The Relationship Between Corporate Social Responsibility and Employee Organizational Commitment in Multinational Corporations in Ho Chi Minh City

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Abstract.
Based on the theoretical background of previous studies and the increasing context of personnel turnover in multinational companies, the authors conduct this study with the research objective to test and measure the impact of Corporate Social Responsibility (CSR) on employee's organizational commitment through the effect of organizational identification and organizational trust. The combined qualitative and quantitative research methods were used to process and analyse the data. Research data was collected from 271 employees working in multinational corporations in Ho Chi Minh City. The study also discusses and provides some governance implications to help MNCs improve their social responsibility towards social and non-social stakeholders, employees, customers and the government as well as increase employee organizational engagement through identification and trust in the organization.

Keywords: corporate social responsibility, employee organizational commitment, organizational identification, organizational trust

1. INTRODUCTION

Along with the increasing integration of the economy, Vietnam has led to the development and multiplication of multinational companies in recent years, which has attracted a large number of Vietnamese qualified human resources. These companies have had a long development process and possessed many resources in terms of investment, finance, technology, customers and available market share, etc., so they could easily gain many advantages in competition in attracting and recruiting human resources. However, retaining human resources after recruitment is always a difficult problem for...
most multinational companies operating in the Vietnamese market because the personnel transition between businesses is becoming more popular than ever. Therefore, multinational companies, whether operating in the same field or not, compete with each other in holding on to talent.

Realizing that the demand for human resources, especially highly qualified human resources, is increasing, many companies gradually change their priority and put a strong human resource as their top concern. With the shortage of qualified personnel in Vietnam, the problem of retaining good employees becomes even more a concern of businesses. The questions for these businesses are: How to retain employees? How to increase employee commitment in the organization?

One of the policies that most multinational companies have implemented in the world as well as are widely applied in Vietnam to solve the above questions is applying corporate social responsibility (CSR) in business activities. The influence of CSR on organizational commitment is one of the topics attracting the attention of many researchers in the world. Several scholars have revealed a direct relationship between CSR and employee organizational commitment (Ali et al., 2010; Mozes et al., 2011; Mueller et al., 2012; Wong and Gao, 2014; Ditlev Simonsen, 2015; Bouraoui et al., 2019). However, a number of studies suggest the intervening mechanisms in this relationship such as trust in the organization (Farooq et al., 2014), corporate culture (Wong and Gao, 2014), job satisfaction (Rahman et al., 2016), employee engagement (Gupta, 2017) and perceived organizational support (Bouraoui et al., 2019). At present, in the context of the severe impact of the global Covid-19 pandemic, the study of employee organizational commitment has become a topic of interest to many authors (typically such as Hassan Ismail, Lubaba Sukkar (2020)). In addition, compared to other countries, the quantity of research on the relationship between CSR and organizational commitment in Vietnam is still very limited. In which, some high qualified studies can be mentioned as researches by Luong (2019); Bui and Nguyen (2020); Pham (2020); Tran and Nguyen (2021).

In general, previous studies mainly evaluated the impact of CSR on employee-related variables individually, but did not show the impact of CSR on employee-related variables in a synchronous system. Moreover, most of the reviewed studies above only use a single mechanism - Social Identity Theory (SIT), to assess the impact of CSR on employee attitudes, behaviors and employee commitment, instead of accessing these relationships by multiple mechanisms. Along with the increasing interest in the topic of the relationship between CSR and organizational commitment, similar studies on this topic are also expanded to be considered in many fields, nations and regions. However, most of those are examined under developed countries or developing countries in the...
South East and Middle East with strong influence of religion. Therefore, the model and research results are difficult to be consistent and applied directly to businesses in Southeast Asian countries like Vietnam.

In addition, studies on this topic in Vietnam do not analyze the commitment originated from the benefits they may receive from the organization in the future, but mainly emphasize commitment derived from the inspiration, passion and enthusiasm that the organization can instill in employees. Moreover, the applied research on the relationship between CSR and employee commitment carried out with multinational corporations or large-scale enterprises in Vietnam are also limited (Graafland and Van de Ven, 2006). This is also the research gap that this study aim to bridge. More specific, the study will evaluate the current state of social responsibility of multinational companies in Ho Chi Minh City as well as the level of employee commitment in their organizations. At the same time, the study also explores the relationship between these two factors and the mediating factors affecting that relationship. The obtained results promise to be able to provide the managers and human resource departments with a deeper insight into the impact of CSR on organizational commitment of employees. From there, recommendations for managers and human resource departments are raised to set appropriate orientations and policies in human management to retain the right employees.

