

## Impact of Corporate Social Responsibilities on Organizational Commitment at Processing Enterprises in Viet Nam



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**ABSTRACT:** The study aimed to evaluate the aspects of social responsibility to the organizational cohesion of employees of processing enterprises in Hau Giang province, Vietnam. Data is collected from 196 working employees. The methods of descriptive statistics, reliability testing, explore factor analysis and multivariable regression analysis were used through SPSS software. Research results have identified 5 aspects of social responsibility that affect employees' organizational cohesion, including autonomy at work, training and development, and responsibility for the natural environment. Responsibility to the community and Benefits for employees. In which, autonomy in work is considered to have the strongest influence on employee's organizational cohesion. Implications are also proposed to help processing enterprises in the area to come up with appropriate policies to improve employee engagement through social responsibility implementation activities.

**KEYWORDS:** Social responsibility, CSR, organizational commitment, employee's commitment, processing enterprises.

### I. INTRODUCTION

Social responsibility has become more widely understood in recent years. That is, it is understood not only from an ethical point of view, but also from a legal point of view. Environmental damage caused by some companies, such as Bedan and Formosa Industrial Company in Vietnam, affects social life ... Not only is this morally criticized by public opinion, but more importantly it must be dealt with. It is strictly legal. Therefore, it is no coincidence that the term corporate social responsibility is used more and more frequently in Vietnamese books, newspapers, and many forums.

Hau Giang is one of 13 provinces of the Mekong Delta, Vietnam. In recent years, Hau Giang has implemented preferential policies, attracting investors in the field of high-tech agriculture associated with the processing industry, planning industries in key regions and industrial clusters, in which priority is given to the food and food processing sector. Currently, many processing enterprises have been established and operating in processing fields in Hau Giang province such as food processing, leather, footwear, clothing industry, .... In which, manufacturing industry Food production and processing is the industry with a very large proportion (more than 42.75% of the output value of the whole industry), and is the main industry of the province. The processing industry is one of the industries that attracts the attention of individuals, organizations and state management units about the implementation of corporate social responsibility..

How are processing companies in the region implementing social responsibility, and what is its impact on employee behavior? Of interest to managers and researchers. This article will analyze the aspects of the social responsibility of processing companies that affect the organizational commitment of employees.

### II. THEORITICAL AND RESEARCH MODEL

#### 2.1 Theoretical

According to Carroll (1991), social responsibility relates to areas such as economic benefits, legal compliance, business ethics and aspects of social support. In addition, he also believes that corporate social responsibility means that the company makes profits and obeys the law, which are two important conditions before coming to business ethics.

Albdur et al. (2010) stated that social responsibility is the formulation of business strategies and decisions to ensure ethical values in accordance with laws and regulations of stakeholders. Thus, the essence of social responsibility is that a company must respond to the needs of its social and business activities, but aim to maximize its positive impact and minimize its negative

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impact. Lantos and Geoffrey, 2001). Along with the operational characteristics of the processor, the CSR in this study is analyzed based on four aspects: responsibility to employees, customers, environment and community.

Organizational commitment is a strong belief, acceptance of the organization's goals and values, a willingness to push and work towards the organization, and some desire to maintain success. organizer (Mowday et al., 1979). it is the will to devote all one's efforts to the organization and seek to maintain the relationship with the organization (Kalleberg et al., 1996). Organizational commitment can be considered as the emotional attitude or behavior that binds an employee to the organization, which is a psychological state that denotes the employee's relationship with the organization. Therefore, it is closely related to the decision to retain members in the organization. (Size 10 & Normal)An easy way to comply with the conference paper formatting requirements is to use this document as a template and simply type your text into it.

## 2.2 Hypotheses and research model

Imran Ali et al. (2010) argued that labor is the most important resource for all enterprises. Attributing responsibility to employees means that the company must ensure adequate wages for workers, creating conditions for workers to provide at least the basic needs of themselves and their families. In addition, the enterprise must ensure the correct implementation of the employee's regimes such as bonuses, allowances, sightseeing guides, insurance regimes, working regimes, promotion conditions, etc. Good implementation of social responsibility towards employees will create motivation for them to work, help increase labor productivity and create longer-term benefits for the company. The elements of employee responsibility presented in the article include 3 components as follows:

(1) Benefits for employees: A worker's purpose is to work and earn the income he needs to support himself and his family. In addition to the salaries they receive, employees may receive other benefits such as bonuses, payroll deductions and allowances, and travel allowances. .... All remuneration received by an employee can be collectively referred to as remuneration received by the employee (Turker d., 2009a). It can be said that employees are more likely to be engaged in their work when they receive more key benefits from their work.

