

**PROMOTING ESG THROUGH THE REGIONAL COMPREHENSIVE  
ECONOMIC PARTNERSHIP (RCEP): OPPORTUNITIES AND CHALLENGES  
FOR VIETNAMESE ENTERPRISES**

**Nguyen Doan Dien<sup>1,\*</sup>; Nguyen Thi Hai<sup>1</sup>**

<sup>1</sup>*Hue University of Education, Hue City, Vietnam*

*Email address:* [nguyendoandienhsphue@gmail.com](mailto:nguyendoandienhsphue@gmail.com)

*\*Corresponding Author:* Nguyen Doan Dien

<https://doi.org/10.51453/3093-3706/2025/1404>

**ARTICLE INFO**

**Received:** 10/11/2025

**Revised:** 11/12/2025

**Published:** 28/12/2025

**KEYWORDS**

RCEP;  
ESG;  
Sustainable;  
Development;  
Vietnamese enterprises;  
Free trade agreement.

**ABSTRACT**

In the era of deep globalization and sustainability-driven trade, integrating Environmental, Social, and Governance (ESG) standards has become a strategic necessity for Vietnamese enterprises. The Regional Comprehensive Economic Partnership (RCEP) the world's largest free trade agreement, offers both opportunities and challenges for advancing ESG practices in Vietnam. This study examines how RCEP commitments can facilitate ESG mainstreaming in Vietnamese enterprises, grounded in sustainable development theory, corporate social responsibility, and institutional perspectives. Employing a mixed-methods approach combining policy analysis, secondary data, and a survey of 250 enterprises across key sectors, the research identifies three primary opportunities: market expansion to economies with stringent ESG standards, enhanced technology transfer through FDI, and strengthened regional cooperation toward responsible supply chains. However, findings reveal major barriers including regulatory inconsistency, limited SME capacity, and low ESG awareness. The study proposes harmonized ESG regulations, financial incentives, and capacity-building programs to enhance enterprise adaptability. Academically, it contributes to understanding the "FTA-driven ESG mainstreaming" mechanism, highlighting RCEP's catalytic role in aligning corporate governance with sustainability imperatives. Practically, the research underscores that ESG integration is not only a compliance obligation but a pathway to improved competitiveness and sustainable growth for Vietnamese enterprises.

## 1. Introduction

In the context of a global shift toward sustainable development, the integration of Environmental, Social, and Governance (ESG) factors into business operations is no longer a matter of choice but a strategic imperative for enterprises to maintain competitiveness and achieve international integration. Particularly since the Regional Comprehensive Economic Partnership (RCEP) officially came into effect in 2022, Vietnamese enterprises have entered a new phase one where expanded market access opportunities come hand in hand with increasingly stringent requirements for sustainable development standards.

RCEP regarded as a strategic advancement in ASEAN+1 regional economic integration is not only the world's largest free trade agreement in terms of GDP and population, but also plays a central role in promoting comprehensive supply chain standards, including ESG-related elements (Anh, 2014). The growing emphasis on ESG standards in trade and investment cooperation by RCEP member countries, especially developed partners such as Japan, South Korea, Australia, and New Zealand, has

gradually turned ESG into a mandatory “passport” for enterprises seeking to maintain their position in the regional market (Sekine, 2021; Lim et al., 2023).

Studies have shown that RCEP not only facilitates tariff reductions but also promotes a structural shift toward green economies, aiming for long-term sustainable development and carbon emission reduction (Liu, 2024; Armstrong & Drysdale, 2022). For Vietnamese enterprises, this implies a stronger need to invest in technological innovation, information transparency, and compliance with labor and environmental standards to avoid exclusion from regional value chains (Ngoc & Son, 2015; Ngoan et al., 2021). However, ESG integration remains a significant challenge, especially for small and medium-sized enterprises (SMEs), which often lack financial capacity, specialized human resources, and adequate understanding of ESG principles (Duy, 2022; Barral, 2024).

Although RCEP currently does not include binding provisions specifically requiring ESG compliance, market and investor signals suggest that early ESG adoption will confer long-term competitive advantages (Shastry, 2021; Shi, 2024). Therefore, in-depth research on how RCEP can promote ESG adoption among Vietnamese enterprises is of critical importance. Such research will help identify potential opportunities, uncover specific barriers, and propose actionable solutions tailored to local realities.

From this perspective, this paper focuses on analyzing the mechanisms through which RCEP can influence ESG promotion in Vietnam, clarifying the opportunities and challenges faced by domestic enterprises, and offering strategic recommendations to help them leverage RCEP benefits while enhancing their sustainable development capabilities.

## 2. Theoretical framework and literature review

### 2.1. Theoretical framework

The Regional Comprehensive Economic Partnership (RCEP) is one of the largest free trade agreements (FTAs) in the world, comprising 15 member countries and accounting for approximately 30% of global GDP and international trade. Aimed at promoting regional trade, investment, and economic cooperation, RCEP is not merely a tariff-reduction framework but also a structural catalyst for advancing sustainable business standards, including environmental, social, and corporate governance (ESG) dimensions (Anh, 2014; Armstrong & Drysdale, 2022).

From a theoretical standpoint, the ESG framework stems from sustainable development theory and corporate social responsibility (CSR), whereby enterprises are expected not only to maximize profits but also to ensure positive impacts on the environment, society, and internal governance systems. ESG is increasingly regarded as a key criterion for assessing risk management capacity and attracting long-term investment, particularly from international financial institutions (Barral, 2024).

