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## Corporate Social Responsibility and Farmer Participation: A Case Study in High-tech Agricultural Cooperatives in Vietnam's Northern Key Economic Region

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### Abstract:

Corporate social responsibility (CSR) plays an increasingly important role for businesses and receives the attention of many people. The main aim of this study is to explore the components of corporate social responsibility and the part of satisfaction and trust in the relationship between corporate social responsibility and farmer cohesion. Based on applying the partial least squares (PLS-SEM) estimation model to test the hypothesis through data collected from the questionnaire survey in the Northern critical economic region, the research results obtained 395 valid questionnaires, which were used to test the ideas. Research shows that corporate social responsibility consists of three main components: commitment, customers, and the environment from a farmers' perspective. Besides, satisfaction and trust are intermediaries between social responsibility and farmers' cohesion in high-tech agricultural cooperatives.

**Keywords:** Corporate social responsibility, satisfaction, trust, cohesion, high-tech agricultural cooperatives

### 1. Introduction

Corporate social responsibility is a topic that has received the attention of researchers and administrators in recent years because of its importance to customers, employees, and society. An exemplary implementation of social responsibility is one of the effective ways to improve the image and reputation and thereby help businesses improve their competitiveness. There are many concepts of social responsibility and different approaches to defining the components of social responsibility, especially in today's increasingly fierce competition.

Regarding employees, many questions challenge managers. Some of these questions are:

- How can employees achieve high performance, thereby bringing efficiency to businesses and organizations?
- How do employees engage with their jobs, organizations, and businesses?
- How to make employees satisfied and make employees want to stick?

These questions challenge managers both in the past, present, and future, especially for the world economy associated with the industrial revolution Industry 4.0 as it is today. Many studies show the relationship between job satisfaction and employees' intention to leave. A most recent study by Lu Lu, Allan Cheng Chieh Lu, Dogan Gursoy, and Nathan Robert Neale (2016) reaffirms the relationship among organizational commitment, job satisfaction, and employee participant intention.

Extending to the aspect of corporate social responsibility, research by Babcock-Roberson and Strickland (2010) and Glavas and Piderit (2009) found a correlation between corporate social responsibility strategies and corporate involvement. Employee participation, work motivation, and employee job satisfaction, investment in friendly and flexible policies, fair and transparent processes, career development opportunities, and messages to employees that all critical decisions within the organization will be communicated to employees, showing employees the extent to which their organization supports and cares for them, etc. will strengthen employees' trust in their company. They are more likely to reciprocate by being more engaged in their work (Saks, 2006).

Based on those theories, the most recent study by Georgios Tsourvakas and Ioanna Yfantidou (2018) has retested the correlation between corporate social responsibility and organizational commitment, employee job satisfaction – 02 critical factors affecting the activities of employees in the organization. It is one of the research of great significance in science and practice on social responsibility—business association with workers.

However, the study of Georgios Tsourvakas and Ioanna Yfantidou (2018) has many limitations, such as the small size of the sample, the study is difficult in generalizing the claims made by the author, the analysis results are not convincing enough, etc. How corporate social responsibility inside or outside the enterprise has a specific impact on employees is still an unanswered research question by Georgios Tsourvakas and Ioanna Yfantidou (2018). In Vietnam, some scholars have also researched corporate social responsibility (Luu Trong Tuan, 2012). However, none of the studies recorded examined the effects of corporate social responsibility activities on employees. No research has yet to study how

internal corporate social responsibility activities affect employees. This is because researchers, managers, and employees are still mistaken about the nature of corporate social responsibility that lies in social responsibility.

## 2. Literature Review

### 2.1. Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) is a topic that has received the attention of managers and scholars in recent years because of its importance to businesses, especially in the context of fierce competition and fierce competition development of social media today. Therefore, till now, the concept of social responsibility has yet to be unified among scholars, and there are many different definitions. Specifically, Dahlsrud (2008) has identified 37 reports of CSR. Although they have certain similarities, there is not a universally accepted definition. Social responsibility can be understood as an enterprise committed to improving social welfare through its business activities and resources. However, this definition cannot cover the complexity and breadth of the concept and is not widely accepted by scholars.

Matten and Moon (2008) argued that CSR includes communicated policies and practices by businesses that reflect responsibility for some broader social good. Some authors point out that there are fundamental problems while trying to distinguish the concept of CSR from other related or relative concepts, such as corporate sustainability. Therefore, Van Marrewijk (2003) asserts that CSR, as well as corporate sustainability, refers to the company's activities which - by definition voluntary - demonstrate the concern for society and the environment in business operations and interactions with stakeholders. Similarly, research by Nguyen Phuong Mai (2013) showed that CSR plays a decisive role in the sustainable development of manufacturing enterprises.

