

IMPLEMENTATION OF SOCIAL RESPONSIBILITY WITH EMPLOYEES IN SMALL AND MEDIUM ENTERPRISES IN PHU THO PROVINCE

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Abstract

This study investigates the implementation of corporate social responsibility (CSR) towards employees in small and medium-sized enterprises (SMEs) in Phu Tho Province, Vietnam. Using ISO 26000:2010 as a theoretical foundation, the research analyzes CSR through nine key dimensions: working and rest time, labor contracts, occupational safety and hygiene, salary and bonus policies, compensation and welfare, training and development, income guarantee, collective bargaining – trade unions, and social insurance. Data from 300 respondents were analyzed using SPSS 22.0 through Cronbach's Alpha, Exploratory Factor Analysis (EFA), and regression analysis. Results show that all nine factors significantly impact employee perception of CSR, with occupational safety and hygiene being the most influential. The study proposes management implications to enhance CSR practices in SMEs, contributing to sustainable business development and improved employee welfare in SMEs in Phu Tho.

Keywords: CSR, Employees, SMEs, Phu Tho

1. Introduction

Corporate Social Responsibility (CSR) has become a foundational element in modern business strategies, with increasing emphasis on internal stakeholders, particularly employees. In the Vietnamese context, especially among SMEs, CSR is often limited to compliance with basic labor regulations, lacking strategic integration into enterprise development plans. Phu Tho Province, a growing industrial area with numerous SMEs operating in Thuy Van Industrial Park, presents a critical setting for studying CSR to employees. The study addresses a practical need to improve labor conditions and deepen employee engagement through better CSR practices.

From a theoretical perspective, CSR toward employees encompasses fair labor practices, decent work conditions, occupational safety, equitable remuneration, and opportunities for training and advancement. This aligns with international frameworks like ISO 26000:2010 and national labor standards. The study seeks to measure the actual CSR practices in SMEs in Phu Tho, assess their impact on employee perceptions, and identify areas for improvement.

2. Literature review

2.1. Corporate social responsibility and corporate social responsibility to employees

The concept of Corporate Social Responsibility (CSR) has garnered significant attention across various global contexts, reflecting diverse interpretations and implementations. Ahmad et. al. (2005) conducted a study on public-listed companies in Malaysia, revealing a paradox where

managers exhibited awareness of CSR, yet few companies implemented CSR initiatives. Othman et. al. (2008) propose that CSR can be a strategic approach to address social issues, such as housing for the poor. Their research underscores the potential of CSR to contribute to societal challenges, emphasizing its role beyond mere compliance or corporate image enhancement. Hsu et. al. (2012) explored the motivations behind CSR engagement among SMEs in Taiwan, applying innovation diffusion theory. Their findings suggest that personal values, corporate culture, and alignment with CSR principles significantly influence SMEs' willingness to adopt CSR practices, indicating that internal factors are crucial for CSR uptake.

The theoretical underpinnings of CSR are further elaborated by (Carroll, 2015), who posits that CSR has become a central tenet of modern business practices, driven by stakeholder expectations. This perspective emphasizes the necessity for companies to integrate social responsibility into their core operations, transcending traditional profit-driven motives. Jonikas (2013) proposed a conceptual framework for value creation through CSR, identifying various responsibilities and beneficiaries involved in CSR activities. This framework aims to clarify how different actions can generate value for companies, society, and stakeholders, thus providing a structured approach to understanding CSR's multifaceted impact. Kuttner et. al. (2020) note that while these firms engage in various social and environmental activities, the formal recognition of CSR is still in its infancy. This suggests that family firms may approach CSR differently, influenced by socioemotional wealth and stewardship considerations.

In summary, the literature on CSR reveals a complex landscape characterized by varying levels of awareness, implementation, and cultural adaptation. The studies collectively underscore the importance of understanding local contexts and the internal dynamics that drive CSR engagement across different sectors and regions. The social responsibility of businesses to employees is to properly implement commitments to ensure the rights and benefits of employees in terms of working hours, health and labor safety, wages, collective bargaining, as well as individual work relationships and internal communication.

Synthesizing concepts of CSR and combined with the approach to CSR from the perspective of employees according to ISO 26000:2010 standards, The article uses the concept of CSR for employees as follows: "The social responsibility of enterprises to employees is the commitment of enterprises to employees through the good implementation of activities: employment and labor relations, compensation and social protection, social dialogue, health and safety, training and development to improve the quality of life of workers, contributing to sustainable development sustainability of business and society".

2.2. Corporate social responsibility to employees

In this article, base on the ISO 26000 set of standards, the CSR content of businesses towards employees includes the following criteria: (1) employment and labor relations development; (2) remuneration and social protection regime; (3) social dialogue; (4) workplace health and safety; (5) training and developing employee capacity and is expressed as follows:

Employment and labor relations development: The employment relationship defines the rights and responsibilities of both employers and employees, serving the interests of both business

and society. Employers must treat men and women equally in all roles and comply fully with legal obligations. This includes giving reasonable notice, sharing timely information, and cooperating with employee representatives. They should also promote equal opportunities, ensure that work is contract-based, and maintain safe, fair working conditions.