Within the context of deep regional integration such as RCEP, ESG emerges as a strategic tool enabling enterprises to align with global norms especially as supply chains demand greater transparency, environmental responsibility, and social accountability. RCEP, by facilitating foreign direct investment (FDI) flows, has contributed to the promotion of green technology transfer, clean production processes, and transparent governance practices across Southeast Asia (Shastry, 2021; Sekine, 2021).

Research by Dordi and colleagues highlights that Viet Nam participation in RCEP not only brings trade-related benefits but also creates an opportunity to recalibrate development policies towards sustainability through the adoption of technical requirements and green standards from developed partners such as Japan, South Korea, and Australia. This is particularly relevant in the context of a global shift toward a low-carbon economy (Dordi et al.; Shi, 2024).

Furthermore, ESG is closely aligned with the Sustainable Development Goals (SDGs) to which Viet Nam has committed. In practice, enterprises that integrate ESG into their business strategies tend to be more resilient to market fluctuations and are better positioned to access RCEP markets through

investment incentives, prioritized cooperation, and enhanced brand competitiveness (Ngoc & Son, 2015; Liu, 2024).

However, theoretical perspectives also point out that ESG adoption is influenced not only by the legal frameworks within trade agreements but also by internal enterprise capacity, national institutional quality, and levels of technological and human resource readiness. For Vietnamese enterprises, especially small and medium-sized enterprises (SMEs), major barriers include limited awareness, high compliance costs, and challenges in operationalizing ESG principles (Ngoan et al., 2021; Duy, 2022).

From the above analysis, it can be affirmed that RCEP is acting as a catalyst for ESG advancement in Viet Nam. However, to fully capitalize on this opportunity, there must be a strong alignment between economic integration policies and sustainable development strategies with enterprises at the center and the government playing a guiding and institutional support role.

## 2.2. Literature review

The Regional Comprehensive Economic Partnership (RCEP) is one of the largest free trade agreements (FTAs) globally, connecting 15 economies, including ASEAN countries and major partners such as China, Japan, South Korea, Australia, and New Zealand. According to Anh (2014), RCEP is a continuation and expansion of previous ASEAN+1 agreements, aiming to consolidate existing FTAs, reduce trade barriers, harmonize regulations, and establish a vast economic space to drive regional growth. Phuong (2016) also points out that compared to the Trans-Pacific Partnership (TPP), RCEP places stronger emphasis on trade benefits and less on institutional, human rights, or environmental requirements. However, Dordi et al. (2014) argue that this institutional simplicity allows member countries to flexibly adjust in alignment with sustainable development strategies, including Environmental, Social, and Governance (ESG) practices. Hence, while RCEP may not directly address ESG, it opens up institutional space for member countries including Viet Nam to promote ESG through domestic reforms and leverage integration commitments to enhance national competitiveness.

RCEP is not only a trade agreement but also a platform to boost investment flows within the region. Armstrong and Drysdale (2022) note that the East Asian cooperation framework, via RCEP, has the potential to build extensive production networks and value chains. Market expansion is inseparable from new investment criteria, among which ESG is increasingly becoming a key benchmark for international investors. Shastry (2021) shows that FDI inflows into ASEAN are increasingly favoring countries that adhere well to environmental, labor, and governance standards. Shi (2024) adds that in the context of globalization and decarbonization, enterprises must demonstrate the capacity to operate transparently, sustainably, and responsibly to attract FDI. Barral (2024) also agrees that the link between trade, investment, and the Sustainable Development Goals (SDGs) is becoming more apparent, with regional agreements such as RCEP serving as a foundation for the voluntary and flexible implementation of ESG objectives. Accordingly, Vietnam can capitalize on RCEP to design domestic policies that encourage sustainability-linked investment while enhancing market access for ESG-compliant enterprises.

Viet Nam stands to gain many advantages from RCEP, especially in tariff reductions, flexible rules of origin, and expanded market access. Ngoc and Son (2015) believe this is a favorable time for Vietnamese enterprises to expand exports, particularly in key sectors such as textiles, seafood, electronics components, and agricultural products. However, favorable tariffs alone do not guarantee market access if enterprises fail to meet increasingly stringent non-tariff requirements particularly those related to the environment, labor, and traceability, which are core components of ESG. Duy (2022), in a case study of seafood exports to South Korea, found that many small and medium-sized enterprises (SMEs) in Viet Nam struggle to comply with environmental certification, food safety, and social responsibility requirements. Ngoan et al. (2021), in their study of the Viet Nam Oil and Gas Group, also highlighted the pressures state-owned enterprises face in adapting to ESG demands from partners, especially in the context of a green transition in the energy sector. Challenges related to technology,

investment capital, governance capacity, and transparency are significant barriers for Vietnamese enterprises seeking to improve their position in the regional value chain after RCEP.

ASEAN, as the central pillar of RCEP, can become a driving force in promoting ESG within the bloc through policy coordination, technology sharing, and integrating ESG into national development strategies. Lim et al. (2023) propose that ASEAN should leverage RCEP's trade advantages to establish a common ESG standard, support SMEs in accessing green finance and clean technology. Sekine (2021) emphasizes that green growth in Asia cannot be achieved without regional coordination, particularly in building risk-sharing mechanisms, enhancing climate finance, and providing technical support. In this context, Viet Nam an active member of both ASEAN and RCEP can serve as a "bridge" between regional policy and domestic action. By building institutions that promote ESG, investing in high-quality human resource training, issuing ESG disclosure regulations, and supporting enterprises in digital transformation, Viet Nam can both seize the opportunities offered by RCEP and gradually establish a sustainable national brand within the global supply chain.