2. LITERATURE REVIEW

2.1. CSR and organizational commitment

In the study of the relationship between CSR and organizational commitment, many authors have considered the impact of social responsibility on employees in two aspects. The first aspect concerns prospective employees, after analyzing previous studies, the authors believe that social responsibility creates a good reputation for businesses, thereby increasing the magnetism to attract new applicants for a job in this organization. The second aspect, which regards current employees, suggests that business initiatives in social responsibility are in turn associated with improvements in employee engagement and loyalty as well as business performance (Maignan et al., 1999 Turker, 2009, Nejati and Ghasemi, 2013). The research results show that social responsibility plays an important role in enhancing employee's commitment to the organization. Therefore, hypothesis $H_1$ is proposed as follows:

$H_1$: CSR has a positive impact on organizational commitment.
2.2. CSR and organizational identification

According to the Social Identity Theory of Tajfel and Turner (1979), when people feel that they are members and belong to specific organizations, they tend to feel proud of their organization and align themselves with those organizations and positive self-identity will be developed. That is, CSR actions have a direct influence on employees’ organizational identification (Jones, 2010; De Roeck et al., 2014). Furthermore, because CSR actions enhance the image of the company, employees feel proud to be associated with it, which enhances their self-worth and self-esteem, whether the actions CSR focuses on social or non-social stakeholders or customers. It is for the reasons mentioned above that hypothesis H₂ is proposed as follows:

\[ H₂: \text{CSR has a positive impact on organizational identification.} \]

2.3. CSR and organizational trust

Social Exchange Theory (SET) emphasizes that social behavior is the result of an exchange process (Blau, 1964). The exchange refers to a reciprocal behavior (Konovsky and Pugh, 1994). Specifically, if employees feel happy when they are working for the organization, they are likely to actively support the organization as a mutual social exchange. Trust is gradually formed through the process of social exchange between employees - management and is significant in forming relationships (Blau, 1964).

Based on the reciprocal principle of social exchange theory, when an organization is socially responsible and engages in voluntary acts in support of its employees and other stakeholders, employees will feel responsible for performing reciprocal acts for those actions. In many cases, CSR affects employees’ trust in the organization through a direct social exchange relationship, that is, because the organization’s voluntary behaviors are focused on employees’ rights and interests, employees eventually feel they are directly receiving those benefits and feel the need to return the favor of the organization.

A business that participates actively in CSR activities will simultaneously have structure and culture influenced by these values. This also reinforces employees’ perception that their organization will maintain a positive working environment even in the future and that the organization will care about the values and well-being of employees in the workplace, thus, employees will ultimately feel confident in the organization they work for (Collier and Esteban, 2007). Based on the arguments given above, hypothesis H₃ is proposed as follows:

\[ H₃: \text{CSR has a positive impact on organizational trust.} \]
2.4. Organizational identification and organizational commitment

Reality proves that organizational identification is a consequence that individuals achieve while working, but has not yet proven that this is an antecedent to self-discipline. Although voluntarily participating in completing job duties has similar meanings when assessing a person’s work motivation, in fact, individuals who work voluntarily bring more positive and effective results than those who do passive work. In other words, engaged employees understand the organizational culture, enjoy their work, and dedicate themselves to work, while individuals who see work as an obligation do not (Anaza and Rutherford, 2012).). In this study, we will focus on the aspect of organizational identification which is the feeling of belonging and the affective aspect of organizational commitment. Hypothesis H₄ is proposed as follows:

\[ H₄: \text{Organizational identification has a positive impact on organizational commitment.} \]

2.5. Organizational trust and organizational commitment

Since CSR investments are focused on employees as well as other stakeholders signaling that the organization is caring, benevolent, and generous, a company with CSR policies and actions will appear to care about its employees. These positive expectations create an organizational trust (Robinson, 1996). Thus, organizational trust can be a possible direct result of a company’s CSR policies and actions. Rogers (1995) argues that trust is a fundamental characteristic of the ideal work environment. Trust between the parties is the driving force of the relationship that increases the ongoing expectation and intention to cooperate (Anderson and Weitz, 1992; Ganesan, 1994; Andaleeb, 1996). Therefore, organizational trust is of great importance to the success of the organization and it can bring great advantages to the organization. The success, effectiveness, and efficiency of an organization largely depend on employees’ trust in the organization they are working for. Many studies have emphasized the importance of trust as the main antecedent of emotional attachment as studied by Kim and Frazier (1997); Ruyter and Wetzel (1999); Bansal et al (2004). Because of the above reasons, hypothesis H₅ is proposed as follows:

\[ H₅: \text{Organizational trust has a positive impact on organizational commitment.} \]

