

Economic, social and environmental disclosure, a theoretical framework and its application in Vietnam

Viet Ha TRAN VU¹, Anh MAI², Cam Tu DOAN³, Benoît PIGÉ⁴

¹ University of Picardie Jules Verne, Chemin du Thil, Amiens, 8002, France

² International School – Vietnam National University, 144 Xuan Thuy, Cau Giay, Hanoi, Vietnam

³ Hoa Sen University, Cao Thắng, phường 3, Hồ Chí Minh, Vietnam

⁴ CREGO / University of Franche-Comté, Rue Claude Goudimel, 25030 Besançon Cedex, France

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ABSTRACT

This study focuses on the appraisal of firms' performance and on its representation and reporting. Using interviews and inquiries in firms operating in the cement industry in Vietnam, two points are investigated. First, whether firms' top executives consider that firms' sustainable performance may include economic, social or environmental performance that is not integrated in financial statements. The theoretical framework is the stakeholder theory complemented with the institutional theory. Second, whether economic, social and environmental performance should be disclosed to answer the expectations of the various stakeholders. Therefore, our research contributes to corporate governance studies by focusing on reporting dedicated to all the stakeholders.

ABSTRAK

Penelitian ini memfokuskan pada appraisal kinerja perusahaan dan pada representasi serta pelaporannya. Peneliti dalam hal ini menggunakan metode wawancara dan pertanyaan-pertanyaan tentang operasional perusahaan industri semen di Vietnam, dalam hal ini, dua hal penting yang diteliti. Pertama, untuk mengetahui apakah top executive mempertimbangkan kinerja berkesinambungan yang terdiri atas kinerja ekonomis, sosial, atau kinerja lingkungannya yang tidak terintegrasi dengan laporan keuangan. Rerangka teoritisnya adalah teori stakeholders dan dilengkapi dengan teori institusional. Kedua, untuk mengetahui apakah kinerja ekonomis, sosial, dan lingkungannya harus diungkap untuk menjawab harapan semua stakeholder. Oleh karena itu, penelitian ini memberikan kontribusi kepada studi tatakelola perusahaan dengan memfokuskan pada pelaporan yang diberikan kepada semua stakeholder

1. INTRODUCTION

There are four sections in this study. The first section discusses the opportunity of economic, social and environmental disclosure that could be complementary to financial reporting. For shareholders and investors, if markets were perfectly efficient and if market prices were integrating all the economic social and environmental information, no additional disclosure would be relevant (IASB, 2013). However, local environmental catastrophes have revealed that non-financial disclosure can have a great value for investors to

assess the risks of social or environmental damages.

The second section presents the theoretical framework. It is advisable that, adopting a stakeholder approach, performance is necessarily multi-dimensional; it cannot be assessed by a unique monetary measure. Moreover, relying on institutional and neo-institutional theories, this research also suggests that firms' performance is always relative to a specific institutional framework. Firms' performance has no absolute meaning; its meaning is always related to specific institutions, regulation,

* Corresponding author, email address: ¹ viet.ha.tran@u-picardie.fr, ² anhmd@isvnu.vn, ³ tu.doancam@hoasen.edu.vn,

⁴ benoit.pige@univ-fcomte.fr.

habits, norms, culture, etc. Therefore, the proposed theoretical framework relies on two main components: the expectations of the firms' stakeholders and the institutions of territories where firms are operating.

The third section presents the methodology used for confronting the theoretical framework with the firms' practices and policies. This article focuses on one country (the Vietnam) and one specific industry (the cement industry). Vietnamese institutions are of great interest since it offers a strong mix of market mechanisms and political regulation that is not systematically enforced. Finally, this study presents the results of interviews and inquiries and discusses the validation or the invalidation of the research framework.

2. THEORETICAL FRAMEWORK

The Opportunity of Economic, Social and Environmental Disclosure

The globalization of economy and the supposed universality of investors' expectations seem to be the key drivers in the representation of firms' performance. For many years, financial reporting was considered sufficient to ensure the information of these investors and, as a side-effect, of the other firms' stakeholders (IASB, 2013).

