

## ẢNH HƯỞNG TRÁCH NHIỆM XÃ HỘI CỦA DOANH NGHIỆP ĐỐI VỚI CAM KẾT CỦA NHÂN VIÊN TRONG NGÀNH NGÂN HÀNG Ở TỈNH THÁI NGUYÊN

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### Tóm tắt

*Trách nhiệm xã hội của doanh nghiệp nhận được nhiều sự quan tâm của các nhà nghiên cứu và quản lý. Bài báo này phân tích ảnh hưởng của trách nhiệm xã hội của Doanh nghiệp (CSR) đối với cam kết của nhân viên trong ngành Ngân hàng ở tỉnh Thái Nguyên. Nghiên cứu này giải thích cách nhân viên nhận thức về trách nhiệm xã hội của doanh nghiệp ảnh hưởng đến cam kết của họ như thế nào. Kết quả cho thấy trách nhiệm xã hội của doanh nghiệp có ảnh hưởng tích cực đến cam kết của nhân viên. Từ những phát hiện này, các công ty dịch vụ có thể cải thiện chất lượng dịch vụ thông qua thái độ làm việc của nhân viên trong quá trình cung cấp dịch vụ.*

**Từ khóa:** Trách nhiệm xã hội của doanh nghiệp, Cam kết, Nhận thức, Hòa giải, Ngành ngân hàng

### THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON EMPLOYEES' COMMITMENT IN BANKING INDUSTRY IN THAI NGUYEN PROVINCE

#### Abstract

*Corporate Social Responsibility receives much attention of researchers and managers. This paper analyzes the effect of Corporate Social Responsibility (CSR) on employee's commitment in Banking Industry in Thai Nguyen province. This study explains how employee's perceptions of Corporate Social Responsibility affect their commitment. The findings show that Corporate Social Responsibility has a positive effect on employee's commitment. From these findings, service firms can improve service quality through employees' attitude to work during the service process.*

**Keywords:** Corporate Social Responsibility, Commitment, Perception, Mediation, Banking Industry

**JEL classification:** G, G21

### 1. Introduction

Corporate social responsibility (CSR) can be broadly defined as corporate actions addressing issues which are beyond the scope of its narrow economic, technical and legal requirements (Aguilera et al., 2007; Carroll, 2008). According to Barnett (2007: 798-801) CSR is a form of corporate investment characterized by a dual orientation towards the improvement of social welfare and of stakeholder relations. Numerous studies have focused externally, looking at the influence of CSR on prospective employees, these works, which tend to be based on signaling theory (Spence, 1973) and social identity theory (Ashforth & Mael, 1989), suggest that a corporation's socially responsible practices send a positive signal to potential workers.

More specifically, when employees perceive that their banks undertake higher social responsibility, they show higher level of commitment. Therefore, the higher levels of employee's commitment can positively affect employee's evaluation about organizational performance in employee perspective. This study intends to clarify some following objectives:

- Describe the nature, characteristics and role of social responsibility, employee commitment and

employee's evaluation about organizational performance in employees' perspective in businesses.

- Identify the relationship between corporate social responsibility and employee commitment in banking industry in Thai Nguyen province.

- Identify the effect of corporate social responsibility on employee's evaluation about organizational performance in employee's perspective through affecting employee commitment in banking industry in Thai Nguyen province. Propose some managerial implications for bank branches in Thai Nguyen province improve the performance through improve the high commitment of employees by taking part more on social responsibility activities.

#### Significance of the Study

- Through doing this study, the research results may help banks' managers understand deeply the role of social responsibility with their performance. The finding from this research may propose some useful solutions for leaders of banks to accelerate their employee's responsibility in providing the services and doing organizational commitment with customers. Through providing better services to customers, banks may maintain its competitive advantages with other bank branches. From this study, some Thai Nguyen governors may implement some policies to

encourage firms taking part in social responsibility activities, and improve the competitive ability of banking system in Thai

Nguyen province. The research model was present as following:

