

# Corporate Social Responsibilities Toward Employees – Case Study At Korean Enterprises In Phu Tho Province



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## Abstract

In recent years, investment projects in Phu Tho Province by Korean enterprises have been increasing in number, investment capital, and production scale. The whole province currently has 179 FDI foreign direct investment projects, of which 136 projects are from Korean investors, accounting for 76%. Korean enterprises have made great contributions to the socio-economic development of the Province, especially creating jobs for thousands of workers in the area and increasing the Province's budget revenue. Good implementation of corporate social responsibilities with employees will contribute to connecting employees with the business, and at the same time contribute to helping the business develop sustainably in the future. By using questionnaires to interview 250 workers at Korean enterprises in Phu Tho Province. The article analyzes the implementation of CSR for employees in the following aspects: employment relations; building a safe working environment; human resource training and social dialogue at Korean enterprises in Phu Tho province according to employees' assessments, thereby proposing several solutions that contribute to improving social responsibility of Korean enterprises in the coming time.

**Keywords:** CSR, Corporate Social Responsibility, Korean enterprises, Phu Tho.

## 1. Introduction

CSR has become a real trend and is widespread around the world. Most multinational companies have built a Code of Conduct themselves, that applies to their employees and business partners around the world. Benefits through commitments to implement CSR have been recognized, which include increased profits, customer loyalty, trust, positive brand attitude, and combating negative publicity (McDonald và Rundle-Thiele, 2008; Forte, 2013). It helped to improve the company brand in the eyes of the public and helped the company increase sales. Within the company, employee satisfaction and engagement with the company also increased. Therefore, enterprises are more and more focused on implementing CSR and putting it into production and business activities.

"Corporate social responsibility is the commitment of enterprises to contribute to sustainable economic development, through activities to improve the quality of life of employees and their family members, for the community and the whole society, in a way that benefits both enterprises as well as the general development of society" (Nguyen Dinh Cung, 2008). The goal of corporate social responsibility is to contribute to the development in the medium and long term to achieve sustainable development of the business. Implementing corporate social responsibility will contribute to promoting images, enhancing reputation, developing brands, and improving working relationships, trust, attachment, and satisfaction of employees in the workplace.

In recent years, the cooperation situation between Phu Tho Province and Korean partners and enterprises has become increasingly better. Investment projects in the province of Korean enterprises are increasing in number, investment capital, and production scale. The province currently has 179 FDI foreign direct investment projects, including 124 Korean enterprises (accounting for 70,1%), and concentrated mainly in Thuy Van Industrial Park with 31 enterprises (accounting for 25%). Korean enterprises, mainly in the fields of fiber production, textiles, electronic components, food..., have participated heavily in social security activities (Carbon Management Company Limited (KCM) ) sponsored an energy-saving stove distribution program worth 800 thousand USD; JNTC Vina Co., Ltd. awarded "JNTC Scholarship - Because you are studious" to students and some schools worth nearly 185 thousands of USD; Korean enterprises have supported the province's COVID-19 epidemic prevention and control fund with a total amount of over 6 billion VND..., and have made great contributions to the province's socio-economic development, especially creating jobs for thousands of workers in the area with an average income of over 8 million VND/person/month and increasing the province's budget revenue[10,11,12].

To have objective assessments to help enterprises become more aware of their corporate social responsibility. At the same time, it helps managers come up with appropriate policies to promote the implementation of social responsibilities of

enterprises to ensure benefits for workers. The article analyzes the implementation of CSR for employees in the following aspects: employment relations; building a safe working environment; human resource training and social dialogue at Korean enterprises in Phu Tho province according to employees' assessments, thereby proposing management implications that contribute to improving social responsibility of Korean enterprises in the coming time.

## 2. Methodology of research

To collect information, the author interviewed employees at Korean Enterprises in Phu Tho with the questionnaire and used a 5-point Likert scale from 1 to 5 meaning from "1 strongly disagree" to "5 strongly agree" with the sample size of 250 elements. The data analysis will be analyzed using SPSS 22.0 software.

Based on the TCVN ISO 26000:2010, CSR toward employees includes 5 contents: Employment and

employment relationships; Working conditions and social protection; Social dialogue; Health and safety at work; and Developing and training people in the workplace. The author adjusted to suit the actual conditions of the study area, experts, and employees who were working at Korean enterprises in Phu Tho, includes: The Employment and employment relationships scale includes 7 observed variables, from VL1 to VL7. The Working Conditions and Social Protection scale includes 6 observed variables from LT1 to LT6. The Social dialogue scale includes 7 observed variables, from DT1 to DT7. The Health and safety at work scale includes 6 observed variables, from SK1 to SK6. The Developing and Training People in the Workplace scale includes 6 observed variables, from PT1 to PT6. Besides, we also surveyed the level of satisfaction and loyalty of employees in Korean enterprises. Cronbach's Alpha scale test results showed that the scales are reliable. Total variable correlation coefficients are satisfactory ( $> 0,3$ ).

