

IMPACT OF CORPORATE SOCIAL RESPONSIBILITIES DIMENSIONS ON EMPLOYEE ENGAGEMENT THROUGH INTERMEDIATE VARIABLE OF ORGANIZATIONAL TRUST

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ABSTRACT:

The reality of the implementation of corporate social responsibilities (CSR) in Vietnam is not yet fully understood by businesses about voluntarily participating in the implementation of CSR and the benefits and importance of the implementation of CSR to how big a business is. Besides, the real situation of human resources of the banking industry has been more and more volatile for many years in Vietnamese market. Most previous studies only do synthesize reasoning and make judgments, assessments from subjectivity and experience, descriptive statistics or analyze single relationship. This study analyzes the relationship between CSR and employee engagement through intermediate variables of organizational trust. This study is qualitative and brings mediating hypothesis that clearly define the relationship between CSR and employee engagement. This study is only limited to theoretical synthesis and proposed research model. The next study will present the results of study with the model proposed in this study.

Keywords: Corporate Social Responsibilities, employee engagement, organizational trust, banking industry, Vietnam.

1. Introduction

The status of human resources of Banking Industry has been fluctuating during the time such as: lack high qualified, quit job due to risks, etc. In accordance with credit institutions, the situation of working and jobs in banking industry positively changed in which 56.84% credit institutions shared that they had more workers in quarter of III/2018 being higher than 46% of those from previous quarter. However, there were 26.6% credit institutions to admit that they were lacking necessary workers for current demand of job and 61.46% credit institutions would continue to employ more workers in the quarter of IV/2018 in

prediction. According to a report of International Labour Organization (ILO), training demand for new manpower of Faculty of Finance and Banking in the stage of 2016 – 2020 in Vietnam was over 1.6 million people and total manpower working in Banking Industry would be about 300.000 people until 2020. Facing those changes coming from human resources of Banking Industry, there will be many concerns about this CSR' research since there will be many people paying more attention for it, and in inverse, it will make more influences on them helping credit institutions to easily hire manpower with long term of cooperation.

The research will answer some those questions:

- 1) What is CSR?
- 2) What is Employee Engagement?
- 3) How CSR will affect Employee Engagement through mediating variables of organizational trust?
- 4) What are petitions proposed for corporate in Banking Industry to improve employee engagement?

To answer these four questions, the research started from generally compiling theory related to the influence of CSR for employee engagement through mediating variables of organizational trust about some specific elements of credit institutions in Banking Industry in Vietnam. The study presents relevant theoretical frameworks that could be useful in analyzing the orientation of CSR and employee engagement. The research presented is likely to have both theoretical and empirical significance and is timely and relevant under the recent interest in CSR for credit institutions in Vietnam.

2. Literature review

2.1. Overview of research

2.1.1. Overview of domestic researches

Although the number of recent researches about CSR in Vietnam were so many but that had been also restricting. Some of them were general conclusions and had judgments, evaluations from subjectivism and experiences (Nguyen Dinh Cung & Luu Minh Duc, 2008); (Tran Quoc Trung & Nguyen Doan Chau Trinh, 2012); some researches were investigated in descriptive statistics progress (Bui Thi Lan Huong, 2010); and some quantitative researches were made in small scope (Chau Thi Le Duyen; Nguyen Minh Canh, 2012); (Nguyen Tan Vu & Duong Lien Ha, 2012). There was a research broadly investigated about perception of customer (Nguyen Hong Ha, 2016). Besides, some researches about perception of employee were also restricted. Therefore, some influences, relationships or results of this problem were not verified, assessed enough in the context of Vietnam in general and Bank Industry in particular.

2.1.2. Overview of foreign researches

In the first stage, some authors gave some conceptions about CSR and conducted in corporate such as (Sheldon, 1924; Bowen, 1953; Carroll, 1999). Carroll was called "The father of CSR". Besides, other authors considered CSR as one of main goals of corporation (Drucker, 1954)

Next, all authors had the same point of view about CSR that corporate should order long-term targets to maximize social welfare. The research was about the social orientation, such as public responsibilities, social obligations and social expectations (Steiner, 1971; Manne and Wallich, 1972; Eells and Walton, 1974; Zenisek, 1979). The research showed that CSR had been updated on a higher level.

The next stage, the main research on CSR have moved from traditional shareholders to other social groups such as customers, employees, suppliers and public (Jones, 1980), stakeholder theory (Freeman, 1984) contributing a lot for CSR. Those theory have reinforce CSR.

At this point of time, CSR' documents gave evidence about CSR' possible influences for employees of shareholder groups. Peterson (2004) demanded about corporate civil rights with some employees having some attitudes such as commitments of union and civil rights of corporate. They had influences on working status of employees. Previous researches had different theory such as those about organizational justice theory, social identity theory, and cognitive dissonance theory which were basements of arguments about the relationship between CSR and employees.