Remuneration and social protection: Employers shape many aspects of working conditions, which directly impact workers' quality of life and contribute to a nation's social and economic development. Businesses must comply with national labor laws and international standards to protect workers' rights and ensure fair treatment. This includes providing fair wages, reasonable working hours, regular breaks, holidays, safe workplaces, maternity benefits, and support for work-life balance. Salaries and bonuses must align with legal requirements, and all obligations related to social protection must be met. Employers must also respect agreed-upon working hours as defined by law, regulation, or collective agreements.

Social Dialogue: Social dialogue refers to negotiations, consultations, and information exchanges between governments, employers, and workers on issues of shared economic, social, and human rights interests. It plays a key role in resolving disputes and shaping grievance mechanisms, especially in countries where labor rights are weak or under-enforced. Effective dialogue helps prevent conflict and supports fair, transparent resolution processes.

Health and safety at work: Occupational health and safety aims to protect workers' physical, mental, and social well-being. Businesses must adopt and enforce health and safety policies based on recognized standards and risk management practices. This includes requiring safe work behaviors, providing appropriate protective equipment, and preventing work-related injuries and illnesses. Companies should also build health, safety, and environmental systems with worker participation and ensure timely reporting of any hazards or incidents to the proper authorities.

Employee training and development: Companies must offer equal access to training, skill development, and career advancement at every stage of employment. Support should also be provided to workers facing redundancy, including job search assistance and retraining. Employers should promote workplace programs that encourage both personal well-being and professional growth.

3. Research methods

To collect information, the author used a questionnaire and a 5-point Likert scale from 1 to 5, meaning from "1 strongly disagree" to "5 strongly agree" with a sample size of 300 respondents from SMEs in Phu Tho Province. The data collected will be analyzed by using SPSS 22.0 software. Based on the TCVN ISO 26000:2010, CSR toward employees includes: Working and rest time, Labor contracts, Occupational safety and hygiene, Salary and bonus policy, Compensation and welfare policy, Training and development opportunities, Income guarantee, Collective bargaining - Trade Union, and Social Insurance. The author adjusted to suit the actual conditions of the study area, and employees who were working in SMEs in Phu Tho province.

4. Results and discussions

In general, there is almost no difference in the proportion of men and women, with 154 males (accounting for 51,3%) and 146 females (accounting for 48,7%). The majority of the respondents are young; the number of employees who were interviewed who are under 35 years old is 261 people (accounting for 87,0%); above 35 years old is 39 people (accounting for 13,0%).

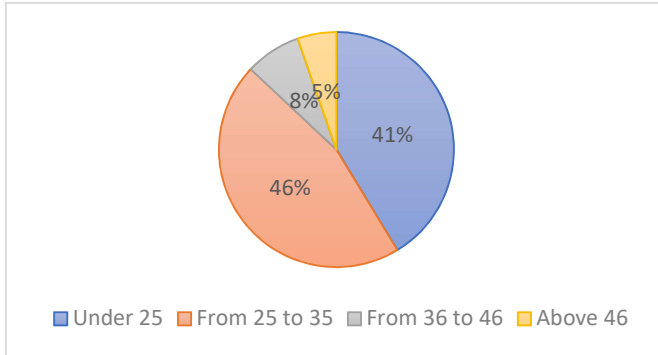


Chart 1: Ratio of Age

Source: Author compiled from survey results, 2024

The results in Chart 2 show that the majority of respondents have a high school, and intermediate, and college level, with 241 people (accounting for 80,3%); the level of university and higher has 59 people. There are 80,3% of respondents who have above 5 years of experience. The respondents who worked from 6 to 15 years were 222 people (accounting for 74,0%), from over 15 years were 19 people (accounting for 6,3%).

The results of Cronbach's alpha analysis showed that all the scales were reliable and satisfied the requirement that Cronbach's alpha coefficient is greater than 0,6, and the correlation coefficient with the total variable is greater than 0,3. Thus, all observed variables will be used in exploratory factor analysis. The results confirmed that the measurement scales of all factor groups met the requirements. Specifically, all KMO coefficients satisfy the condition $0,5 \leq KMO \leq 1$, showing that the scale was designed to fit real data. Bartlett's Test has a value of $Sig = 0,000 \leq 0,05$, showing that the observed variables are correlated with each other in each factor group.