**Table 1: Cronbach's Alpha's reliability test statistics**

Scale	Symbol	Number of observed variables	Cronbach's Alpha
Employment and employment relationships	VL	7	0,828
Working conditions and social protection	LT	6	0,895
Social dialogue	DT	7	0,906
Health and safety at work	SK	6	0,787
Developing and training people in the workplace	PT	6	0,825

Source: Author compiled from survey results, 2024

## 3. Results and Discussions

### 3.1. Corporate Social Responsibility Toward Employees

According to Thai Thi Hong Minh (2007), "social responsibility in the field of labor is understood as the implementation of rights by enterprises for officials, employees, and workers in general in the enterprise". This right is concerned with labor contracts, working conditions, rest, respect, fairness in salary, wages, health care as well as material and spiritual life.

Remišová Anna, Zuzana Búciová (2012) said: "Social responsibility for employees is to well 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 personal work relations and internal communication." Thus, the social responsibility for employees is to implement and comply with commitments both in terms of legal rights and benefits for employees. Anber Abrabee and colleagues (2014) commented: "Social

responsibility towards employees is the business orienting their behavior to comply with the law, ensuring economic benefits in the direction of harmonizing interests." of workers and pursuing the goal of sustainable development".

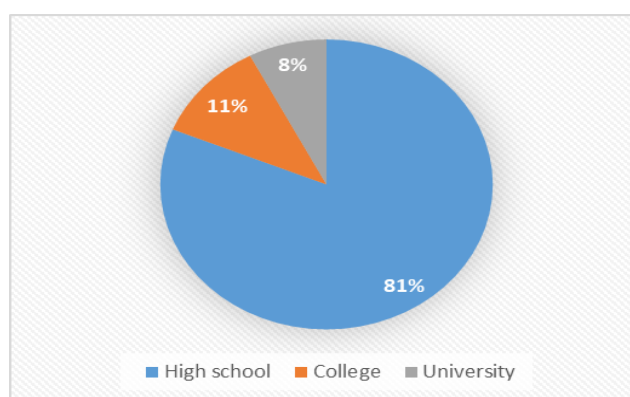
According to the requirements of ISO 26000 standards, the CSR content of enterprises towards employees includes the following contents: (1) employment and labor relations development; (2) remuneration and social protection regime; (3) social dialogue; (4) workplace health and safety; (5) training and employee capacity development are detailed in the core topic "Employees" - Article 6,4 of the standards. The topic uses this approach of the ISO 26000 series as a basis to analyze the current status of CSR implementation for employees in Korean enterprises in Phu Tho province.

Synthesizing concepts of CSR, based on the concept of CSR developed by the World Bank's Private Economic Development Group combined with the approach to CSR from the perspective of employees according to ISO 26000:2010 standards, We use 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".

### 3.2. Statistics identifiable information description

In general, there is almost no difference in the proportion of men and women, with 103 males (account for 41,0%) and 147 females (account for 59,0%). The majority of the labor force is young, the number of employees who have interviewed the ages of 18 to 35 years old is 209 people (accounting for 83,6%); above 35 years old 41 people (account for 16,4%). Korean enterprises mainly operate in the fields of textiles, garments, construction materials, packaging, and machinery components..., so above 80% of employees have a high school degree or approximately 20% higher.

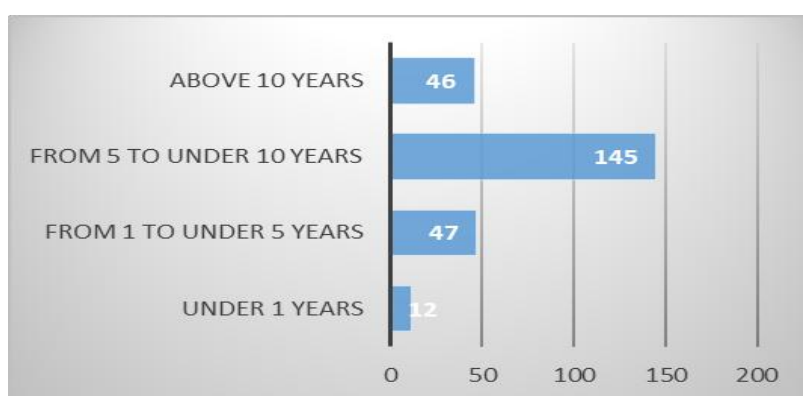


**Chart 1: Ratio of educational attainment**

Source: Author compiled from survey results, 2024

The results in chart 2 show that the majority of workers at Korean enterprises are people with high seniority. There 76,0% of employees have above 5 years of experience. Which, the respondents who worked from 5 to 10 years were 145 people

(accounting for 58,0%), from 1 to 5 years were 47 people (accounting for 19,0%), over 10 years were 46 people (accounting for 18,0%), and less than 1 years were 12 people (account for only 5,0%).