Therefore, hypothesis H1 is proposed: Benefits for employees positively affect on organizational commitment.

(2) Work autonomy: means employees can work independently according to their abilities and responsibilities in the rules and principles of the organization. Employees can freely express their opinions, improve and be creative at work as long as it is effective at work. When employees are independent in their work, not bound or forced by anyone, they will be able to work more effectively. This will encourage employees to feel more involved in their work (Turker D., 2009b).

Therefore, hypothesis H2 is posed: Work autonomy has a positive impact on employee's organizational commitment.

(3) Training and development: The employee's working goal is to earn an income to support himself and his family. In addition to salary, bonus and other benefits that employees receive, they need to be trained and promoted at work (Farooq O, Payaud M, Merunka D, Valette-Florence P). Although they do good work and are well paid, the organization is not interested in promotion. This will make them feel self-conscious and reduce organizational commitment.

Therefore, hypothesis H3 is proposed: training and development for employees has a positive effect on organizational commitment.

- Responsibility to customers: the company makes commitments and guarantees to customers such as: ensuring product quality, accuracy of information, ready to satisfactorily deal with all customer complaints, etc. (Skudience et al., 2010). When companies fulfill their responsibilities to their customers, they build trust, reliability and customer satisfaction. It helps companies increase sales and profits, thereby increasing employee income.

- Responsibility to the natural environment: Companies operating in business strictly comply with the provisions of the Law on Environmental Protection, minimizing negative impacts on the environment. When a company performs well on its environmental responsibility, it creates friendliness towards customers and people around, thereby helping to strengthen the company's brand and reputation in the market (Yoon et al., 2006).

- Responsibility to the community: including corporate activities for social support such as fundraising for the poor, scholarship sponsorship activities, contributions to public projects, etc. . (Carroll, 1991). When performing well social responsibility to the community will enhance the image of the company in society.

Based on Social Identity Theory (SIT), it's far used to give an explanation for the procedure of self-enhancement of people closer to organizational performance. Therefore, SIT is the important idea to give an explanation for the impact of CSR on stakeholders via organizational commitment (Turker, 2009). When personnel sense that their organisation works for the benefit, for the obligation of society. This contributes to the improvement of a effective image, personnel sense a feel of delight and

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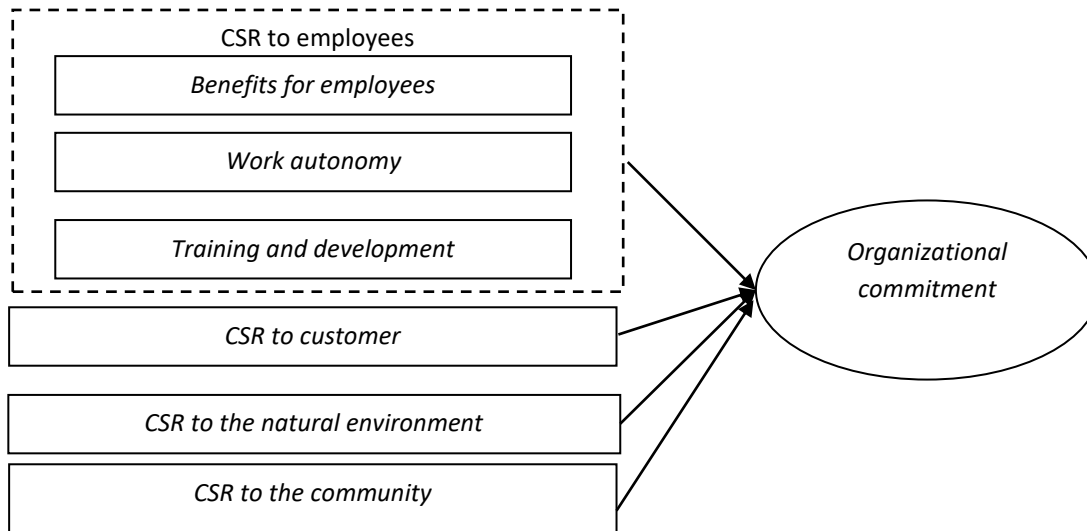
need to discover themselves with the organisation, for that reason improving worker confidence, delight and engagement. for the organisation (Hogg & Terry, 2000).