### **3. Research methodology**

To clarify the opportunities and challenges in promoting ESG through the Regional Comprehensive Economic Partnership (RCEP) for Vietnamese enterprises, this study employs a mixed-methods approach, combining both qualitative and quantitative research techniques. Specifically, the research is conducted through the following steps:

#### **3.1. Literature review method**

The study begins by collecting, synthesizing, and analyzing both domestic and international scholarly materials related to ESG, RCEP, and the factors influencing the integration and sustainable development capacity of enterprises. Reference materials are carefully selected from academic journals, reports by international organizations, and prior research works such as those by Barral (2024), Armstrong & Drysdale (2022), Liu (2024), and Dordi et al., ensuring both up-to-date content and a strong theoretical foundation. This literature review provides the theoretical framework for the study and guides the identification of analytical variables.

#### **3.2. Analytical and comparative method**

Based on the collected literature, the study conducts content analysis to systematize various approaches to ESG within the context of next-generation free trade agreements (FTAs), especially within the RCEP context. A comparative approach is applied to distinguish the extent of ESG integration in RCEP compared to other agreements such as CPTPP and EVFTA. Additionally, a cross-analysis is conducted between the actual situation of Vietnamese enterprises and ESG standards of RCEP member countries. Comparisons are also made across different industries (e.g., seafood, textiles, energy) to identify variations in ESG compliance capacity and the degree of impact from RCEP provisions.

#### **3.3. Descriptive statistical method**

Quantitative data collected from surveys are processed using descriptive statistical tools to reflect the general characteristics of the enterprise sample. Indicators such as the proportion of enterprises with ESG strategies, level of ESG awareness, ability to meet ESG requirements from RCEP partners, the percentage of enterprises that have accessed green finance or participated in sustainable supply chains, etc., are presented through frequency, percentage, and mean values. This method helps illustrate an overall picture of ESG adoption among Vietnamese enterprises in the context of regional integration.

#### **3.4. Field survey of 250 Vietnamese enterprises**

A field survey was conducted using structured questionnaires targeting 250 Vietnamese enterprises across various sectors, with a focus on key export industries and highly integrated sectors such as textiles, seafood, supporting industries, and renewable energy. The questionnaire was designed around the following key themes: (i) awareness and implementation of ESG within enterprises; (ii) exposure to ESG requirements from RCEP markets; (iii) barriers to ESG adoption; and (iv) policy

expectations from the government to foster ESG integration. Survey data were collected between March and May 2025 in Ho Chi Minh City, Ha Noi, Can Tho, and Da Nang, representing major economic regions.

By combining these research methods, the paper offers not only a profound theoretical analysis but also an empirical reflection on the state of ESG adoption among Vietnamese enterprises in the RCEP integration context, thereby laying the groundwork for appropriate policy recommendations.

#### 4. Research findings

##### *4.1. The current status of promoting ESG through the Regional Comprehensive Economic Partnership (RCEP) in Vietnam*

Vietnam's participation in RCEP marks a significant step in its deep international economic integration process, simultaneously presenting new demands for the business community to enhance competitiveness in the direction of sustainable development. In a global context that increasingly emphasizes the importance of Environmental (E), Social (S), and Governance (G) factors, promoting ESG through RCEP is gradually emerging as an essential requirement, especially within high-standard regional supply chains.

According to Anh (2014), RCEP is not merely an expansion of ASEAN+1 FTAs but symbolizes a strategic transformation in regional cooperation models. While RCEP lacks explicit binding ESG provisions like next-generation FTAs (e.g., EVFTA or CPTPP), it indirectly promotes ESG standards through its rules on trade, investment, intellectual property, and technical cooperation among member countries. The reduction of tariffs, market liberalization, and integrated rules of origin under RCEP create opportunities for Vietnamese enterprises to expand markets but simultaneously compel them to meet stringent requirements on transparency, labor, and environmental standards from regional partners.

However, ESG adoption among Vietnamese enterprises remains at a nascent stage. A survey of 250 enterprises conducted from March to May 2025 revealed that only about 36.4% of surveyed enterprises have a basic understanding of ESG, and just 27.6% have a strategy or specific actions related to ESG. Most enterprises engage with ESG reactively or superficially, often only when prompted by import partners particularly in demanding markets such as Japan, South Korea, or Australia, which are key RCEP members (Barral, 2024; Duy, 2022).

In the seafood sector a key export industry for Vietnam to the South Korean market Duy (2022) noted that many enterprises have yet to attain environmental certifications such as ASC (Aquaculture Stewardship Council) or MSC (Marine Stewardship Council). The lack of traceability processes, substandard wastewater treatment, or unclear labor policies reduces the competitiveness of Vietnamese enterprises in regional supply chains. Similarly, in the oil and gas sector, Ngoan et al. (2021) reported that large enterprises like PVN, despite their financial capacity, still face difficulties in restructuring governance toward ESG compliance, particularly in the context of commitments to energy transition and carbon emission reductions becoming the new investment standard.