International financial reporting standards (IFRS) are the ultimate development of monetary accounting. As Weber (1947: 186) observed, a monetary accounting system values all resources and assets "in terms of the present or expected market situation" and "from a purely technical point of view, money is the most 'efficient' means of economic accounting". However, two main criticisms can be addressed to financial reporting. First, a monetary accounting system addresses only the resources that are priced by the market. Second, institutions are supposed to correct externalities. Nevertheless, due to globalization and institutional differences between territories, institutions are far from covering all externalities. Moreover, institutions are increasingly constrained by short-term global economic competition and externalities are easily dismissed by investors as not relevant to ensure short term profitability. Therefore, disclosure of economic, social and environmental information appears to be a necessity to address the concerns of the users of firms' external reporting.

Externalities and Markets' Imperfections

International financial reporting standards, and most national accounting standards, assume that monetary accounting can synthesize almost all

characteristics of economic phenomena. However, since monetary accounting is based on market prices, whether past (the price of historic transactions), present (the price of current items on markets), or future (the actualization of future cash flows, i.e. expected market prices), financial reporting standards rely on market completeness and perfection. Markets are supposed to integrate uncertainty in financial reporting in order to achieve general equilibrium (Arrow, 1964; Debreu, 1959).

"Implicit in the Arrow and Debreu approach is the assumption that all economic agents are aware of all possible future states of the world that can possibly occur. (...) However some features of economic and political life cannot be understood within a framework that rules out the possibility of unknown unknowns. In particular the role and evolution of many social and economic institutions cannot be fully understood without allowing for the possibility that they evolved, at least in part, as a response to Knightian uncertainty" (Walker, 2010: 141).

Markets are far from being complete and perfects. Some events are totally unexpected by markets (for instance, the catastrophe of Fukushima nuclear power plant initiated by a tsunami in 2011), or some are totally neglected by markets (for instance, the possibility that the US housing bubble of 2005-2006 might endanger the international financing system: The Financial Crisis Inquiry Commission, 2011). Some events can also be ignored as they are supposed to concern economic actors with no resources to intervene on the markets (for instance, the impact of biofuels policies on food insecurity and inflation (Oxfam, 2008).

Externalities and Institutions

Externalities are social, environmental and economic consequences of economic phenomena that are not integrated in market prices. Where capitalism has been developed for decades or centuries and where various forms of social control have surged to correct and limit externalities, institutions have evolved to regulate economic, social and environmental consequences of economic phenomena. For instance, environmental pollution is strongly regulated in Europe and the regulation is enforced. In the same way, European countries have generous policies to limit poverty and to give allowances to unemployed people. Most externalities are supposed to be addressed by the European governments or by the European Commission. Nevertheless, worldwide globalization, migrations and cul-

tural evolutions are modifying this equilibrium.

In some other parts of the world, institutions may be weaker or ignored. For instance, pollution can be legally regulated but the regulation may be disregarded. Or employees' safety may be invoked by local administrations without being enforced. Therefore, negative economic, social and environmental externalities may have a strong impact on stakeholders without being fully integrated in the firms' strategies and policies.

If all externalities due to firms' activities could be perfectly measured by market prices or regulated, then financial information could adequately synthesize all the available information at any given time. Discussing corporate performance reporting would mean studying methods for calculating accounting and financial result. The existence of significant economic, social and environmental externalities suggests that financial information cannot grasp and resume the totality of firms' performance. Other mechanisms of reporting are expected to give account of the corporate economic, social and environmental performance that is not synthesized in the firms' profit.

A Theoretical Framework for Assessing and Reporting Firms' Performance

This study is informed with two main theories: the stakeholder theory and the institutional and neo-institutional theory. Both help to propose a theoretical framework that is rooted in territories and local stakeholders. Depending on institutions, external reporting of firms' performance can take various aspects to deal with the firms' economic, social and environmental responsibility. A main feature of this research is that corporate economic, social and environmental responsibility is defined as a consequence of markets and legal institutions' incompleteness (North, 1981, 1990). While most academic or professional approaches deal with economic, social and environmental responsibility as being a uniform duty, this research considers that corporate responsibility is strongly dependent on local institutions. Consequently, external reporting is expected to differ according to territories and local institutions (Hopwood, 1983, 2007).