Table 1: Summary of scale testing results

Variables	Coding	Cronbach's alpha	KMO	Barlett's p.value
Work and rest time	WR1 → WR4	0,749	0,813	0,000
Labor contract	LC1 → LC4	0,867		
Occupational safety and hygiene	OH1 → OH4	0,848		
Salary and bonus policies	SB1 → SB4	0,853		
Compensation and welfare policy	CW1 → CW4	0,836		

Training and advancement opportunities	TO → TO4	0,782		
Guaranteed income	GI1 → GI9	0,721		
Collective bargaining - Trade unions	CT1 → CT6	0,742		
Social insurance	SI1 → SI4	0,764		

Source: Summary of analysis results on SPSS 22, 2025

The results of exploratory factor analysis identify 9 factors extracted at an eigenvalue of 1,001, and the total variance extracted is 78,582%. Running a regression between the dependent variable of CSR assessment level and the independent variables, we obtain the following results. The regression results with the factors showed that the model with a 3% significance level and the factors explained 76,5% of employees' assessment of CSR. All the factors impact in the same direction on the level of employee satisfaction.

Table 2: Regression results

Variable	Standard error	Normalization coefficient Beta	Significance level Sig.
WR	.032	.064	.003
LC	.032	.086	.000
OH	.012	.625	.000
SB	.012	.521	.000
CW	.012	.437	.000
TO	.013	.321	.000
CT	.023	.214	.000
GI	.032	.350	.000
SI	.032	.274	.000
F – value = 178.565; R2 = 0,765; Sig.F = 0,000			

Source: Summary of analysis results on SPSS 22, 2025 The Beta coefficient (standardized regression coefficient) of the factor "Occupational safety and hygiene" has the highest value (0,625), which shows that "occupational safety and hygiene" has the highest influence on the level of employee evaluation. Similarly, the factors "Salary and bonus policies", "Compensation and welfare policy", "Social insurance", "Income guarantee", "Training and development opportunities", "Labor contract", and "Collective bargaining - Trade unions" also have a positive impact on employees' level of assessment of CSR. The "Working and rest time" policy only accounts for a modest role for employees in CSR (Beta coefficient is 0,064). This showed that the poorer the "Working and rest time" policy, the lower the employee's assessment of CSR. Therefore, businesses need to focus on improving poor policies to contribute to improving CSR for employees.

Strengthening occupational health and safety systems has the highest impact on occupational safety and hygiene (Beta = 0,625), so SMEs should develop comprehensive health and safety policies tailored to their specific industry risks and provide regular training on occupational health and safety practices. Simultaneously, it ensures the availability and proper use of personal protective equipment (PPE), establishes reporting and response mechanisms for workplace incidents and near misses, and conducts periodic safety audits and risk assessments. Salary and bonus policies (Beta = 0,521) significantly affect employee perceptions. SMEs should introduce performance-based bonuses to reward productivity and loyalty, and communicate the structure and timing of salary increases and bonuses. Compensation and welfare (Beta = 0,437) play a key role in CSR perception. SMEs should offer non-monetary benefits such as transportation support, healthcare, and family assistance; provide allowances for holidays, housing, or education where feasible. With a Beta coefficient of 0,321, training and development are critical. SMEs should establish clear career pathways and internal promotion criteria; Offer subsidized courses, workshops, and on-the-job training, and support cross-functional learning to enhance employee versatility. Income guarantee (Beta = 0,350) remains a concern for SME employees. SMEs need to provide clear contractual terms about job security and income levels and implement minimum income guarantees during periods of economic fluctuation. Besides that, SMEs should establish internal grievance mechanisms to resolve disputes amicably. Ensure full participation in compulsory social insurance programs (health, retirement, maternity), and educate employees about their social insurance rights and procedures. Although with a lower impact (Beta = 0,064), fair working time policies improve satisfaction. SMEs can comply strictly with working hour regulations. Simultaneously, SMEs should offer flexible work arrangements or shift options and avoid excessive overtime, and ensure appropriate rest periods.

5. Conclusion

This article has explored the implementation of corporate social responsibility (CSR) toward employees in small and medium-sized enterprises (SMEs) in Phu Tho Province, Vietnam, based on the framework provided by ISO 26000:2010. By identifying nine core dimensions working and rest time, labor contracts, occupational safety and hygiene, salary and bonus policies, compensation and welfare, training and development, income guarantee, collective bargaining and trade unions, and social insurance, the research provides a comprehensive view of how CSR is perceived and practiced at the enterprise level.

The findings indicate that all nine factors positively influence employee perceptions of CSR, with occupational safety and hygiene having the strongest effect, followed by salary and bonus policies, compensation and welfare, and social insurance. These insights highlight the critical role of internal labor conditions and worker support systems in shaping employee trust, engagement, and satisfaction.

Despite the progress made, there remain gaps, particularly in working time policies and equitable access to development opportunities, that must be addressed to improve CSR effectiveness. The study's results are a practical foundation for SMEs and policymakers to develop

targeted strategies that foster a more socially responsible and sustainable business environment in Phu Tho and similar industrial regions.

Ultimately, improving CSR toward employees not only enhances organizational performance and reputation but also contributes meaningfully to the socio-economic development of the province and the well-being of the labor force.

Declaration of competing interest

The author declares that I have no known financial or non-financial competing interests in any material discussed in this paper.

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