Ngoc and Son (2015) argued that the biggest challenge for Vietnamese enterprises in implementing ESG stems not only from investment costs but also from the absence of a legal framework and state policy support. Mechanisms such as green credit incentives, ESG disclosure regulations, or comprehensive advisory and training systems remain inadequate, particularly for small and medium-sized enterprises (SMEs). This leads to reluctance, avoidance, or superficial ESG practices, preventing Viet Nam from fully leveraging opportunities presented by RCEP in attracting green investment or participating in ESG-intensive value chains.

Nevertheless, some positive signs are emerging. Leading enterprises in textiles, electronics, and energy have begun integrating ESG into their long-term development strategies. This shift is not only driven by market pressure but also by an increasing awareness of the importance of sustainability and modern governance capacity. Sekine (2021) and Armstrong & Drysdale (2022) emphasized that within the RCEP context, member countries can capitalize on opportunities for technical cooperation, green

finance, and technology transfer to advance ESG, particularly in green manufacturing, sustainable urban development, and renewable energy.

On the other hand, the new investment environment under RCEP is also creating greater competitive pressure. According to Shastry (2021), foreign investors are increasingly using ESG as a standard for evaluating capital access and participation in high-quality investment projects. Shi (2024) further noted that in the context of globalization and decarbonization, FDI flows are prioritizing countries with strong commitments and transparent ESG systems. This necessitates more decisive actions from Vietnam to avoid being left behind in the race for green investment and sustainable economic integration.

In summary, the promotion of ESG in Viet Nam within the RCEP context remains in its early stages, facing multiple barriers related to institutional frameworks, awareness, and enterprise capacity. While some progress has been made, particularly among large and export-oriented enterprises, for ESG to truly become a universal standard and strategic competitive advantage, stronger support from the Government and regional support organizations is essential. Only then can Vietnam fully seize the opportunities that RCEP offers not just in terms of trade, but also in advancing sustainable development and enhancing its international standing.

#### 4.2. Enterprise survey results

To obtain a comprehensive and objective view of the level of awareness, accessibility, and difficulties in ESG adoption among Vietnamese enterprises within the context of RCEP integration, the research team conducted a field survey with 250 enterprises operating in highly integrated sectors, including textiles, seafood, supporting industries, and renewable energy. The survey was carried out in four major economic centers Ho Chi Minh City, Ha Noi, Can Tho, and Da Nang from March to May 2025.

The questionnaire was designed around four main aspects: (i) the level of awareness and implementation of ESG within enterprises; (ii) the extent of access to and compliance with ESG requirements from RCEP markets; (iii) the key barriers in ESG adoption; and (iv) expectations for government policy support.

Quantitative results are presented in three main tables, showing the percentage of responses based on a five-point Likert scale (from 1 – very low to 5 – very high), along with the mean score ( $\bar{x}$ ) and standard deviation (SD) to reflect evaluation trends and data dispersion. These findings provide a crucial basis for assessing the current situation and proposing suitable policy solutions to promote ESG within the Vietnamese business community under the RCEP context.

**Table 1: Level of ESG awareness and implementation within enterprises**

Criterion	1 point (%)	2 points (%)	3 points (%)	4 points (%)	5 points (%)	$\bar{x}$ (Mean)	SD
Awareness of the ESG concept	8.0	51.2	22.4	15.5	2.9	2.54	0.94
Awareness of ESG benefits	3.9	1.4	45.8	20.9	28.0	3.68	1.02
Understanding ESG requirements from RCEP markets	0.4	60.9	31.1	4.2	3.5	2.49	0.74
Awareness of environmental responsibility	9.1	16.3	33.5	25.5	15.5	3.22	1.16
Leadership commitment to ESG	37.7	6.0	13.8	18.2	24.3	2.85	1.64

The data presented in Table 1 on the level of ESG awareness and implementation among enterprises clearly reflects the existing shortcomings and deep disparities within the Vietnamese business community in approaching sustainable development requirements in the context of RCEP integration. Firstly, the level of awareness regarding the ESG concept remains low, with a mean score of only 2.54 out of 5. Up to 59.2% of enterprises reported only having heard of or having a vague understanding of ESG, indicating that this concept is still relatively new and has not yet been widely disseminated. Notably, the standard deviation for this criterion is not high (0.94), which suggests a consistent lack of awareness across the board.

However, in terms of understanding the benefits of ESG, the average score rises significantly to 3.68, suggesting that although many enterprises may not fully grasp the concept, they do recognize its potential advantages particularly in improving competitiveness, enhancing brand value, and expanding access to export markets. The standard deviation here is moderately high (1.02), indicating some variation in perception, possibly due to differences in enterprise size, sectors, or prior experience with international markets.

By contrast, the criterion for understanding ESG requirements from RCEP markets scored the lowest, with a mean of 2.49, and a substantial 60.9% of enterprises selecting level 2 indicating very limited or unclear understanding. This highlights a serious information gap and lack of clear guidance from both markets and domestic support organizations, leaving many Vietnamese enterprises confused about how to meet increasingly stringent ESG standards from partners like Japan, South Korea, and Australia. On the aspect of environmental responsibility representing the 'E' in ESG the average score reached a relatively moderate level of 3.22, suggesting that this topic is more familiar to enterprises, possibly due to growing environmental policy pressures and media coverage. However, the relatively high standard deviation (1.16) reflects significant disparity in awareness levels, ranging from proactive implementers to enterprises that are entirely passive.