Regarding the systematization and measurement of social responsibility, researchers point to at least three primary methods:

- The first method measures social responsibility based on four aspects: economic, legal, ethical, and philanthropic.
- The second is a method of measuring social responsibility based on sustainable development. From this point of view, social responsibility includes three aspects: economic, environmental, and social.
- Finally, from a stakeholder-based perspective, the approach systematizes it into many components related to corporate responsibilities to stakeholders: shareholders, customers, employees, partners, business, environment, society, and others.

Research by Nguyen Phuong Mai (2013) shows that there are four groups of factors of social responsibility, including workplace policy, market policy, environmental policy, and community policy. These approaches reflect the complete and detailed aspects of social responsibility. However, considering each different object, based on the theory of value, customers will only be interested in issues and factors that can affect the benefits that can be achieved and the costs to be spent.

Accordingly, while assessing corporate social responsibility, customers are often interested in the business's commitment to customers, the surrounding natural environment, and the community in which they live or are interested. Therefore, social responsibility in this study is understood as businesses committing and fulfilling their commitments to ensure the interests of customers, the natural environment, and the community related to customers.

Responsibility to customers is the business providing high-quality products, ensuring users' safety, providing unbiased product information, setting reasonable selling prices, management, consulting, warranty, installation, and customer complaints, and handling services quickly and efficiently.

Responsibility to the natural environment can be understood as businesses using new technologies and new eco-friendly materials and having solutions to treat waste, wastewater, and emissions before releasing them into the environment and minimizing the impact and pollution of the domain.

Responsibility to the community is understood as an enterprise that actively contributes to community development related to job creation, and economic development, contributing to improving the quality of life in the community. Besides, while operating in the community, businesses also comply well with legal regulations, socio-cultural factors, community customs, and habits and participate in charity volunteer activities in the community. Not only that, but the business also contributes to promoting the development of other companies in the community.

### 2.2. Relationship among CSR, Satisfaction, Trust, and Participation

Satisfaction is associated with many critical organizational variables and is often essential in business research investigating employee-based phenomena (Lokhandwala, 2005). Job satisfaction can be affected by company actions, including those related to corporate social responsibility (Bauman & Skitka, 2012). Company actions in the interest of stakeholders can lead to positive emotions among employees, such as pride, enthusiasm, and satisfaction. In contrast, activities that hurt stakeholders can lead to negative emotions among employees, including confusion, anger, and fear (El Akremi et al., 2015; Onkila, 2015).

Many studies have confirmed that companies implementing social responsibility activities, and excellent internal social responsibility, will lead to employees being more engaged with the organization. Blau (1964) stated that individuals would contribute and give back their attitudes and behaviors to the organization in proportion to what they receive. Thus, when an organization supports its employees in various ways, e.g., economic and emotional, employees will tend to respond in the form of gratitude and participation (Cropanzano & Mitchell, 2005).

Based on that theoretical background, Richa Chaudhary (2017) empirically tested and showed that corporate social responsibility towards employees substantially impacts participants in the workplace. Since these organizational

actions can directly address the functional and psychological needs of employees in the organization (Roeck et al., 2014), these results support the findings of Brammer et al. (2007) - internal corporate social responsibility measured through training and legal fairness in a study among financial services employees. The UK was found to be significantly associated with organizational commitment. Investment in friendly and flexible policies, fair and transparent processes, career development opportunities, and message to employees that all critical decisions within the organization will be communicated to employees, showing employees the extent to which their organization supports and cares for them will strengthen the trust of employees in their company. They are more likely to reciprocate by engaging themselves in their work (Saks, 2006). This is also consistent with Glavas and Piderit (2009) and Lin (2009), that when the human rights factor of employees in the company is improved, it will lead to an increase in the level of organizational participation of employees.

Abeer Imam and Muhammad Shafique (2014) also stated that the results 'have seen the impact of employees' participation in work on increasing satisfaction.' Also, according to the author, employee participation is a complex management concept that is becoming important. It helps the organization reap the benefits associated with the organization. Work stress is a phenomenon that limits employee performance. A satisfied and engaged employee is much better than a stressed employee. Satisfaction behavior and organizational participation of employees are the active people of employees. Verona's (2013) research also shows that Employee Engagement will increase if Life Satisfaction increases. Developing from their study, Verona et al. (2017) redefined and found a positive relationship between participation and Satisfaction. From that, the research hypothesis was formulated:

- H1: Corporate social responsibility positively impacts the farmer's participation.
- H2: Corporate social responsibility has a positive impact on the farmer's satisfaction
- H3: Corporate social responsibility has a positive impact on the farmer's trust
- H4: Satisfaction has a positive impact on the farmer's trust
- H5: Satisfaction has a positive effect on the farmer's participation
- H6: Trust has a positive impact on the farmer's participation