Therefore, the following hypotheses are proposed:

H4: CSR to customer has a positive impact on organizational commitment

H5: CSR to the natural environment has a positive impact on organizational commitment

H6: CSR to the community has a positive impact on organizational commitment



**Figure 2.2. Research models**

Source: Author's proposal

### III. RESEARCH METHODS

The sample size is based on the study of Hair, Anderson, Tatham and Black (1998). Accordingly, in order to be able to analyze factors, it is necessary to collect data with the number of observations 5 times higher than the number of variables to be analyzed, this topic has 30 variables, so the minimum number of observations to be collected is 150.

Convenient random survey method was carried out with a total of 210 questionnaires distributed to employees working in processing enterprises in Hau Giang province, Vietnam. As a result, there are 14 invalid questionnaires due to missing information by respondents and a questionnaire with the same level of comment for all questions. The remaining 196 valid questionnaires, accounting for 93%.

Qualitative method: on the basis of an overview of previous studies, the research team built an initial scale, then the questionnaire was sent to experts and conducted a trial survey of 30 employees to control the survey. edit and supplement concepts in the questionnaire.

Quantitative methods: used with methods such as Cronbach's Alpha, exploratory factor analysis (EFA), and multivariate regression.

### IV. RESEARCH RESULTS

According to the survey results, out of 196 observations, 65 men accounted for 33.2%, 131 women accounted for 66.8%.

Regarding age: the majority of workers are in 2 age groups: from 30 to 39 years old and from 18 to 29 years old, with a total of 157 people, accounting for over 80%. 20% are over 40 years old.

Working time: Employees have working time from 1 to less than 3 years, accounting for 33.2%; from 3 to under 5 years, accounting for 32.1%; from 7 years or more, accounting for 24.5%; the rest is less than 1 year, accounting for 10.2%.

Regarding positions in work: employees who do not hold positions account for 87.8%; employees holding managerial positions accounted for 12.2%..

#### 4.1 Cronbach's Alpha reliability analysis

The scale of the study is inherited and developed based on previous studies (Table 1)

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**Table 1. Summary of scale's reliability**

Factors	Scales	Code	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Source of Scales
Benefits for employees, Cronbach's Alpha: 0.684	Wages paid by enterprises to employees to ensure their own and their family's life	BE2	0.418	0.638	Imran Ali & et al. (2010)
	Enterprises appropriately determine allowances for employees	BE3	0.470	0.613	
	Enterprises pay bonuses for attractive employees	BE4	0.498	0.611	
	The enterprise has many welfare regimes for employees such as full insurance participation, annual travel, etc.	BE5	0.510	0.593	
Work autonomy Cronbach's Alpha: 0.840	Employees are assigned the right to perform work	WA1	0.614	0.815	Turker D. (2009)
	Employees have the right to take initiative and be responsible for their work	WA2	0.679	0.798	
	Employees are encouraged to participate in decision-making	WA3	0.700	0.791	
	Employees are encouraged to come up with ideas and improve their work	WA4	0.653	0.805	
	Employees have the right to make certain decisions about work	WA5	0.571	0.826	
Training and development, Cronbach's Alpha: 0.864	Employees know well the necessary conditions for development and promotion	TD1	0.799	0.795	Farooq O, Payaud M, Merunka D, Valette-Florence P. (2013)
	Employees can participate in training and retraining courses to improve their skills	TD2	0.774	0.802	
	Employees are oriented and trained in the right skills	TD3	0.522	0.915	
	The enterprise has a clear plan on skills training for employees	TD4	0.806	0.790	
CSR to customer Cronbach's Alpha: 0.836	Enterprises provide full information about their products to customers	CSRC1	0.616	0.809	Skudience & et al. (2010)
	Enterprises always satisfactorily handle customer complaints	CSRC2	0.687	0.789	
	Enterprises always focus on product after-sales	CSRC3	0.641	0.802	
	Enterprises consider customer satisfaction as an important criterion for survival and development	CSRC4	0.644	0.801	
	Brand is very reputable and trustworthy	CSRC5	0.600	0.813	
CSR to the natural	The enterprise has a waste treatment system to minimize harm to the environment	CSRE1	0.671	0.744	Yoon & et al. (2006)