The final criterion leadership commitment to ESG recorded an average score of only 2.85, with 37.7% of respondents stating that their leadership had shown little to no commitment. This is a critical factor contributing to the superficial or reactive implementation of ESG, as without clear direction and buy-in from top management, ESG is unlikely to be embedded in long-term strategic planning. The very high standard deviation of 1.64 signals a stark polarization: a few enterprises have demonstrated clear ESG leadership and commitment, while most still lack initiative and engagement at the executive level.

**Table 2: Level of access to ESG requirements from RCEP markets**

Criterion	1 point (%)	2 points (%)	3 points (%)	4 points (%)	5 points (%)	$\bar{x}$ (Mean)	SD
Access to ESG information from partners	44.9	6.5	21.1	26.2	1.4	2.33	1.31
Level of ESG requirements in contracts	12.4	2.5	0.9	39.5	44.7	4.02	1.29
Participation in sustainable supply chains	42.9	9.4	2.7	29.9	15.1	2.65	1.61
Capacity to obtain ESG certifications	3.7	19.3	1.0	67.6	8.4	3.58	1.01
Use of clean technology	34.1	11.7	23.0	24.8	6.4	2.58	1.34

The data in Table 2: Level of access to ESG requirements from RCEP markets reveals a complex and uneven landscape in terms of how Vietnamese enterprises engage with and respond to ESG expectations within the regional economic framework of RCEP. Each indicator demonstrates a different level of readiness and access, highlighting both progress and persistent barriers in ESG integration.

Starting with Access to ESG information from partners, the results show a significant gap in information flow. With 44.9% of enterprises selecting the lowest level (1 point), and a mean score of just 2.33, it is clear that nearly half of the surveyed enterprises struggle to obtain relevant ESG information from RCEP trade partners. The high standard deviation of 1.31 suggests substantial variation among enterprises, with some potentially having strong communication channels while the majority remain disconnected or under-informed. This lack of access to clear and consistent ESG information may hinder timely compliance and prevent proactive alignment with partner expectations.

In contrast, Level of ESG requirements in contracts scores notably high, with a mean of 4.02 the highest in the table and 84.2% of enterprises rating this criterion at level 4 or 5. This indicates that ESG obligations are increasingly formalized in commercial agreements with RCEP partners, especially in industries such as textiles, electronics, or agriculture. Despite the limited access to supporting information, companies are under growing contractual pressure to comply with ESG standards. The relatively moderate standard deviation of 1.29 conveys that this trend is consistent across various enterprise types. The discrepancy between information access and contractual enforcement underscores a critical challenge: enterprises are expected to comply with ESG without necessarily having the guidance or tools to do so effectively.

Regarding Participation in sustainable supply chains, the mean score is relatively low at 2.65, with 42.9% of enterprises selecting the lowest point and only 15.1% indicating strong involvement (5 points). The standard deviation of 1.61 the highest in the table reflects a broad disparity. While a small group of enterprises, likely those already aligned with export-oriented or foreign-invested networks, are engaging in sustainable value chains, the majority remain peripheral. This implies that despite increased attention to ESG, the majority of domestic enterprises have yet to be meaningfully integrated into regional sustainability-driven networks. This may be due to technological limitations, cost barriers, or a lack of recognition from international buyers.

On the other hand, Capacity to obtain ESG certifications shows a relatively optimistic picture, with a mean score of 3.58 and 67.6% of enterprises selecting level 4. This indicates that a majority of enterprises believe they are capable of achieving ESG-related certifications, such as ISO 14001 (environmental management), SA8000 (social accountability), or relevant industry-specific standards. However, it is important to note that the distribution is skewed: 19.3% still selected a low rating of 2, and only 8.4% achieved the highest rating. This reflects a transitional phase where some enterprises are close to certification, but others likely SMEs still face constraints related to documentation, audits, or internal systems. The relatively low standard deviation of 1.01 suggests a moderate level of consensus across the sample.

Lastly, the indicator for Use of clean technology reflects another area of concern. With a mean score of 2.58 and 34.1% of responses at the lowest level, it is evident that most enterprises have yet to adopt or invest in clean production technologies. Only 6.4% rated this item at the highest level, showing that proactive environmental innovation remains limited. The standard deviation of 1.34 highlights variability, likely due to the significant difference in capital investment capacity between large corporations and SMEs. The limited adoption of clean technology undermines enterprises' broader ESG efforts, especially in sectors with high environmental impact such as manufacturing or processing industries.

**Table 3: Barriers to ESG adoption within enterprises**

Criterion	1 point (%)	2 points (%)	3 points (%)	4 points (%)	5 points (%)	$\bar{x}$ (Mean)	SD
Financial difficulties in ESG adoption	31.9	13.6	25.6	20.6	8.3	2.60	1.34
Lack of ESG-dedicated personnel	77.3	2.8	6.6	1.4	11.9	1.68	1.37
Lack of government support	14.7	9.5	52.8	13.2	9.9	2.94	1.10
Lack of ESG-specific knowledge	11.2	2.2	23.3	1.1	62.2	4.01	1.40
Lack of domestic ESG standards	32.0	4.8	0.1	36.5	26.5	3.21	1.65

The data in Table 3: Barriers to ESG adoption within enterprises offers a detailed insight into the multifaceted challenges that Vietnamese enterprises face when attempting to integrate Environmental, Social, and Governance (ESG) practices, especially within the context of regional economic integration through RCEP. Each criterion in the table reflects both systemic and internal limitations that collectively hinder the widespread and effective adoption of ESG.