From the mentioned hypotheses, the authors propose the following research model:
3. METHOD

Scales are built based on a combination of prestigious empirical studies in the world related to the topic of the relationship between CSR and employee commitment. Specifically, corporate social responsibility (CSR), employee commitment, organizational identification, and organizational trust are respectively referenced by the research from Turker (2009), Meyer et al. (1993), Mael and Ashforth (1995), and Pivato et al. (2008).

Based on the theory and previous related studies, we conducted individual interviews to test the clarity of the survey questionnaire in terms of semantics, expression, and structure to make adjustments before carrying out quantitative research and adjusting the scales from previous foreign studies to be appropriate in Vietnamese context.

Research data is collected by sending online questionnaires directly to employees at multinational companies in Ho Chi Minh City. After that, Cronbach’s Alpha coefficient analysis technique is applied to measure the reliability of the scales. Next, this study used EFA exploratory factor analysis technique by Principal Components factor analysis method with Varimax rotation, then conducted confirmatory CFA factor analysis and linear structural equation modeling SEM.

All of the scales are inherited from prior studies which have been evidenced with high reliability and validity. Details of items for each scale are presented in Table 1 below.

4. RESULTS

4.1. Descriptive statistics and scale’s reliability

After the process of synthesizing and checking survey data, the authors selected 271 valid samples out of a total of 292 surveyed samples, ensuring that the sample size is larger than the minimum sample size (n = 150) for this topic, including 129 men and...
Table 1: Table of variables in the model after adjustment.

<table>
<thead>
<tr>
<th>Scale, sub-scales and items</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Social Responsibility -- CSR</td>
<td></td>
</tr>
<tr>
<td>CSR to social and non-social stakeholders (CSRS)</td>
<td></td>
</tr>
<tr>
<td>CSRS1 Our company participates to the activities which aim to protect and improve the quality of the natural environment</td>
<td>Turker (2009)</td>
</tr>
<tr>
<td>CSRS2 Our company marks investment to create a better life for the future generation</td>
<td></td>
</tr>
<tr>
<td>CSRS3 Our company implements special programs to minimize its negative impact on the natural environment</td>
<td></td>
</tr>
<tr>
<td>CSRS4 Our company targets a sustainable growth which considers to the future generations</td>
<td></td>
</tr>
<tr>
<td>CSRS5 Our company supports the non-governmental organizations working in the problematic areas</td>
<td></td>
</tr>
<tr>
<td>CSR to employees (CSRE)</td>
<td></td>
</tr>
<tr>
<td>CSRE1 Our company encourages its employees to participate to the voluntarily activities</td>
<td>Turker (2009)</td>
</tr>
<tr>
<td>CSRE2 Our company policies encourage the employees to develop their skills and careers</td>
<td></td>
</tr>
<tr>
<td>CSRE3 The management of our company primarily concerns with employee's needs and wants</td>
<td></td>
</tr>
<tr>
<td>CSRE4 Our company implements flexible policies to provide a good work and life balance for its employees</td>
<td></td>
</tr>
<tr>
<td>CSRE5 The managerial decisions related with the employees are usually fair</td>
<td></td>
</tr>
<tr>
<td>CSR to customers (CSRC)</td>
<td></td>
</tr>
<tr>
<td>CSRC1 Our company protects consumer rights beyond the legal requirements</td>
<td>Turker (2009)</td>
</tr>
<tr>
<td>CSRC2 Our company provides full and accurate information about its products to customers</td>
<td></td>
</tr>
<tr>
<td>CSRC3 Customer satisfaction is highly important for our company</td>
<td></td>
</tr>
<tr>
<td>CSR to the Government (CSRG)</td>
<td></td>
</tr>
<tr>
<td>CSRG1 Our company always pays taxes on a regular and continuing basis</td>
<td>Turker (2009)</td>
</tr>
<tr>
<td>CSRG2 Our company complies with the legal regulations completely and promptly</td>
<td></td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td></td>
</tr>
<tr>
<td>OC1 I feel happy to spend the rest of my career with my current organization</td>
<td>Meyer et al. (1993)</td>
</tr>
<tr>
<td>OC2 I see the company's problems as mine</td>
<td></td>
</tr>
<tr>
<td>OC3 The organization I work for means a lot to me personally</td>
<td></td>
</tr>
<tr>
<td>OC4 I don't feel like I belong to this organization</td>
<td></td>
</tr>
<tr>
<td>Organizational Identification</td>
<td></td>
</tr>
<tr>
<td>OI1 When someone criticizes the organization, it feels like a personal insult</td>
<td>Mael and Ashforth (1995)</td>
</tr>
<tr>
<td>OI2 I am very interested in what others think about the organization</td>
<td></td>
</tr>
<tr>
<td>OI3 When I say about the organization, I usually say “we” rather than “they”</td>
<td></td>
</tr>
<tr>
<td>OI4 The organization's successes are my successes</td>
<td></td>
</tr>
<tr>
<td>Organizational Trust</td>
<td></td>
</tr>
<tr>
<td>OT1 I trust my organization</td>
<td>Pivato et al. (2008)</td>
</tr>
<tr>
<td>OT2 I can count on my organization</td>
<td></td>
</tr>
<tr>
<td>OT3 My organization is reliable</td>
<td></td>
</tr>
</tbody>
</table>
142 women. University education level is 182 observations, accounting for 67.2%. The number of years working for more than 5 years is 74 people, from 3 to 5 years is 87 people and under 5 years is 110 people. This observation sample is mainly employees with 146 people, accounting for 53.9%, junior managers are 62 people, middle managers are 49 people and senior managers are 14 people.