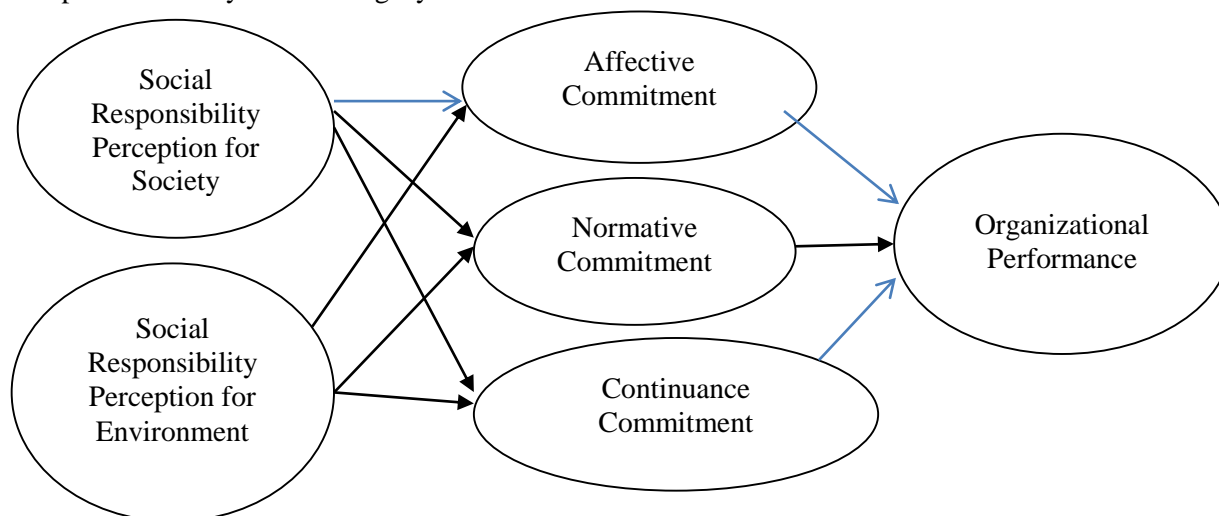


Figure 1. Research Model

## 2. Research Methods

This study chooses to use a one-shot survey for data collection. All research methods, including surveys, have strengths and weaknesses, which cannot be overlooked. Surveys have the ability to investigate problems in realistic settings rather than being restricted in laboratories or artificial rooms under artificial conditions.

### 2.1. Sample Size

This study will be restricted to Thai Nguyen province. Participants are employees who are working for banks in Thai Nguyen province. The sample size will be decided based on number of items used in questionnaire. This study intends to focus on banking services in order to examine how employees' perceptions of their firms' social responsibility influenced their commitment. The author plans to collect data from three hundred employees working in banks in Thai Nguyen province, Vietnam. Conducting a group survey will be considered important in order to reach a wide range of banking employees.

### 2.2. Research Instruments

To measure social responsibility, four items were used. Respondents used a 7-point Likert scale (1= 'Strongly disagree,' to 7= 'Strongly agree') to indicate their level of agreement with a set of statements which were framed within the context of the survey company. Typical statements included: 'The decisions management makes about employees are usually fair' and 'I believe the company offers equality of opportunity to all employees'. Respondents were asked to express a level of agreement with these three statements on a

Likert scale (1= 'Strongly disagree' to 7= 'Strongly agree'). Typical questions included: 'There are sufficient opportunities to develop and improve my skills in my current job.' To measure employee commitment, 12 items were used adapted from the 15-item Organizational Commitment Questionnaire (OCQ) (Porter et al., 1974) and measures of commitment in the areas of affective, continuance, and normative commitment. A measure of overall commitment per work entity was obtained by taking the mean score across the 6-items. It was intended that the scale items, when taken together, would provide a consistent indicator of employee commitment levels for most working populations. In order to measure organizational performance, the employees' perception about organizational performance was used. To strengthen the conclusions of this study, the author also used 4 items to measure employees' perception of organizational performance such as perception of bank performance results, customer satisfaction, and service quality.

### 2.3. Data Gathering Procedures

This study focused on banks in order to examine how employees' perceptions of their company's social responsibility influenced their commitment, and perceived service quality or perceived customer satisfaction. The author planned to collect data from employees working in bank branches in the Thai Nguyen province in Vietnam. In Thai Nguyen province, there are 20 banks and branches of bank. A half of the number of employees in each banks and branches were chosen to conduct survey

#### 2.4. Data Processing and Data Analysis

After collecting data, the author analyzed using Statistical Package for Social Sciences (SPSS) for quantitative data analysis and category formations and tabulation. Descriptive and inferential statistics includes: Cronbach's alpha, EFA, correlation and regression analysis were used. Eighteen items were used to measure the perception of employee about corporate social responsibility. The results from exploratory factor analysis show that five items (EAC1 to EAC5) belong to one factor named Employee Affective Commitment. However, after reliability test, one items EAC5 was deleted because of low level of reliability. Four items were retained and test the reliability test again. The results show that item-total correlations were all greater than 0.50 and the Alpha coefficient was 0.77. Five items were used to test legal social responsibility. This scale performs well with factor loading values of items were all greater than 0.50 and Alpha coefficient was 0.75. Four items were used to test ethical responsibility. These items belong to one factor and perform well with Alpha was 0.78. Twelve items were used to measure employee's commitment. These items belong to three factors. Four items measuring employees' affective commitment (AC) belong to one factor. This scale performs well with Alpha coefficient was 0.78. The four items used for measuring normative commitment (NORMC) also show the convergent

and reliable with Alpha Coefficient was 0.80. Four items used for measuring continuance commitment (CONC) belongs to one factor and perform well with Alpha was 0.73.