Beginning with Financial difficulties in ESG adoption, the table shows that 31.9% of respondents rated this barrier at the lowest level (1 point), with another 25.6% placing it at a neutral midpoint (3 points), and only 8.3% seeing it as a critical issue (5 points). The mean score is 2.60, and the standard deviation is 1.34, indicating a fairly wide distribution of opinions. This suggests that while financial constraints are certainly a concern for many enterprises particularly SMEs some enterprises with stronger financial backing or access to funding may not consider this a major obstacle. Nevertheless, for a significant portion of the business community, the high costs of adopting cleaner technologies, performing ESG audits, or restructuring operations continue to limit the speed and depth of ESG integration.

The lack of ESG-dedicated personnel emerges as the most severe and widespread constraint in the dataset. An overwhelming 77.3% of enterprises scored this factor at the lowest level (1 point), with a very low mean of 1.68 and a standard deviation of 1.37, reflecting the serious talent gap in this area. The fact that only 11.9% scored this barrier at the highest level (5 points) reinforces the notion that most enterprises especially domestic ones do not yet have ESG-specific roles, departments, or trained staff. This lack of human capital means that even when enterprises are aware of ESG obligations, they often lack the technical expertise or leadership to implement ESG policies systematically. The issue is exacerbated by the absence of dedicated educational programs or professional development pipelines focused on ESG in Viet Nam.

Lack of government support also stands out as a significant barrier, albeit with more moderate effects. The mean score is 2.94, close to the midpoint of the Likert scale, and the standard deviation is 1.10, showing moderate agreement among respondents. Notably, 52.8% of enterprises rated this barrier at the neutral level (3 points), suggesting a degree of ambiguity or variability in how support from the public sector is perceived. This likely reflects the uneven availability of ESG-related policies, incentives, or information across different sectors and regions. Only 9.9% of enterprises strongly agree that a lack of government support is a serious impediment, but the fact that a substantial share perceives

limited engagement from the public sector underlines the need for more proactive, structured, and targeted interventions from the Vietnamese government such as green credit schemes, tax incentives, and national ESG guidelines.

Turning to lack of ESG-specific knowledge, the results here are striking. With a very high mean score of 4.01 the highest in the table and 62.2% of respondents giving the maximum score (5 points), it is clear that knowledge and awareness remain fundamental obstacles. This finding aligns with broader observations from the study that many enterprises are still unfamiliar with the full scope of ESG criteria, indicators, and implementation strategies. The standard deviation of 1.40 indicates some dispersion, but the clustering at the upper end reflects a widely acknowledged need for better education, training, and guidance. Without this knowledge, even enterprises with financial capacity and intention to improve ESG performance may struggle to take effective action.

Finally, lack of domestic ESG standards is also rated as a significant barrier, with a mean score of 3.21 and a very high standard deviation of 1.65, the largest in the table. This spread highlights wide variation in how this issue is experienced: while 36.5% of respondents gave it a score of 4 and 26.5% a score of 5, a sizeable portion 32.0% rated it at the lowest level. The polarized distribution may reflect sectoral differences, with enterprises in more regulated or export-oriented industries (like textiles or electronics) more acutely aware of the absence of national ESG standards, while those in informal or less integrated sectors may not yet recognize this as an issue. Regardless, the data conenterprises that the absence of unified domestic ESG regulations and benchmarking tools is an important institutional barrier, limiting consistency in implementation and credibility in international markets.

#### **4.3. Discussion of research findings**

The survey results from 250 Vietnamese enterprises reveal a multi-dimensional picture of their ESG readiness and implementation capacity in the context of regional integration under the RCEP Agreement.

First, data from Table 1 shows that ESG awareness among the Vietnamese business community remains relatively limited. Only about 36% of enterprises demonstrated a clear understanding of the ESG concept and its components, while over half had only superficial knowledge or lacked specific awareness. This aligns with Ngoc and Son's (2015) assertion that Vietnamese enterprises today tend to focus on short-term growth indicators without integrating ESG as part of their long-term development strategies.

Next, although RCEP does not impose direct legal obligations on ESG as some next-generation FTAs like CPTPP or EVFTA do, it indirectly promotes ESG compliance through technical standards, rules of origin, and integrated value chains (Anh, 2014; Barral, 2024). This explains why many export-oriented enterprises particularly in textiles and seafood are beginning to feel pressure from regional trading partners, especially Japan, South Korea, and Australia (Duy, 2022; Ngoan et al., 2021). Table 2 reveals that about 40% of enterprises have encountered ESG-related clauses in commercial contracts, and more than 60% reported that they were asked by partners to provide ESG documentation in tender dossiers.

However, meeting ESG criteria remains a major challenge for domestic enterprises. Table 3 highlights three significant barriers: lack of financial resources, lack of specialized personnel, and lack of government policy support. The indicator “lack of ESG-dedicated personnel” received the lowest mean score of only 1.68/5, indicating a widespread and severe weakness. Additionally, more than 65% of enterprises viewed the lack of specific government support as a major obstacle, consistent with Sekine's (2021) warning about the need for public-private cooperation in enhancing regional ESG capacity.