For the scale reliability, all the scales have Cronbach’s Alpha coefficients greater than 0.6 (the scale that has the smallest Cronbach’s Alpha value of 0.681 is CSR to employees); enough conditions to ensure the consistency for the subsequent analyses (Hoang and Chu, 2008). Moreover, the correlation coefficient of the total variables of the observed variables all met the requirements of greater than 0.3. From the above two statements, it can be confirmed that the factors satisfy the criteria of Cronbach’s Alpha test and meet the reliability to conduct the next analysis.

4.2. Exploratory factor analysis (EFA)

The results of exploratory factor analysis for independent measures, dependent variables and intermediate variables all show that the KMO value is less than 0.5, the Bartlett test is statistically significant with a significance level of 5%. All observed variables have Factor loading greater than 0.5 and no observed variables simultaneously upload two factors to ensure the convergence of the scale.

4.3. Confirmatory factor analysis (CFA)

Based on the results of EFA analysis, the authors conducted an evaluation of the CFA model fit indexes. From the test results, we get the following values: Chi-square/df value equal to 2.96 < 3; CFI equal to 0.82 > 0.8; GFI equal to 0.84 > 0.8; TLI equal to 0.82 > 0.8; RMR equal to 0.036.

According to Baumgartner and Homburg (1996), all of the above indexes are in the range of 0.8 and 0.9, which still ensures the appropriateness of the model in the CFA analysis. In addition, in the IS research journal, the authors stated that RMR < 0.05 is suitable for the model (Taylor, Sharland, Cronin and Bullard, 1993). Therefore, it can be confirmed that the research model meets the criteria of the model in accordance with the collected data set. In addition, the scales all meet the requirements of reliability, convergence value, discriminant value and unidirectionality.
4.4. Structural equation modeling analysis

### Table 2: SEM model estimation results.

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Unstandardized estimate</th>
<th>Standardized estimate</th>
<th>P-value</th>
<th>Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>OC &lt;-- CSR</td>
<td>0.339</td>
<td>0.138</td>
<td>0.014</td>
<td>H1 is confirmed</td>
</tr>
<tr>
<td>OI &lt;-- CSR</td>
<td>1.000</td>
<td></td>
<td></td>
<td>H2 is rejected</td>
</tr>
<tr>
<td>OT &lt;-- CSR</td>
<td>1.707</td>
<td>0.195</td>
<td>***</td>
<td>H3 is confirmed</td>
</tr>
<tr>
<td>OC &lt;-- OI</td>
<td>0.354</td>
<td>0.048</td>
<td>***</td>
<td>H4 is confirmed</td>
</tr>
<tr>
<td>OC &lt;-- OT</td>
<td>0.362</td>
<td>0.053</td>
<td>***</td>
<td>H5 is confirmed</td>
</tr>
</tbody>
</table>