**Convergent validity.** Convergent validity of measures can be evaluated in terms of significance of factor loadings of scale items (Anderson and Gerbing, 1988). Results showed that, t-values of all estimated standardized loadings were significant at  $p < 0.01$  level. Composite reliabilities of construct were also high. Results showed evidence of convergent validity. The measurement model for all constructs showed a reasonable fit with  $\chi^2 = 1135.12$ , GFI=0.90, CFI=0.93, RMSEA=0.061.

**Discriminant Validity.** Discriminant validity is the extent to which the measure is unique and not simply a reflection of other variables. The results provided the evidence of discriminant validity using average variance extracted (AVE). All average variance extracted are greater than 0.5. The AVE exceeded the square correlation between all pairs of constructs. The results showed that all constructs are discriminant and all of the correlation coefficients in the table are significant at 0.05.

### 3. Results and Discussion

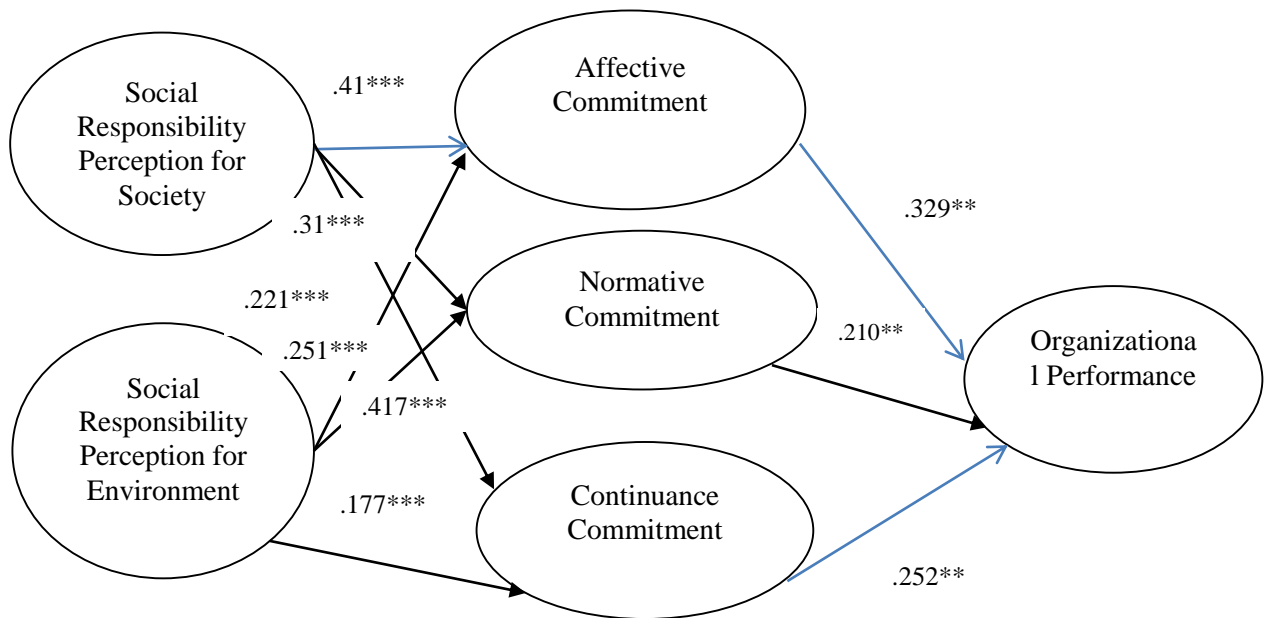
After doing exploratory factor analysis, one item did not perform well and was deleted. The results of scale reliability after exploratory factor analysis process are indicated in Table 1.

**Table 1:** Number of Item after Exploratory Factor Analysis

Construct	Before Evaluation		After Evaluation	
	Number of items used	Cronbach $\alpha$	Number of items used	Cronbach $\alpha$
Corporate Social Responsibility to Society	5	.841	4	.862
Corporate Social Responsibility to Environment	5	.786	4	.887
Affective Commitment	5	.872	5	.872
Continuance Commitment	5	.713	4	.779
Normative Commitment	5	.721	4	.792
Organizational Performance	5	.735	4	.779

The results from confirmatory factor analysis show that the model shows the reasonable fit with

$\chi^2 = 1135.12$ , GFI=0.90, CFI=0.93, RMSEA=0.061.



significant with  $p < .01$  \*

Significant with  $p < .05$  \*\*

Figure 2. The Results of Structural Equations Modeling

After analyzing collected data, the following findings are determined:

1) There are two views on the corporate social responsibility of enterprises. One is the state should be responsible to society and responsible businesses through the payment of taxes to the state. The other is businesses use the resources of the society and cause damage to the natural environment; therefore, in addition to paying tax, they should care for environment, communities, employees. Organizations engage in CSR activities for 4 reasons: first they have altruistic intentions. Second, they use CSR activities to appease various stakeholder groups. Third, they use CSR in motivation and retaining of employees. Finally, they use CSR to motivate consumers to buy organization's products and services.