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Factors	Scales	Code	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Source of Scales
environment Cronbach's Alpha: 0.811	Enterprises always use environmentally friendly products	CSRE2	0.734	0.712	
	Enterprises always consider the environmental and community aspects of their business activities	CSRE3	0.820	0.667	
	Enterprises always pay attention to protecting and improving the natural environment	CSRE4	0.347	0.893	
CSR to Community Cronbach's Alpha: 0.838	Enterprises always pay attention to protect and improve the natural environment	CSRM1	0.573	0.844	Caroll (1991)
	Enterprises regularly deduct funds to support social activities such as donations to support funds for the poor, scholarship activities, contributions to public projects, etc.	CSRM2	0.795	0.737	
	Enterprises set up their own funds to support social activities	CSRM3	0.728	0.771	
	The image of the enterprise is known from the community	CSRM4	0.607	0.822	
Organizational commitment Cronbach's Alpha: 0.847	Always try your best to work for the business	OC1	0.436	0.822	Jaros (2007)
	Feeling proud to be working at the company	OC2	0.650	0.577	
	Willing to stay and work for a long time for the business	OC3	0.654	0.567	

Source: Summary of data analysis results

The results of the reliability analysis show that the measurement concepts ensure unidirectionality, reliability, and differentiating values

### 4.2 Exploratory factor analysis

Table 2. Rotated Component Matrix

observed variables	Component					
	Work autonomy	CSR to customer	CSR to Community	Training and development	CSR to the natural environment	Benefits for employees
WA1	0.744					
WA2	0.669					
WA3	0.658					
WA4	0.625					
WA5	0.520					
CSRC2		0.770				
CSRC4		0.727				
CSRC3		0.698				
CSRC5		0.698				
CSRC1		0.543				
CSRM2			0.812			

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CSRM3			0.719			
CSRM4			0.671			
CSRM1			0.661			
TD4				0.906		
TD2				0.865		
TD1				0.747		
CSRE3					0.888	
CSRE2					0.865	
CSRE1					0.712	
BE2						0.683
BE5						0.675
BE3						0.646
BE4						0.620

**Source:** Summary of data analysis results

*The results of EFA analysis showed that the extracted variance of the scale reached 71.439%, the KMO coefficient of 0.829 was greater than 0.5. Factor loading coefficients are all greater than 0.5, all factors converge and are consistent with the theoretical model.*

### 4.3 Regression analysis

The regression equation was analyzed based on the data collected from 196 questionnaires to determine the degree of influence of the factors in the aspects of social responsibility on organizational cohesion.

**Table 3. Regression analysis results**

Hypotheses	Factors	Standardized Coefficients	t	Sig.	Collinearity Statistics		Decision
					Tolerance	VIF	
H1	X1 (Benefits for employees)	0.138	2.296	0.023	0.731	1.368	Accept
H2	X2 (Work autonomy)	0.296	4.506	0.000	0.614	1.628	Accept
H3	X3 (Training and development)	0.194	3.238	0.001	0.741	1.350	Accept
H4	X4 (CSR to customer)	0.030	0.483	0.630	0.673	1.485	Reject
H5	X5 (CSR to the natural environment)	0.185	2.992	0.003	0.696	1.436	Accept
H6	X6 (CSR to Community)	0.151	2.289	0.023	0.609	1.641	Accept

**Source:** Regression analysis results from survey data

According to the regression results in Table 3, the content of the regression analysis with the selected confidence level is 95%, corresponding to the independent variables having Sig. < 0.05 and has a positive beta normalization coefficient, Thus, the independent variables X1, X2, X3, X5, and X6 are significantly correlated with the dependent variable Y and there is no multicollinearity because of VIF less than 2.