A Stakeholder Approach

If each stakeholder was perfectly rewarded for his or her contribution to the firm and for his or her risk exposure, contractual approaches of the firm (Alchian & Demsetz, 1972; Fama, 1980; Jensen, 2001) could be satisfying. "Where complete market freedom is given, the highest degree of formal ra-

tionality in capital accounting is absolutely indifferent to all the substantive considerations involved. But it is precisely the existence of these substantive factors underlying monetary calculations which determine a fundamental limitation on its rationality" (Weber, 1947: 212).

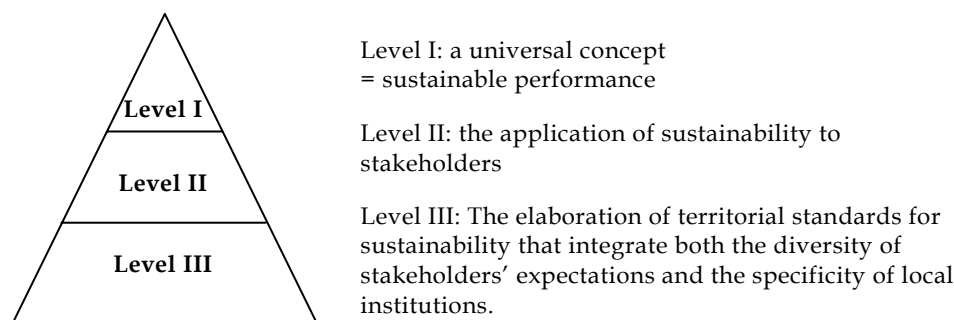
Worldwide differences in the compensation and protection of clients, suppliers, employees, and even small shareholders, suggest that market contracts are not always the free agreement between well informed and agreeing actors. Contracts are sometimes the results of macro-economic situations. In a capitalist economy, a main source of power is the endowment of financial resources: "The distribution of the amount of money or of marketable goods at the disposal of the different parties in the market is decisive in determining the direction taken by the production of goods, so far as it is carried on by profit-making enterprises. (...) Production does not respond to actual wants unless their possessors are in a position to make them effective by sufficient purchasing power on the market" (Weber, 1947: 195).

Therefore, firms may address the expectations of some stakeholders while neglecting some others. Firms pay attention to those actors that can enforce their power (Mitchell, Agle & Wood, 1997): "A need may fail to be satisfied, not only when an individual's own demand of other goods takes precedence, but also when the greater purchasing power of others, in relation to any kind of demand, withdraws the relevant good from the market" (Weber, 1947: 194).

If contracts are enforced and if institutions regulate power relations to limit unfair transactions that are detrimental to one of the actor, market transactions can result in the maximizing of every stakeholder's expectations. However, if legislation or contracts' interpretation by judicial courts favor the right of the strongest, then some stakeholders' expectations may be unsatisfied. Economic actors' power is fundamental to understand why firms' top executives will address a stakeholder's concern (Mitchell, Agle and Wood, 1997).

For instance, if some stakeholders suffer from negative externalities that are neither integrated in market prices nor regulated by institutions, then financial reporting will not reflect the interest of these stakeholders. Since financial reporting helps focus the attention of the firm on specific aspects of economic phenomena, corporate policy will neglect the aspects not covered by monetary accounting, and the interests of these stakeholders will be neglected. The final result may be a breaking of the

Figure 1
The Representation of Firms' Performance in a Stakeholder and Territorial Approach



Source: Pigé (2012).

firm's coalition (like strikes or disruptions in the firm's business process) or even worse the emergence of violent conflicts inside social community (even political contestation may take its roots in the bad interactions between firms' governance and local institutions, see for instance Thailand in 2014).

A Territory Approach Based on Institutions

Many countries are confronted with social, environmental and economic questions that suggest that institutions and firms interact in a complex way. For instance, in most African countries (but also in Europe), unemployment is a great concern that local governments are unable to cope with. In big metropolis, environmental damage and pollution are also key health concerns that overpass the capacities of local administrative authorities. Most of these issues involve complex interactions between firms, local governments, international institutions and various stakeholders.