Researches about perception of employees about CSR

Almost researches about CSR focused on customers, but employees were also influenced so much Lee et al. (2013). However, rarely were researches about the influence of CSR on employees or even not (Bauman and Shitka, 2012). Researchers proved that some organizations related to CSR would raise the spirit of employees (Solomon and Hanson, 1985), increase the quality and the result of relationship between employees and corporate (Lee and et al., 2012). Until 2013, this researching group concluded that awareness of employees about CSR program having positive influences for effectiveness of company in the context of Korea (Lee et al., 2013). In general, employees and CSR conducted by company had been tightly connected.

Research about the influence of CSR to engagement of employees

According to the research of Maignan et al.

(1999) investigated the relationship about CSR and employee engagement in one sample of 154 managing directors America. Authors investigated CSR model with four elements of Carroll to review the comments of employees in four elements of CSR and employee engagement (Maignan et al., 1999); Peterson (2004); Rego et al. (2010) (Peterson, 2004) and (Rego et al., 2010) all used tools of Maignan et al. (1999); Maignan & Ferrell, (2000). Peterson (2004) had established the relationship more consistently than awareness about moral responsibility of company for CSR and employee engagement.

2.2. Theoretical background

In this research, authors used some theory such as about: stakeholder theory, social identity theory, organizational justice theory, social exchange theory for background theory

2.3. Overview of conducting theory in research

2.3.1. Definitions of CSR

The first definition of CSR (Bowen, 1953) was firstly launched in the book "CSR". After that, there were many authors giving definition of CSR as Davis (1960); Mc Guire (1963); Carroll (1979), and (Carroll, 1991), he carried four types of CSR properly performing definition of CSR: that was aspects of economy, laws, morals and volunteer and being described as Pyramid pattern.

According to Freeman (2010), depending on the scale of the company, stakeholders of company are customers, employees, suppliers, financial public, competitive partners and from governmental organizations operations, customers aid service, trade union, trade association and financial groups. Turker (2009a), investigated the effects of CSR for employee engagement through a convey on a sample from business experts working in Turkey.

Corporate social responsibility (CSR) has been extensively discussed since it was proposed about half a century ago. Topics of CSR in research history include theories, concepts, models, and relevant themes. The concept of CSR has been accepted as obligations, which have been imposed by societal expectations for guiding business behaviors (Carroll 1999, Fairbrass et al 2005). CSR promotes corporations to take serious account of all the stakeholders' interests and well-being. This type of responsibility goes beyond the conventional obligations. It encourages corporations to voluntarily

take further steps to contribute to the society at large.

2.3.2. Definitions of employee engagement

The engagement demanded about individual status performing some actions to get the expecting goal (Meyer et al., 2001). Employee engagement was defined when employees created their mental engagement with the organization (Allen et al., 1990; O'Reilly et al., 1986). Structure of employee engagement included: cognitive absorption; emotional - dedication; vigour has been studied in their researches as (Allen et al., 1990; Gilliland & Bello, 2002; Meyer et al., 2001; (Verhoef, Franses & Hoekstra, 2002). However, the correlation among this three structures was considered very humble. Other authors support 3D model of engagement (Allen et al. 1996; Meyer, Allen & Smith, 1993; Allen et al., 1990; Meyer et al., 2002).

Employee engagement. Current practices of organizations have called for an accountability of "people issues" in declining organizational performance an effectiveness. Consequently, employee engagement has been regarded as a variable that contributes to commitment, turnover, and retention. Employee engagement is defined as employees' physical, cognitive, and emotional involvement in the performance of their organizational roles (Kahn, 1990). The physical aspect of engagement refers to employees' physical presence at work, the cognitive aspect pertains to employees' beliefs about the organization, its leaders, and work conditions while the emotional aspect reflects the employees' attitudes toward these three aspects (Shanmugam & Krishnaveni, 2012). Kahn posited that employees could be engaged in one aspect and not the other, but this would still contribute to their overall engagement.

Additionally, engagement or disengagement at work has been found by Kahn to be related to three psychological states: experienced meaningfulness, safety, and availability. May, Gibson, and Harter (2004) found that job enrichment, role-fit, rewards, and relationships with supervisor were all positive predictors of these psychological states of engagement. Another definition for employee engagement is that it is a positive, fulfilling state of mind that is characterized by vigor, dedication, and absorption at work (Schaufeli & Bakker, 2004). This definition is then supported by Saks when he carried out a study about employee engagement in 2006.

2.3.3. Definition of Organizational Trust

Definition of Organizational Trust was determined according to different ways depending on the content and research subjects (Burke et al., 2007). Trust come with human relationship and brought one side meaning. However, in the scope of an organization, trust was defined in a larger meaning: (i) Organizational trust was the consequence of human relationship in an organization at the same level (colleagues) and different levels (group, position, organization and external stakeholders); (ii) Organizational trust was made based on cultural values such as behavior standards, significant value, belief; (iii) Trust was the consequence of communicating among individuals, such as exact information expressing loyalty and openness suitably (Nguyen Manh Quan, 2013). Organizational trust played an important role in raising productivity/activity of organization (Bateman & Strasser, 1984; Lake-Mathebula, 2004). This study proposes four key elements of organizational trust awareness: reward expectations (Rhoades et al., 2001; Husted & Michailova, 2002); management values (Gillespie & Mann, 2004; Lewicki et al., 1998); psychological support (Dirks & Ferrin, 2002; Rhoades & Eisenberger, 2002) and trust in management (Kerkhof et al., 2003; Amabile, 2005).