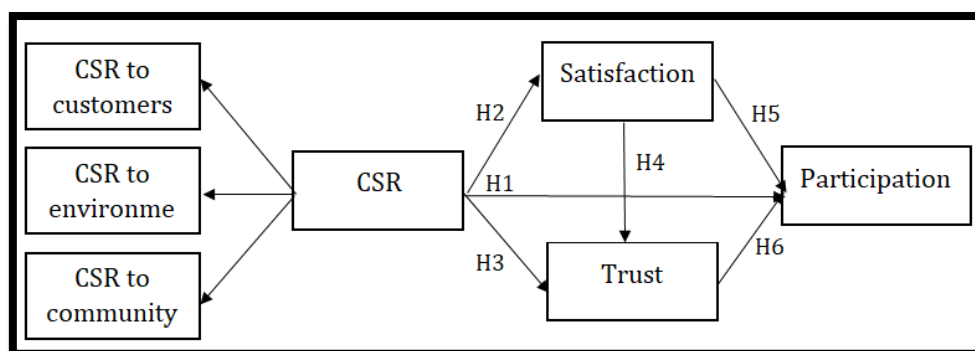


Figure 1: Model Research

### 3. Methodology

#### 3.1. Research Design

The authors used the questionnaire method to collect data for the study to test the proposed hypotheses. Survey subjects are employees who are participating in high-tech agricultural cooperatives. The authors select subjects to assess their interest in high-tech agricultural cooperatives accurately. The study also used scales from previous studies and was changed to suit the research context. The rankings are quantified on a Likert scale from 1= strongly disagree to 5= strongly agree.

The scale of customer responsibility includes five questions applied to the study of Oberseder (2014). The commitment scale to the natural environment consists of 4 questions, which are used from the survey by Perez (2013). The responsibility of the business to the social community includes five questions that are applied to the scale in the study of Oberseder (2014). Employee satisfaction consists of 5 questions from research by Veloutsou (2009). The trusted scale consists of 5 questions and is applied to the study of Loureiro (2012). The participation decision scale consists of 4 questions and is used from the survey of Alalwan (2018).

#### 3.2. Sample and Procedure

We directly contacted high-tech agricultural cooperatives to contact and guide each member to complete the survey to gather reliable data. The survey is divided into two sections:

- The first part examines respondents' perceptions of corporate social responsibility, satisfaction, trust, and participation of members of high-tech agricultural cooperatives,
- The second part examines personal data like gender, age, education, and job tenure

The survey collected data from 423 members at 47 high-tech agricultural cooperatives in Vietnam's Northern Key Economic Region. After screening, 395 questionnaires were used for the study. Sample statistics show that 208 (53.7%) male and 187 (47.3%) female employees participated in the survey. Out of 395 surveys, 48.6% of employees are between

25 and 35 years old, and 34.9% of employees are between the ages of 36 and 45. Other age groups are insignificant, regarding the distribution of sampling locations as Hanoi (22.5%), Hai Phong (13.4%), Quang Ninh (13.9%), Hai Duong (10.6%), Bac Ninh (10.9%), Hung Yen (16.5%), Vinh Phuc (12.2).

**4. Results**

To test the hypothetical model, we use least squares-based structural equation modeling (PLS-SEM) with SmartPLS 3.9. We first evaluate the convergence and discriminant of the scale. Then, we perform a bootstrap test to test the statistical hypothesis.

**4.1. Scale Evaluation Results**

To evaluate the scale, the study used Cronbach's alpha ( $\alpha$ ), composite reliability (CR), and average variance extracted (AVE). In which the minimum load factor is 0.600 and the highest is 0.895, it satisfies the 0.5 value. If the value of  $\alpha$  is from 0.768 to 0.885 and that of CR is from 0.845 to 0.916, they are both greater than 0.7, showing that the reliability of the scales meets the requirements. AVE values from 0.528 to 0.758 all satisfy the level of 0.5, indicating that they meet the requirements in terms of convergence value.

	<b>Cronbach's Alpha</b>	<b>rho_A</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
CSR	0.840	0.841	0.904	0.758
CSRCo	0.824	0.845	0.875	0.585
CSRCu	0.768	0.796	0.845	0.528
CSRE	0.864	0.879	0.907	0.708
Participation	0.846	0.849	0.897	0.686
Satisfaction	0.885	0.886	0.916	0.686
Trust	0.865	0.871	0.903	0.651

Table 1: Measurement Model

**4.2. Structural Model Evaluation**

After evaluating the scale, and testing reliability, convergence, and discriminant values, the author uses the PLS-SEM model to test the relationship of variables through SmartPLS software. The results of these relationships are shown in figure 2 and table 2.