**Chart 2: Ratio of seniority**

Source: Author compiled from survey results, 2024

### 3.3. Evaluation of employees on the implementation of social responsibility of Korean enterprises

#### \* Regarding employment and employment relationships

In general, the employee assessed the Korean enterprises' responsibility in employment and labor

relations well. Korean enterprises in Phu Tho always ensure probationary time (an average of 1,6 months), average annual leave (10 days), and average maternity leave (6 months) for female employees in accordance with the law.

**Table 2: Employee' assessment of employment and employment relationships**

VL1	Enterprises always comply with Labor Law and state regulations for employees	3,81
VL2	Enterprises ensure fair and equal advancement opportunities for employees	3,83
VL3	Enterprises do not discriminate between men/women and regions/regions	3,85
VL4	Enterprises implement a policy of protecting personal information about employees	3,76
VL5	Enterprises ensure working time as committed	3,88
VL6	Ensure annual leave time in accordance with labor law	3,71
VL7	Trade unions operate effectively and have a clear role in the enterprise	3,59
	Average	3,78

Source: Author compiled from survey results, 2024

In Korean enterprises, overtime work is quite common, the average working time per day is 9 hours, of which 2024 has the highest average working time per day of 9,8 hours, for we see enterprises recovering quite positively after the pandemic. However, workers often have to work over 8 hours/day and 7 days/week. In general, highly appreciate Korean enterprises in "comply with Labor Law and state regulations for employees" (with 3,81 points), especially, since they always "ensure working time as committed" (3,88 points). However, workers believe that the activities of enterprises' trade unions are not really effective when given the criteria VL7 "Trade unions operate effectively and have a clear role in the enterprise" with just 3,59 points. This is also a common feature of foreign-invested enterprises in Vietnam, where the union's role of representing and protecting workers is not respected.

#### **\* Regarding salary, bonuses, social benefits**

Currently, enterprises in Phu Tho are applying the Region II minimum wage of 3.920,000 VND. The average income of workers in Korean enterprises has also improved significantly, from 6,9 million VND/month in 2022 to 7,3 million VND/month in 2024 (an increase of about 6% compared to 2022). During the Lunar New Year every year, Trade Unions at all levels spend on Tet support and give gifts to workers, worth 22,624 million VND; More than 12 thousand workers in difficult circumstances were supported by Trade Unions at all levels, worth 2,158 million VND. The number of workers trained in occupational safety and hygiene increases significantly every year. 100% of enterprises organize shift meals or support shifts for workers with a level of 15,000 VND or more; Many enterprises pay shifts for workers from 25,000 VND to 30,000 VND[14].

**Table 3: Employee' assessment of salary, bonuses, social benefits**

Criteria	Content	Point
LT1	Strictly comply with minimum wage regulations	3,48
LT2	Comply with regulations on wages for overtime work on weekdays, days off, and holidays	3,39
LT3	The company's salary and bonus regime for overtime work is appropriate	3,34
LT4	Enterprises organize periodic sightseeing and vacation activities for employees	3,24
LT5	Enterprises ensure to pay full social insurance, health insurance, and other forms of sickness and maternity support	3,26
LT6	Enterprises always pay employees on time	3,42
	Average	3,36

Source: Author compiled from survey results, 2024

The current status of the social responsibility assessment for employees ensuring employees' rights in terms of salary and benefits of Korean enterprises reached an average score of 3,36 points. The score reflects enterprises gradually ensuring the income level of their employees. "Comply with minimum wage regulations" has the highest rating of 3,48 points. "Enterprises organize periodic

sightseeing and vacation activities for employees" achieve compliance but still have the lowest score in this criterion (3,24 points). The reason workers highly appreciate this criterion is that Korean enterprises always sign labor contracts according to the nature of the job, which is the basis for building a harmonious relationship between employees and employers. In particular, the labor

contracts that enterprises sign with employees include indefinite terms, terms from 12 - 36 months, and seasonal labor contracts, the most common are labor contracts from 12 to 36 months. Enterprises have enhanced social responsibility to ensure salary and welfare benefits for employees with an average score of 3,26 points. This proves that enterprises are aware that employees are the "root" of the business. This is one of the good signs in implementing social responsibility for employees.