2.4. Hypothesis

CSR and Employee Engagement

According to Maignan et al (1999), the author studied the relationship between perceptions of CSR and employee engagement; (Maignan et al., 1999) saw the positive between awareness of each aspect of CSR (Economics, Law, Ethics and Charity) of Carroll (1979) and employee engagement with the organization. After that (Peterson, 2004); (Rego et al., 2010) analyzed the similar relationship between CSR awareness and employee engagement.

When employees realize that the company pays attention to the community or family of employees, they may think that they should try their best to contribute to the company's image. There is clearly a positive relationship between CSR and employee engagement. Employees can believe that the organization will be very committed to them, so they also engage with the organization. Employee engagement cannot be too high if they do not see the

responsibility of the organization. From the discussion above, the following hypothesis has been proposed:

H1: CSR and Employee Engagement have a positive relationship

CSR and Organizational Trust

CSR plays an important role in shaping employee confidence in the organization, thus affecting their attitude and behavior (Fukukawa et al., 2007; Perrini and Castaldo, 2008; Rupp et al., 2006).

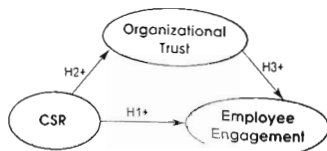
The studies of organizational behavior theory has extended the theory of justice or standard theory to the context of CSR. Theoretically, researchers have suggested that if employees are aware that their organization behaves in extremely irresponsible ways, they will be able to show negative attitudes and behaviors in the work. On the contrary, if employees are aware that their organization operates in a highly socially responsible manner - even for people inside and outside the organization, they may have a positive attitude towards the company and work more effectively (Rupp et al., 2006). This led to the following hypothesis:

H2: CSR and Organizational Trust have a positive relationship.

Organizational Trust and Employee Engagement

Rogers (1995) asserts that trust is a fundamental characteristic in an ideal working environment. Trust between the parties is the motivation of the relationship because it increases the intention of cooperation and expect continuously (Andaleeb, 1996; Anderson and Weitz, 1992; Ganesan, 1994). Many studies have followed the theory of trust and engagement (Morgan and Hunt, 1994) and have emphasized the importance of belief as the main premise of emotional engagement (Bansal et al., 2004; Kim and Frazier, 1997; Ruyter and Wetzels, 1999; (Rylander et al., 1997) on labor relations).

Figure 1. The structural model of the study



Trust exists at the teamwork level (trust among team members), leadership level (trust between employees and leaders), organizational level (between employees and the organization), and level between institutions. Strong or weak beliefs depend on the level of interaction (Wong et al., 2003) and the existence of relationships (Bedford, 2011).

H3: Organizational Trust and Employee Engagement have a positive relationship

3. Conclusion

This study proposes a research model on the relationship between CSR and employee engagement through mediating variable of organizational trust in Vietnam's banking industry. The next study will test this model ■

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TÁC ĐỘNG CỦA TRÁCH NHIỆM XÃ HỘI DOANH NGHIỆP TỚI SỰ GẮN KẾT NHÂN VIÊN VỚI TỔ CHỨC THÔNG QUA BIẾN TRUNG GIAN NIỀM TIN TỔ CHỨC

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TÓM TẮT:

Thực tế về việc thực hiện các trách nhiệm xã hội của doanh nghiệp (CSR) tại Việt Nam vẫn chưa được các doanh nghiệp hiểu đầy đủ về việc tự nguyện tham gia thực hiện CSR và lợi ích, tầm quan trọng của việc triển khai CSR đối với doanh nghiệp lớn như thế nào. Bên cạnh đó, thực trạng nguồn nhân lực của ngành ngân hàng ngày càng biến động trong nhiều năm tại thị trường Việt Nam. Hầu hết các nghiên cứu trước đây chỉ dừng lại để tổng hợp lý luận và đưa ra đánh giá từ tính chủ quan và kinh nghiệm, thống kê mô tả hoặc nghiên cứu về các mối quan hệ đơn lẻ. Trong nghiên cứu này, tác giả nghiên cứu mối quan hệ giữa CSR và sự gắn kết của nhân viên thông qua biến trung gian của niềm tin tổ chức. Nghiên cứu mang tính định tính đưa ra giả thuyết trung gian xác định rõ mối quan hệ giữa CSR và sự gắn kết của nhân viên. Nghiên cứu này chỉ giới hạn trong tổng hợp lý thuyết và mô hình nghiên cứu đề xuất. Nghiên cứu tiếp theo sẽ trình bày kết quả nghiên cứu với mô hình được đề xuất trong nghiên cứu này.

Từ khóa: Trách nhiệm xã hội doanh nghiệp, sự gắn kết nhân viên, niềm tin tổ chức, ngành Ngân hàng.