Key economic social and environmental issues differ according to territories. For instance, employees' safety is a universal concern; however, its territorial application is far from being homogeneous. For instance, comparing France and Vietnam, the practical measures implemented by firms to ensure employees' safety may differ due to the enforcement of regulation or to the lack of regulation. In the same way, overloading is not a central issue in France while it is a real problem in Vietnam where it is the cause of accidents and infrastructure damages.

An Integrating Model

The representation of corporate performance depends on territories (and their specific institutions) and stakeholders. To model this paradigm, the researchers propose a three level approach (Figure 1) that try to combine the global representation of firms' sustainable performance with the need for reporting standards ingrained in territories (and

specific institutions). The reconciliation between these two extremes is possible through the stakeholder approach. Stakeholders are human people who live and exist in a given territory, with its own set of institutions, but who also have common expectations that bypass their contingent and local institutional environment.

3. RESEARCH METHOD

The Methodology of Investigation: Interviews and Inquiries for the Cement Industry in Vietnam

This study is not a quantitative study. Its empirical aim is to comfort or dismiss the theoretical approach presented above. Therefore, the empirical study relies on interviews, observations and inquiries in a restricted area. While other empirical studies have been done or are in progress in different territories (France, Cameroon, Togo, Mexico, China), this study focuses on firms operating in Vietnam in the cement industry. This section first presents a rapid survey of Vietnamese institutions, and then it explains the methodology of data collecting.

The Specificity of Vietnamese Institutions

Vietnam is a 90-million people country and its population is young and has high literacy (93.2% - GSO 2010). Since 1986, thanks to economic and political reforms (*doi moi* in Vietnamese language), Vietnam has transformed itself from one of the poorest countries (\$100/capita) to one in the lower middle average income (\$1,749/capita, in 2012). The average GDP growth is about 5%/year. The Foreign Direct Investment (FDI) has continuously poured into Vietnam for two decades.

Nevertheless, Vietnam is still far away some other ASEAN countries and China. Vietnam infrastructure lags behind the other countries (123th/142 countries). Institutions regulating market mechanisms have been adopted but some of them are neither enforced nor applied (Nguyen &

Table 1
Interviews in the Cement Industry for the International Public Firm A

Date	Interviewed	Language
13 August 2012 (1h25')	A1. Head of Sales & Marketing	French
13 August 2012 (1h30')	A2. Former Strategy Manager	Vietnamese
13 August 2012 (1h17')	A3. CFO	English
14 August 2012 (1h27')	A4. Logistic and Planning Manager	Vietnamese
14 August 2012 (2h00')	A5. Quality Manager	Vietnamese
20 November 2012 (1h20')	A6. Port Controller	Vietnamese
20 November 2012 (1h24')	A7. Purchaser	Vietnamese
21 November 2012 (1h35')	A8. Plant Controller	Vietnamese
21 November 2012 (1h30')	A9. Performance Manager	Vietnamese
21 November 2012 (1h20')	A10. General Director	French
11 February 2014 (1h30')		
11 February 2014 (2h30')	A11. CEO	French
12 February 2014 (3h30')	A12. Plant Manager (discussing while visiting the plant)	French

Richard, 2011). Therefore, Vietnam can be characterized as a free market economy with numerous social, environmental and economic externalities that are neither measured in market prices nor regulated. Because of problems associated with the management of foreign investment capital and the transition from planned to market economy, a new phase of *doi moi*, especially focusing on the state-owned enterprises is expected (Tran, Van Tho, 2013).

Due to Indian Buddhist influence, Vietnamese firms are supposed to be more nature-respecting, collective-thinking, community-respecting, and woman-respecting, than foreign firms (Tran, Ngoc Them, 2008). Then, we could expect traditional Vietnamese culture to conflict with a strict profit maximizing strategy. But, in the same time, Vietnamese institutions are also weakened by corruption and individual disregard for economic, social and environmental externalities.

The Interviewing Methodology

Our empirical research was both confirmatory and exploratory. It was confirmatory as regard the main hypothesis of the research project but exploratory as regard the details of the corporate economic, social and environmental reporting.