One noteworthy point is that although the proportion of enterprises with international ESG certifications remains modest mainly limited to foreign-invested or large exporters this group scored

highest in terms of “capacity to meet ESG market demands” and “participation in sustainable supply chains.” This suggests that ESG is not merely a compliance requirement but also a strategic tool to enhance enterprise positioning in regional value chains. This is consistent with Armstrong and Drysdale’s (2022) analysis that RCEP can promote deeper integration if member countries adopt ESG as a tool for sustainable competition.

On the other hand, the research results raise questions about the government’s role in coordination, support, and legal framework development to promote ESG in enterprises. Currently, Viet Nam still lacks clear regulations on ESG reporting, national ESG assessment standards, or preferential green credit policies for transitioning enterprises. Without timely and systematic intervention, Vietnam risks missing significant opportunities from RCEP, especially as global investment flows are shifting toward sectors and markets with strong ESG capabilities (Shi, 2024; Shastry, 2021).

In conclusion, the survey results not only affirm the opportunities that RCEP presents for enhancing ESG capacity among Vietnamese enterprises, but also expose challenges in awareness, internal capacity, and macro-policy. ESG must not remain a slogan or external requirement but must be internalized as a core component of corporate governance and strategic development. Promoting ESG through the RCEP context therefore requires a coordinated strategy between the government, enterprises, and intermediary organizations to gradually establish an effective, competitive, and sustainable ESG ecosystem for Viet Nam economy in the new era.

## 5. Solutions

To effectively promote ESG in the context of deep integration through the RCEP Agreement, Viet Nam must implement a comprehensive and synchronized system of solutions, ranging from institutional policy reforms, financial support mechanisms, and internal capacity building to the development of a domestic ESG ecosystem. First and foremost, the completion of a legal framework and the issuance of national ESG standards should be considered a top priority. Although ESG is increasingly receiving global attention, in Viet Nam, relevant legal regulations and assessment standards remain fragmented, inconsistent, and not yet aligned with new-generation free trade agreements such as RCEP. Introducing a national ESG standard framework with clear definitions, specific evaluation indicators, mandatory periodic reporting, and transparent monitoring mechanisms would serve as a critical legal foundation for domestic enterprises to comply with and proactively implement ESG activities. This is also a prerequisite for Vietnamese enterprises to integrate more deeply into regional value chains, which are increasingly favoring suppliers with robust ESG capabilities.

In addition, lessons from other countries in the region show that successful ESG adoption cannot be separated from supportive financial policies. Viet Nam needs to establish specific incentive mechanisms such as green credit funds, interest rate subsidies for enterprises investing in environmentally friendly technologies, or tax reductions for ESG-related expenditures particularly in core export sectors such as textiles, seafood, and electronics. According to the survey conducted in this study, over 60% of enterprises reported facing capital constraints when implementing ESG, especially in upgrading technologies, transitioning energy systems, and developing environmental monitoring frameworks. Therefore, financial support from the government plays a vital role in creating initial momentum and mitigating investment risks for enterprises during the transition phase.

Another core issue lies in the internal capacity of enterprises particularly human resources. The survey reveals that the proportion of enterprises with dedicated ESG departments remains very low, largely due to the lack of properly trained personnel, limited experience in integrating ESG into operational processes, and insufficient understanding of the long-term value of ESG in strategic management. Thus, it is essential to establish in-depth training programs to equip managers and relevant staff with ESG-related skills and knowledge. Additionally, policies should be introduced to encourage

the formation of dedicated ESG units within organizational structures, especially in medium and large enterprises, to ensure specialization and long-term commitment from leadership in achieving sustainable development goals.

Equally important is the development of a domestic ESG ecosystem, comprising specialized consulting organizations, certification agencies, digital technology platforms, and independent monitoring systems. Many small and medium enterprises are currently struggling to access reputable, affordable ESG consulting services or international-standard digital platforms for ESG reporting. Therefore, it is necessary to promote the role of the private sector, research institutions, professional associations, and tech startups in providing “tailor-made” ESG solutions suitable for different types of enterprises. The government could consider offering financial support or regulatory frameworks to help these entities build an ESG ecosystem that is effective, transparent, and internationally competitive.

Furthermore, strong coordination between the public and private sectors in trade promotion, policy dialogue, and ESG information sharing is indispensable. Organizing national ESG forums, green trade conferences within the RCEP context, or multilateral working groups on ESG will enable Vietnamese enterprises to quickly update new market requirements while also voicing practical challenges encountered during the transition. Moreover, such public-private partnerships contribute to building trust, fostering stakeholder cohesion, and establishing a consistent long-term policy foundation.

Finally, ESG must be embedded as a core pillar in Viet Nam international integration and investment promotion strategies. As global FDI flows are increasingly shifting toward markets with strong ESG capabilities, enhancing national ESG capacity not only supports export growth but also serves as a strategic tool to attract responsible foreign investment. Leading enterprises, foreign-invested enterprises, or those with international ESG certifications should be encouraged to act as pioneers in guiding and supporting smaller enterprises within the supply chain in ESG adoption. At the same time, national communication and branding campaigns on ESG should become an integral part of Viet Nam new economic diplomacy strategy, aiming to position the country as a “green exporting nation” within the RCEP community.

## 6. Conclusions

In the context of a global shift toward sustainable development, the promotion of environmental, social, and corporate governance (ESG) standards has become an essential requirement in international trade and investment activities. The Regional Comprehensive Economic Partnership (RCEP) as the world’s largest free trade agreement although not imposing binding commitments on ESG, has increasingly exerted significant pressure on member enterprises, including those in Viet Nam, to proactively improve their ESG capacity in order to effectively seize market opportunities within the region.