## V. DISCUSSION AND IMPLICATION

### 5.1 Discussion

For Employee benefits, there is a positive influence with organizational cohesion ( $\beta = 0.138$ ). Therefore, the more businesses perform their responsibilities or have good policies for employees, the more employees will be more engaged to work and devote to the business and vice versa. The results of this study are similar to those of previous studies such as: Duygu Turker (2009); Mai Dang Tien, Nguyen Thi Thu Thuy and Nguyen Tinh (2019).

Work autonomy is also a component in the content of responsibility for employees, this factor has the largest impact among factors on organizational cohesion ( $\beta = 0.296$ ). If the enterprise has a better work policy and promotes self-reliance in work for

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employees, they will be more attached to the enterprise. Similar to the research results of Duygu Turker (2009); Mai Dang Tien, Nguyen Thi Thu Thuy and Nguyen Tinh (2019),

Training and development is a factor that has a positive influence on employees' organizational cohesion ( $\beta = 0.194$ ). When the enterprise has a good training and development policy, the employees will be more attached to the enterprise. This result is also similar to previous studies such as the study of Stephen Brammer, Andrew Millington and Bruce Rayton (2007).

Responsibility for the natural environment ( $\beta = 0.185$ ). The more clearly the company shows its role and responsibility to preserve and protect the natural environment in production and processing activities, the more employees will stick with the company. and vice versa. Responsibility for the natural environment has an impact on employee job satisfaction as indicated by (Nguyen & Tu, 2020).

Responsibility to the community ( $\beta = 0.151$ ) has a positive effect on organizational commitment. When outsourcing companies have more social policies, more charity funds, for the community, employees show more respect and commitment. Research by Lee, Y. et al (2012) shows that the charitable responsibility component has a strong impact on employees' trust in the organization. Furthermore, research by Huynh Long Ho (2014) shows that the perception of charitable responsibility has a positive impact on employee trust and employee trust in the organization has a positive impact on organizational commitment.

### 5.2 Implication

For processing enterprises to put in place appropriate policies to maintain and improve organizational commitment through the implementation of social responsibility. Leaders of processing enterprises need to implement the following aspects:

Firstly, promote autonomy in work for employees: empowering employees to perform the work they are in charge of, so that employees have the right to take initiative and take responsibility for their work. In addition, Encourage employees to participate in decisions related to their work; come up with new initiatives, new ways to improve work for higher efficiency; Empower employees to decide on certain tasks.

Second, have a reasonable and clear training and development policy: Leaders need to support employees in terms of time and costs so that they can improve their skills; develop a clear plan on training and retraining of professionals and skills for employees. In fact, most employees when they first come to work do not complete their jobs well for many reasons: they are not qualified, have no working skills, or are only trained in the form of "handheld instructions". job". Therefore, the performance they bring to the company is relatively low. In order to improve the skills of employees, businesses can equip themselves with more knowledge about advanced production management support tools such as 5S, lean production management, etc. Third, focus on responsibility for the natural environment: companies should fully equip waste treatment systems to minimize harm to the environment; use environmentally friendly natural products and goods; The surrounding environment and the community must always be of concern to the commercial and production activities of companies.

Fourth, effectively implement community responsibility: pay attention to local social policies, regularly raise funds to support social activities such as: donating funds for the poor, sponsoring scholarships, Contribution to public works. It is necessary to establish a fund to support social activities and create a good corporate image for the community Fifth, ensure the rights of workers; Enterprises pay wages to employees to ensure their lives and their families, the payment of wages to employees must be calculated reasonably and in accordance with the regime; Consider rewarding attractive employees to have the effect of promoting work enthusiasm; there should be many social protection regimes for employees such as participation in comprehensive insurance, annual travel, etc.

### 5.3 Limitations and further research

The number of research samples is limited, so the representativeness of the population is still not high. Through data analysis, the explanatory value of the model ( $R^2$  is 0.49), so the study only evaluates about 49% of the influence of social responsibility factors on employee engagement. organization, the rest is determined by other factors at a fairly high rate, but was not found. Therefore, this is also a limitation of the study, but it is also a premise and an idea for further studies to further explore the social responsibility factors affecting organizational commitment.

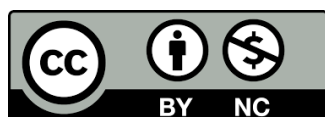
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