Therefore, this study relies on a few topics and questions to drive interviews and to collect additional information. These topics were those presented above:

1. Whether corporate sustainable performance includes addressing the concerns of all stakeholders, and particularly employees, clients, suppliers and local communities (shareholders' expectations were usually not directly ad-

ressed in our interviews).

2. Whether the actions of the firm that are dedicated to specific stakeholders are reported and communicated either through annual reports or directly to the stakeholders implied.

Interviews have been realized from 2012 to 2014 (Table 1 and 2) by two French academics with the help of one Vietnamese manager in the main firm studied. The first French academic has strong knowledge of Vietnamese culture and teaches regularly in two Vietnamese universities. The second academic was guest speaker in two Vietnamese universities while conducting the research. Languages were Vietnamese, English or French, depending on interlocutors. Interviews realized in the 2012 year were digitally recorded while most interviews in 2014 were handwritten. This evolution may be surprising but it was decided to facilitate a free exchange between the interviewees and the academic and, afterwards, it proved to be a good decision. When digitally recorded, discussion was less straightforward since most firms' policies usually forbid discussing matters or facts that could endanger firm's reputation.

Our initial focus was a multinational firm (firm A, Table 1) that is one of the worldwide leaders in the cement industry but that is not the leading firm in the Vietnamese cement industry. Top executives of this firm have usually been interviewed twice: one time by the first academic in 2012, and the second time by the second academic in 2014. In both occasions, the firm's main industrial facilities have been visited. The researchers could observe and have informal discussions with local employees. Therefore, interviews were contextualized. This facilitated the discussion and

Table 2
Interviews in the Cement Industry for Other Actors

Date	Interviewed	Firm	Language
11 February 2014 (1h30')	Director and Owner	Consulting firm for the implementation or improvement of industrial processes	French
19 February 2014 (50')	Civil servant	Ministry of construction	Vietnamese with translation in English
19 February 2014 (1h20')	Former CEO	Vietnamese private firm B	Vietnamese with translation in English
21 February 2014 (30')	Manager of the controlling process	Vietnamese private firm C	Vietnamese with translation in English
21 February 2014 (1h10')	CEO	Vietnamese private firm C	Vietnamese with translation in English

allowed for the deepening of mutual understanding.

This study complemented these interviews with interviews of a high level civil servant who is involved in the governmental supervision of the cement industry and with interviews with two CEOs of Vietnamese competitors (table 2, firms B and C). Firm B is a Vietnamese plant, which has been created in 2000 and which has been sold in 2012 to foreign investors. Firm B was considered by firm A to be acquired but discussions did not conclude. Firm C has been created in 2002 and is one of the leaders of the Vietnamese industry with a very big industrial plant that is fully integrated from the raw materials to the finished products. Firm C sells intermediate and finished raw material. Firm C is one of the main suppliers of firm A for intermediate raw material.

4. DATA ANALYSIS AND DISCUSSION

According to managers and executives interviewed, profit is still the key measure of performance. This conception is reinforced by the translation of the word *performance*. Interviewees proposed *hieo qua*, which means effective, efficient, and which is related to the KPIs (Key Performance Indicators) concept, or *nang luc*, which means capacity related to economic outcomes but also environmental issues. The Vietnamese words that are used refer to quantitative and qualitative measurements. So, in a Vietnamese approach, firms' performance refers both to measurement and to consequences that encompass economic, social and environmental dimensions. Social and environmental performances are considered as a mean to attain long term economic performance.

Firm's Performance Needs to Be Registered in Firm's Profit

For top managers, profit is the key measure of per-

formance: The goal is to make a profit on everything we do (...) In terms of performance, I am based on matrices that are mostly financial (A1).

However, very quickly emerges a more complex notion of performance that refers to the firm's business model, to its orientation toward the clients, to its competitive position: I think that there is a notion of benchmarking. We always work in an environment. And, in this environment, there are people working on the same thing like us. (...) There is one who is better and another who is worse than us. (...) The second criterion, when I go into the business world, is the client. Does the client think that we are doing a good job or not? (A10).