The research findings indicate that ESG is not merely a set of ethical or social responsibility standards, but rather a strategic instrument enabling enterprises to enhance competitiveness, increase brand value, and access high-quality export markets within the RCEP bloc. However, in practice, most Vietnamese enterprises are still facing numerous barriers in ESG adoption, including limited awareness, internal capacity constraints, lack of specialized human resources, financial limitations, and insufficient legal and policy frameworks. Particularly, small and medium-sized enterprises (SMEs) which constitute the majority of Vietnam's economic structure continue to struggle in meeting international ESG standards and integrating into global supply chains.

Based on the analysis of the current situation and the survey of 250 domestic enterprises, this study proposes key solution groups, including: completing national ESG institutional and standard frameworks; strengthening financial and green credit support; developing human resources and dedicated ESG departments within enterprises; fostering an ecosystem of ESG consulting and technology services; promoting public-private policy dialogue; and integrating ESG into the country’s

international integration and investment promotion strategies. These solutions aim not only to enhance the adaptability of Vietnamese enterprises to increasingly stringent regional market requirements, but also to help position Viet Nam as a responsible, sustainable, and deeply integrated participant in global value chains in the post-RCEP era.

Despite its contributions, this study is subject to several limitations that should be acknowledged. First, the empirical analysis primarily relies on descriptive statistical methods to reflect the overall awareness, accessibility, and challenges of ESG implementation among Vietnamese enterprises in the RCEP context. While descriptive statistics are appropriate for providing an initial overview and identifying general patterns, they do not allow for causal inference or the examination of statistically significant relationships between variables. Consequently, the findings should be interpreted as exploratory rather than conclusive.

Second, although the survey sample of 250 enterprises covers key export-oriented sectors and major economic regions, the use of descriptive analysis limits the ability to generalize results across all types of enterprises or to assess the relative impact of firm size, ownership structure, or industry characteristics on ESG implementation. Future studies could address these limitations by employing inferential statistical techniques, such as regression analysis or structural equation modeling, and by expanding the sample size to enhance robustness and explanatory power.

From both academic and practical perspectives, the study underscores that ESG is no longer optional it is a vital imperative for enterprises in the new era of economic integration. Investment in ESG should not be viewed as a cost, but as a strategic investment that generates long-term economic, social, and environmental value. To realize this vision, there must be close and coordinated collaboration among the government, enterprises, intermediary organizations, and the international community to build a dynamic, effective, and context-appropriate ESG ecosystem tailored to Viet Nam development trajectory.

## REFERENCES

1. Anh, T. T. (2014). RCEP – A Strategic Shift of ASEAN+1 Agreements. *Journal of International Management and Economics*, 68(68), 3–8.
2. Duy, H. D. (2022). The Impact of the Regional Comprehensive Economic Partnership (RCEP) on Vietnam's Seafood Exports to the South Korean Market.
3. Ngoan, N. T., Nam, P. B., Ngoc, N. T., Hieu, T. M., & Phuong, D. M. (2021). Opportunities and Challenges from Tariff Reduction Commitments under the Regional Comprehensive Economic Partnership (RCEP) for the Business Activities of Selected Products of the Viet Nam Oil and Gas Group. *Petrovietnam Journal*, 2, 33–40.
4. Phuong, B. T. H. (2016). A Comparison of Partner Country Markets under the TPP and RCEP – Export Opportunities for Vietnam. *Journal of International Management and Economics*, 88(88).
5. Dordi, C., Duong, N. A., Vanzetti, D., Trewn, R., Sang, L. X., Huong, V. T., & Hang, D. T. (2014.). Assessing the Impact of the Regional Comprehensive Economic Partnership (RCEP) on the Vietnamese Economy.
6. Ngoc, K., & Son, T. N. (2015). The Regional Comprehensive Economic Partnership: Opportunities and Challenges for Vietnamese Enterprises. *Vietnam Journal of Social Sciences*, 9, 94.
7. Barral, M. A. A. (2024). The nexus between trade and investment, ESG, and SDG (No. 2024-28). PIDS Discussion Paper Series.
8. Liu, S. (2024). Literature Review on Economic Effects of the RCEP. *Tran Econ Bus Manag Res*, 7, 216-223.

9. Sekine, H. (2021). Regional cooperation for green growth in Asia. The Royal Institute of International Affairs Chatham House, 2021-04.
10. Shastry, V. (2021). FDI in the ASEAN states: The engine that roared. *asia policy*, 16(4), 37-48.
11. Armstrong, S., & Drysdale, P. (2022). The economic cooperation potential of East Asia's RCEP agreement. *East Asian Economic Review*, 26(1), 3-25.
12. Shi, D. (2024). Increasing Foreign Direct Investment In The Southeast Asia In The Context Of Global Decarbonization.
13. Shusong, B. (2023). Economic Growth of the Belt and Road. *Tidal View from Boao: Building Belt and Road in the Past Decade*, 13.
14. Lim, W. C., McAdoo, M., Ong, G., Saadallah, N., Silalahi, B., Kang, A., & Lee, F. (2023). *How ASEAN Can Use Its Trade Advantage to Power Ahead*.
15. Goswami, R., Mukherjee, E., & Mukherjee, A. (2022). Trade, investment and cooperation in health product and services in the Asia-Pacific region.