*Source: Result from AMOS 24*

### Table 3: Squared multiple correlation result.

<table>
<thead>
<tr>
<th></th>
<th>Estimate ($R^2$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational trust (OT)</td>
<td>0.575</td>
</tr>
<tr>
<td>Organizational identification (OI)</td>
<td>0.284</td>
</tr>
<tr>
<td>Organization commitment (OC)</td>
<td>0.947</td>
</tr>
</tbody>
</table>

*Source: Results from AMOS 24, 2022*

In the proposed research model, the authors consider the relationship of CSR for two intermediate factors, organizational trust and organizational identification, and consider the direct relationship of CSR to employees. The dependent factor is the organizational commitment. The estimated results show that the impact relationship of CSR is only statistically significant to one of two intermediate factors, namely organizational trust and organizational commitment at the 5% significance level. While the impact of CSR on the remaining intermediary factor is organizational identification, there is no statistical significance at 5% significance level. In which, organizational trust is the most affected by CSR ($\beta = 0.195$) and CSR also helps to explain 57.5% of variation in organizational trust factor.

In addition, for the impact relationship of two intermediate factors, namely organizational trust and organizational identification on employee's commitment to the organization, the estimated results show that both factors organizational trust and organizational identification both have a statistically significant impact on organizational commitment at 5% significance level. In general, among the three factors that have a direct impact on organizational commitment, CSR, organizational trust and organizational identification, organizational trust is the most important factor affecting employee organizational commitment. Moreover, these three factors also help to explain 94.7% variation in employee's organizational commitment.
From the above results, it can be concluded that organizational trust has a mediating role in the relationship between CSR and organizational commitment. Therefore, CSR has an impact on employees’ organizational commitment in both direct and indirect ways.

5. DISCUSSION AND CONCLUSION

The main objective of this study is to examine the influence of CSR on employee engagement with the organization, through the mediating role of trust and organizational identity based on social identity theory and social exchange theory. The results after running the SEM linear structural model show that CSR really has a positive relationship with organizational commitment both directly and indirectly through the intermediary variable of organizational trust at the significance level 5%. Out of all 7 proposed hypotheses, only 2 are rejected, that is, CSR has a positive impact on organizational identification and organizational identification plays an intermediary role in the relationship between CSR and employee engagement. Although not acting as a mediator, organizational identification still positively affects employees’ emotional attachment to the organization.

It can be said that the CSR of multinational enterprises in Ho Chi Minh City has not really made employees identify themselves with the organization and if employees really identify themselves with the organization, they will become really attached to the organization. This conclusion is not consistent with the study using the same model by Farooq et al. (2013) when previous research showed that organizational identification also plays a significant role in mediating between CSR and organizational commitment. The difference in the conclusions of the two studies can be explained by the Vietnamese people who come from a backward agricultural country and the economy is mainly controlled by the State, so they are not really familiar with diverse cultures provided by multinational companies. The influx of multinational companies into our country has blown a new wind for the Vietnamese economy in general and Ho Chi Minh City in particular. Part of it is also because the values these companies pursue, as well as the environment and work culture they spread, do not fit perfectly with Vietnamese culture. Therefore, through the CSR policy, people are not ready to identify themselves with the organization.

Overall, although CSR is a modern concept that is not yet fully understood and implemented in developing countries, the strong impact of CSR in multinational companies along with organizational trust and organization identification, compared with previous
studies conducted in a Western context, implies that Ho Chi Minh City residents highly value a company's CSR actions to social stakeholders and non-society, employees, customers and government. One possible explanation could be that the overall level of CSR in Vietnam is quite low compared to the level in Western countries, which is likely to make multinational companies with CSR stand out in the community. These companies are often particularly reputable businesses.

Besides the above-mentioned results, the study still has some limitations. Firstly, the study uses a non-probability sampling method, convenient sampling, so the sample representativeness is not high and does not accurately reflect the crowd. Second, this study only studied affective attachment, so the following studies will be of higher value if they analyze the influence of CSR on all three aspects of attachment, including sentiments, interests and morals. These limitations will be the motivation as well as the target for future research directions.

References