According to A10, the Balanced Scorecard approach (Kaplan and Norton, 1992, 2000) seems to be a useful tool to grasp the complex dimensions of performance for the firm's executives. Profit is the key indicator but it is achieved through very pragmatic actions and its importance may be undermined by significant events such as accidents: If unsafe actions are done or if an important accident happens, all profits will be considered zero. For example, even with a high profit, if a fatality occurs, the general director faces difficulties (A2).

Nevertheless, firms cause negative environmental externalities. In particular, the pollution and the rejection of CO₂ are under increased scrutiny from local villagers in industrial areas and from non-governmental organizations such as WWF (World Wide Fund). As this industrial sector has main impacts on local social communities and environment, the international group A has decided to focus on some worldwide sustainable objectives. For instance, reducing rejected CO₂ is a worldwide policy. Sustainability is integrated in performance since there are pressures from stakeholders, either directly or through non-governmental organizations.

Firms contribute to the improvement of their local environment

We investigated whether a firm might substitute itself to the government when local infrastructures and public services are failing, missing, or when regulations are not enforced. The overloading issue (trucks that bypass their authorized load) is a typical example. The Vietnamese government has enacted regulations and penalties; it has also invested in weighbridges. However, because transportation costs are key competitive advantages, many companies still over-load, and some of them may engage in bribing practices. A side effect of this lack of regulation enforcement is the high level of road accidents in Vietnam. Firm A has set a strong policy for enforcing the control of over-loading with a system that gives compensation for subcontractors that respect legislation.

Firm A also improved the road used by its trucks: Well you know, I never asked this question. Why is it important? Well, I do not know why I do this. Me, I think it is so natural, the company is a part of the community, and it must play its role in a society, its role is not only to produce cement, but also to participate in the everyday life of community where it is. It is my personal conviction. So, I think it's normal that it is evident to maintain the relationship with the schools, with the local government, the People's Committee of the village. And I do not wonder if we should replace the state, no, that is not the question. We live together with the people who live next door, well, we share the same concerns, the same problems and we need to help each other. And when we're together, life is easier. Yes I think so. Again I do not think now we can live alone in isolation from the outside world. It is not possible. Especially companies like ours where there is production, where local people work. For them, it is a kind of pride to see their company to do something outside. And if the workers are proud to work for us, well they work better. So the company wins (A10).

I think it is reasonable to do this [investment in road construction], it's just. (...) I think it's quite just that an international firm at this level participates in the development of the country. So it fits perfectly to the development policy of firm A (A1).

In these interviews, social performance is not negated but it is considered a component of a long term economic focus. Managers and executives assume that long term economic performance cannot be achieved without integrating some environmental and social expectations.

Sustainable performance is addressed as a consequence of a quality focus

The CEO of firm C clearly stated that his firm is involved in employees' safety, environmental concern and local communities' support. According to the figures communicated, over an initial investment of 350 million US\$, 60 million were dedicated to environmental concerns. And, each year, 0.7% of the turnover (around 0.5 million \$) is dedicated to industrial environmental improvements. Moreover, a new project is elaborated to increase environmental performance. Actually, due to the quality of equipment purchased at the construction of the plant, Vietnamese environmental standards have always been respected and the plant is operating according to the European standards.

However, the CEO does not consider that this concern for environment is due to personal ethics or beliefs. For him, it is a rational long term decision to maximize the efficiency of the process. Environmental concern improves the durability of equipment and its efficiency. Therefore, there is a specific reporting for shareholders on expenses for environment and safety that aims to relate the decisions to long term economic efficiency. For the firm D, corporate social responsibility does not seem to be a main issue if it is not related to long term economic performance.

The approaches of the two other CEOs were quite different. CEO of firm C stated that his personal feelings and beliefs have strong influence on his attitude toward employees' safety. He could not be satisfied with employees' casualties even if, to prevent accidents, expenses would have to be incurred without measurable financial return. He acknowledges that social and environmental concerns could be pursued even if profitability could not be easily measured.

