta = 0.634$ and $p < 0.001$. In contrast, job creation, economic growth promotion, and the assurance of stakeholder benefits do not show significant effects. This result suggests that local governance actors may be more responsive to CSR practices that are formally measurable, administratively visible, and directly connected to state revenue. From an institutional theory perspective, organizations tend to adapt their behavior to formal rules, incentive structures, and institutional expectations that define legitimacy within a given governance environment (North, 2008). Tax compliance appears to function as a highly legible form of CSR because it is easier for public authorities to monitor, verify, and associate with responsible corporate conduct (Turner, 2025). However, the non significant effects of job creation and broader economic development contributions imply that long term economic CSR outcomes may not yet be fully institutionalized as formal indicators of governance effectiveness. This points to the possibility of administrative CSR, in which corporate responsibility is recognized primarily when it aligns with compliance based reporting and regulatory assessment, rather than when it produces less visible but potentially substantive development outcomes.

The results for legal responsibility further show that strict legal compliance and proactive cooperation with government authorities have significant effects on local governance effectiveness, whereas compliance with environmental and labor standards and legal risk mitigation do not demonstrate significant effects. This pattern suggests that legal responsibility is not perceived merely as passive obedience to regulations, but also as an active contribution to the implementation of public policy and regulatory coordination. Such a finding is consistent with the logic of responsive regulation, which emphasizes that effective governance depends not only on deterrence and enforcement, but also on interaction, cooperation, and escalation mechanisms between regulators and regulated actors (Braithwaite, 2001). In the construction sector, where firms interact closely with local authorities through licensing, inspection, land use, procurement, and infrastructure delivery, active collaboration with government can become an important signal of institutional alignment. At the same time, the non significant effects of technical compliance indicators may suggest that environmental and labor standards are not always translated into visible governance outcomes. This does not necessarily mean that such standards are unimportant; rather, it may reflect limitations in monitoring capacity, technical evaluation systems, or institutional incentives for distinguishing substantive compliance from symbolic adherence.

The ethical responsibility dimension shows a more selective pattern. Among the ethical CSR indicators, transparent and honest business transactions emerge as the only statistically significant predictor of local governance effectiveness, with $\beta = 0.495$ and $p < 0.001$. Other indicators, such as upholding ethical values, addressing social issues, and fostering community trust, do not show significant effects. This finding suggests that ethical responsibility in the studied context is most strongly recognized when it reduces uncertainty and information asymmetry in public private interactions. Transparency can strengthen institutional trust because it allows stakeholders and authorities to evaluate corporate conduct more clearly and reduces the perceived risk of opportunistic behavior. Prior research on interorganizational trust shows that trust can reduce negotiation costs, conflict, and uncertainty in exchange relationships

(McEvily et al., 2017). Similarly, studies on public private relationships indicate that governance mechanisms are important for managing information asymmetry, especially when public and private actors depend on shared information for decision making (Aben et al., 2021).

Therefore, transparency in construction business transactions may operate as a practical bridge between corporate ethics and governance effectiveness. Nevertheless, the limited effect of broader ethical indicators may also indicate that moral benchmarks such as fairness, accountability, and social justice are not yet sufficiently embedded in formal CSR evaluation systems. In this sense, ethical conduct may be interpreted less as a purely normative commitment and more as a strategic mechanism for reducing institutional transaction costs and maintaining legitimacy (Donaldson & Dunfee, 2002).

The findings on philanthropic responsibility also show that only the contribution of construction firms to improving social welfare has a statistically significant effect on local governance effectiveness, with $\beta = 0.338$ and $p = 0.013$. Other philanthropic practices, including charitable donations and collaboration with government in philanthropic activities, appear to be only marginally relevant. This suggests that philanthropy is more likely to influence governance outcomes when it produces visible and sustained improvements in community welfare, rather than when it remains episodic, ceremonial, or disconnected from local development priorities. Recent literature on creating shared value emphasizes that social initiatives become more meaningful when they connect corporate resources with social problem solving and long term stakeholder value creation (Menghwar & Daood, 2021).

This is particularly relevant in construction, where project activities directly affect land use, infrastructure access, local employment, and community welfare. Studies on construction and project management also show that stakeholder engagement and local community inclusion are central to social sustainability outcomes in major construction projects (Collinge, 2020; Maddaloni & Sabini, 2022). Accordingly, the significant role of social welfare improvement indicates that philanthropic CSR should be integrated into broader local development strategies rather than treated as occasional charity. The near significant role of public private collaboration also suggests a possible transition from symbolic philanthropy toward more strategic social partnerships, in which construction firms and local authorities jointly address community needs and sustainable development objectives.

Overall, the findings suggest that CSR contributes to local governance effectiveness most clearly when it is institutionally visible, administratively measurable, and directly connected to public value creation. Tax compliance, legal cooperation, transparent transactions, and social welfare improvement emerge as the most relevant CSR mechanisms across the four dimensions. These results indicate that CSR in Vietnam's construction sector is not only a matter of corporate goodwill, but also a governance instrument that can support institutional trust, regulatory coordination, and community welfare when properly embedded in local policy frameworks. However, the non significant effects of several economic, legal, ethical, and philanthropic indicators also suggest that some CSR practices remain weakly recognized within formal governance evaluation systems. Strengthening local governance effectiveness therefore requires more than encouraging firms to implement CSR activities; it also requires clearer assessment mechanisms, stronger regulatory capacity, and policy frameworks that recognize both compliance based and development oriented forms of corporate responsibility.

Conclusion

This study develops a more nuanced and critically grounded understanding of the role of CSR in the construction sector, demonstrating that its contribution to local governance effectiveness is neither linear nor uniformly transformative, but rather conditional, context-dependent, and unevenly distributed. Although CSR is commonly framed as a driver of sustainable development, the findings indicate that its actual impact is largely contingent upon how it is conceptualized and operationalized, whether it is treated as a compliance-based obligation or as a substantive mechanism for value co-creation. Contrary to the conventional assumption of CSR as an inherently integrative framework balancing economic, social, and environmental priorities, the evidence reveals a more fragmented landscape in which compliance-oriented dimensions tend to predominate. This asymmetry not only constrains the transformative potential of CSR but also exposes the limitations of a regulatory environment that remains largely voluntary and institutionally fragmented. Rather than relying solely on expanding legal mandates, the findings underscore the need for deeper institutional coherence and alignment.

Accordingly, the policy implications extend beyond conventional prescriptions such as financial incentives or procedural integration. Greater priority should be accorded to strengthening governance capacity, fostering meaningful multi-stakeholder engagement, and embedding CSR within broader institutional and accountability frameworks. Taken together, advancing CSR in the construction sector requires not only regulatory reform but also a paradigm shift toward governance approaches that are context-sensitive, empirically grounded, and oriented toward the sustained creation of public value.

National and local authorities should strengthen CSR implementation in Vietnam's construction sector through clearer legal frameworks, sector specific CSR guidelines, standardized environmental and social assessment procedures, and mandatory CSR reporting. Policy measures should also include green construction standards, certification systems for eco friendly materials, financial incentives, CSR based public procurement criteria, and support mechanisms for small and medium sized enterprises. At the local level, CSR should be integrated into licensing, supervision, and governance oversight, supported by stronger institutional coordination, anti corruption measures, official training, public participation, and community monitoring. Overall, these policies can help align construction activities with sustainable development, improve public private cooperation, and enhance local governance effectiveness.

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