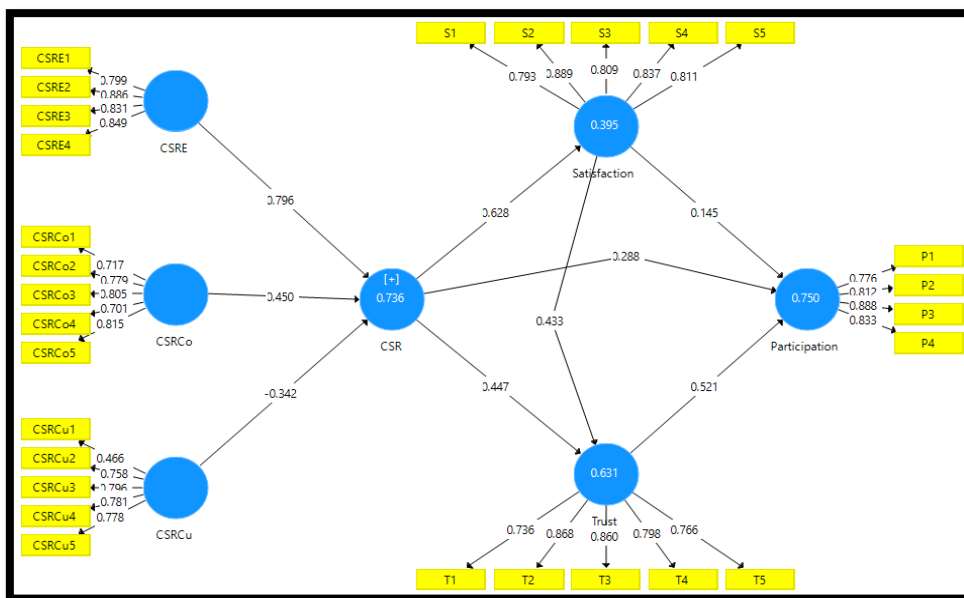


Figure 2: Bootstrapping Results

	Hypothesis	Original Sample (O)	P Values	
H1	CSR -> Participation	0.288	0.000	Supported
H2	CSR -> Satisfaction	0.628	0.000	Supported
H3	CSR -> Trust	0.447	0.000	Supported
H4	Satisfaction -> Trust	0.433	0.000	Supported
H5	Satisfaction -> Participation	0.145	0.006	Supported
H6	Trust -> Participation	0.521	0.000	Supported

Table 2: Hypothesis Results

After testing the hypotheses, it can be seen that the p-values are all less than 0.05, so all hypotheses are accepted.

## 5. Conclusion

In the current fierce competition context, building and maintaining a brand has become an essential factor determining the existence and development of businesses. This requires managers to provide good quality products and services and understand workers' perceptions of the business's brand. Especially when society is faced with adverse problems arising from rapid development, the issue of corporate social responsibility is of particular concern to customers.

This study clarifies customers' perception of corporate social responsibility in a new approach based on benefits and customer-related forces. Therefore, this study proposes new components of social responsibility to customers, the natural environment, and the social community. Statistics have proven that customers are most concerned with the issue of commitment to the community, followed by responsibility to customers and finally to the environment. This is an essential contribution of this study theoretically to add to the knowledge related to corporate social responsibility.

The study reaffirms the role of social responsibility in participation, as in some previous studies. This indicates that when customers perceive and understand that a business performs well in its obligations to customers, the community, and the natural environment, they will tend to make decisions to buy products and services or trademarks provided by the business. This conclusion is not new in theory, but it also has contributions in the contemporary context of Vietnam, where the economy is growing and facing many adverse problems due to the influence of this process.

Finally, the study suggests and proves that social responsibility increases customer brand love. Theoretically, this is the subsequent contribution of the research, which is the first study to clarify the role of social responsibility affecting brand love and the relationship among social responsibility, trust, satisfaction, participation.

From a practical point of view, the study has the following contributions:

- Firstly, businesses need to have a good awareness and implementation of social responsibility not only to ensure responsibility to their customers but also to ensure responsibility to the natural environment and social community.
- Secondly, the excellent implementation of social responsibility effectively enhances the brand reputation in customers' minds and thereby strongly influences the intention to buy products and services that businesses provide. Administrators need to understand and effectively apply social responsibility to improve the satisfaction and trust of high-tech agricultural cooperatives.
- Thirdly, managers understand that social responsibility is essential in improving employee satisfaction. Employees have confidence in high-tech agricultural cooperatives. They will join and stick with the organization for a long time.
- Fourthly, managers clearly understand that one of the ways to encourage employees to join high-tech agricultural cooperatives is to improve the satisfaction and trust of employees.

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