For the firm A, the policy is much clearer since the group holding has enacted international standards that have to be applied in all plants with no regards to lower national standards. This point is strongly regarded by both the CEO and the General Director. This latest one even says that it is one of the main reasons for his loyalty to the firm. Both of them strongly approve the new group strategy for medium term that focuses on sustainability. Money and cash-flows are key indicators but they do not overpass safety and environmental concerns. They have to be pursued simultaneously even if they are not correlated.

No specific reporting is envisioned for the various stakeholders

In firm C, reporting is almost exclusively directed

to shareholders. Due to national regulations, there is one exception as regard environmental reporting that has to be done to local authorities (but it is mandatory and it is not a voluntary disclosure of information. In firm C, no reporting was specifically dedicated to stakeholders other than shareholders. According to discussions with Vietnamese academics, this is due to the political system where the legal party is afraid of employees' unions or of any organized association of stakeholders.

In firm A, no specific reporting is done but documents are kept and can be accessed to measure the specific actions dedicated to the various stakeholder groups. For instance, there is a list of the actions done for local communities, including not only the furniture of the firm's products (the three firms provide freely some quantities of their products to local communities) but also friendly meetings with local authorities or agencies, like football games, voluntary help by the firm's employees, etc. In the same way, employees' injuries are critically recorded and reported. At the request of the academic, specific information was provided that was not classified. This information confirmed the content of the interviews.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Many reasons have been proposed to explain the disclosure of economic, social and environmental information (Patten, 1991; Gray, Kouhy & Lavers, 1995; Aerts & Cormier, 2009; Cho, 2009). Some disclosure may respond to regulatory requirements (Frost, 2007; Delbard, 2008); others may be communicative tools to facilitate the identification of risks and opportunities (Verrecchia, 1983; Lang & Lundholm, 1993), or to decrease the pressures of social and political actors (Walden & Schwartz, 1997; Deegan, 2002). Behind these interpretations, there is the acknowledgement that financial information cannot describe accurately all economic, social and environmental impacts of firms' activities.

Obviously, profitability ought to be the result of the efficient management of the firm's resources through its industrial and commercial processes. However, when local institutions are weakened and when economic, social and environmental externalities are important, short term profitability can be concomitant with negative economic, social and environmental externalities. For instance, a firm can improve its short term profitability by lowering its safety requirements. Therefore, the representation of the firm's performance may also need to integrate explicitly the firm's contribution

to its various stakeholders.

One interesting feature merging from interviews was that the personal attitude of firms' executives and managers could differ as regards sustainability and corporate social responsibility. Some managers and executives may feel personally and morally engaged in pursuing economic, social or environmental issues (such as employees' safety or the reduction of pollution) and it facilitates the implementation of corporate social and environmental policies. But, in all interviews, social and environmental concerns were related to the long term economic development of the firm. Therefore, the short term difficulty of measuring rewards when improving safety or lowering pollution was not considered the principal obstacle to corporate social responsibility.

All executives and managers were concerned with measuring the firms' externalities on employees' safety, local communities or environment. However, to report to the stakeholders on these measures was not systematically done. The information exists inside the firm but it is not reported outside. Regarding firm A, this observation needs to be qualified. The international group has implemented a reporting policy that ought to identify stakeholders and measure actions directed to each of them. This international policy is strategic for the group to differentiate itself from competitors that only focus on lowering costs and market prices. Therefore, economic, social and environmental reporting is slowly emerging as a complementary form to the financial reporting.

The researchers suggest that the international regulation of firms' reporting should encompass a larger view of the firms' contribution to sustainability. This objective is pursued by initiatives such as the one pioneered by IRC (International Integrated Reporting Council): to design an annual report that encompasses the environmental, the social and the economic dimensions of the firms' performance. But it also needs to enlarge its focus to integrate not only the financial investors' expectations but also the more diffused, and sometimes confused, expectations of the various firms' stakeholders.

In a future development of this study, the researchers want to grasp the expectation of the various stakeholders in relation with the economic, social and environmental outcomes of firms' policies. The researchers hypothesize that some specific expectations will emerge that are related to the Vietnamese culture, to its consideration for the environment and to its collective di-

mension. This is our next challenge to study and understand the questions of representation of firm performance but also the meaning of corporate governance in specific institutional contexts such as Vietnam.

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