Employee commitment is divided into three areas: affective commitment which refers to employees' emotional attachment to, identification with, and involvement in the organization; continuance commitment referring to commitment based on the costs that employees associate with leaving the organization; and normative commitment which refers to employees' feelings of obligation to remain with the organization. Employee commitment linked between employee and organization plays an important role because committed employees feel

attached to the company. This results in lower employee turnover and higher productivity. In addition to that, employee commitment is critical to maintain quality program success.

When employees perceive that company pays attention to community or employees' families, they may think that they should try the best to contribute to company's images. Employees' commitment could not be so high if they do not see the organization's responsibility. Corporate Social Responsibility relates to employee's job satisfaction. When employees satisfy with jobs, they tend to work for company for long time and try to provide best ability to serve customers. CSR can attract talent, increase commitment, encourage organization citizenship behavior, or decrease turnover, then firms that engage in CSR should perform better than those that do not. Committed employees give a big contribution to organizations because they perform and behave on achieving organizations' goals.

Performance of an organizational system is a complex relationship involving seven performance criteria that must be followed: effectiveness, efficiency, quality, productivity, quality of work, innovation and profitability.

2) Results in banking industry in Thai Nguyen show that corporate social responsibility for society has the positive effect on employee's affective

commitment. It means that when employees perceive highly the responsibility of banks, they feel more comfortable with jobs and they seem to commit to work for banks for long time. This result shows that the affective component of employees' commitment to the organization was linked to turnover and on the job behavior.

3) The results from data analysis also show that there is a positive relationship between employees' perception of corporate social responsibility for environment and employee's affective commitment. The employees' involvement in CSR activities build the understanding of employees about company's CSR initiatives and employees are more concerned to such organizations.

4) The findings also show that there is a positive relationship between employees' perception of corporate social responsibility for society and employee's continuance commitment. In addition to that, there is a positive relationship between employees' perception of corporate social responsibility for society and employee's normative commitment. It also shows that the perceptions of employees' regarding CSR activities and actually involvement effect the employees' reactions and it has an effect on employee commitment.

A number of banks were involved in dealing with employees' commitment and organizational performance and are currently struggling to find ways to increase the employees' commitment and improve organizational performance. Results reported in the present study have several practical recommendations for banks in Thai Nguyen province. By empirically testing the effect of perception of corporate social responsibility, banks in Thai Nguyen can improve the employees' commitment.

1) The literature emphasizes the influence of corporate social responsibility on employees, such as commitment, and service performance suggests that corporate social responsibility is even more important today than it was in the past. Globalization, increased competition, various workforce developments and technological change have created a greater need for strategy

innovation, coordination and integration across organisational units in order to improve efficiency and effectively manage workforce. Corporate social responsibility will become even more important and critical for future organisations. Corporate social responsibility will become one of major components of the management process.

2) Organizations practice CSR to appease stake holders, to retain employees and to motivate customers to buy products and services. Employee commitment linked between employees and organization plays important role. Higher employee commitment leads to higher productivity and lower turnover. CSR can attract talent, increase commitment and resulted in better achieving organization's goals. The process of moral decision-making, the process of perception, deliberation and responsiveness, and the development of proper relationships with the primary stakeholders: employees, customers, suppliers.

3) Higher CSR an organization practice in a bank in particular or in an organization in general leads to higher employee's affective commitment. Furthermore, higher social relationship among employees leads to higher employee commitment. The results from this study also show that corporate associations include perceptions, inferences or beliefs about a company: a person's knowledge of his or her behaviors with respect to the company; information about the company's prior actions; moods and emotions experienced by the person with respect to the company; and overall and specific evaluations of the company and its perceived attributes.

4) The higher an organization in general or a bank in particular practices in corporate social responsibility for environment the higher employee affective commitment they have. In other word, the higher awareness of the employees on CSR for environment will lead to the higher employee affective commitment to the banks.

5) Higher awareness of employees in corporate social responsibility for society leads to higher employee continuance commitment and higher employee awareness in corporate social responsibility for society results in higher employee normative commitment

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