#### \* Regarding social dialogue

Korean enterprises always respect the right of workers to establish or join their organizations to enhance their rights and to bargain collectively. In 2024, 28/30 Korean enterprises have trade unions,

with 80% of workers participating in unions (Kyoung Won HM Vietnam Co., Ltd. has 10 employees and Jaewoo Vina Co., Ltd. has 16 employees). There is no trade union yet); 93% of enterprises have collective labor agreements and 45% of enterprises have grassroots conciliators. On the occasion of "Worker Month" and "Action Month on Occupational Safety and Health" each year, the grassroots trade union organized 314 dialogues with workers and employers; 215 propaganda campaigns; and signed and re-signed 95 collective labor agreements. In 2024 alone, the Management Board of Phu Tho Industrial Parks approved the registration of labor regulations for 16 enterprises, receiving 19 collective labor agreements.

**Table 4: Employee' assessment on the responsibility of Korean enterprises' social dialogue**

ĐT1	When they have questions/dissatisfaction, employees can easily respond to leaders at all levels	3,31
ĐT2	Business leaders listen and absorb suggestions and comments from employees	3,47
ĐT3	Employees are encouraged to contribute work initiatives	3,42
ĐT4	Businesses are always ready to accept responsibility before the community when problems occur publicly	3,24
ĐT5	Business leaders receive and promptly handle employee complaints	3,38
ĐT6	The enterprise's rules, policies, and employee evaluation methods are clearly publicized	3,35
ĐT7	Enterprises regularly participate in charity and community support activities	3,28
	Average	3,35

Source: Author compiled from survey results, 2024

In general, workers still expect enterprises to better implement social dialogue responsibilities, with the average score for this criterion being only 3,35 points. In particular, they rated well the criteria "Business leaders listen and absorb suggestions and comments from employees" with 3,47 points and "Employees are encouraged to contribute work initiatives" with 3,42 points... However, workers believe that "receiving and promptly handling employee complaints" as well as "willingness to publicly accept responsibility when problems occur" have not been done well, when scored 3,35 points and 3,24 points respectively.

#### \* Regarding health and safety in the workplace

The number of accidents in Korean enterprises in Phu Tho is quite small, most of them are small incidents, occurring mainly in enterprises in the field of construction materials production. The number of accidents and the number of people injured due to occupational accidents in the period 2022 - 2024 also tends to decrease (in 2022 there

will be 28 accidents, in 2023 there will be 11 cases, in 2024 there will be 15 cases), this shows that It is seen that Korean enterprises have become more and more interested in ensuring labor safety and providing protective equipment for workers. Korean enterprises also perform well on working conditions and social protection such as rest time, protection for pregnant women, and welfare issues such as safe drinking water, sanitation systems, canteens and medical services, and periodic health checks for workers... In addition, most enterprises equip labor protection and personal protective equipment such as gloves, masks, earmuffs, and hats... for workers, more than 70% of enterprises use these equipment with strict requirements on occupational safety and hygiene is inspected and registered according to regulations, and workers operating these equipment are trained and trained periodically every year; 80% of workers are trained on fire prevention. The number of workers trained on occupational safety and hygiene in 2018: was 34,870 people, in 2019: 39,524 people, in 2022 and



2023 due to social distancing due to the Covid-19

epidemic, training was not organized[13]

**Table 5: Employee assessment on health and safety in the workplace**

Criteria	Content	Point
SK1	The working environment at the enterprise is clean, ensuring health and safety	3,71
SK2	Employees in the enterprise receive regular health checks and there is a medical room in the company	3,51
SK3	Enterprises will implement fire and explosion prevention plans	3,53
SK4	Enterprises fully equip protective equipment for workers	3,69
SK5	Enterprises provide training on occupational safety and hygiene fire prevention and fighting	3,56
SK6	The working space of employees at the enterprise is guaranteed to be airy	3,67
	<b>Average</b>	<b>3,61</b>

Source: Author compiled from survey results, 2024

The employees highly appreciated the criteria for health and safety in the workplace in Korean enterprises' with an average is 3,61 points., criteria SK1 "The working environment at the enterprise is clean, ensuring health and safety" gets the highest score of 3,71 points and "Enterprises fully equip protective equipment for workers" (3,69 points), "The working space of employees at the enterprise is guaranteed to be airy" (3,67 points). Besides, the criteria "Employees in the enterprise receive regular health checks and there is a medical room in the company" is not rated highly. Especially garment enterprises that have not yet fulfilled this obligation well, or only done it superficially and formally to cope with the provisions of the law. As a result, workers in some Korean enterprises often suffer from occupational-related diseases such as respiratory diseases (32,5%), eye diseases (24,9%), and deafness. noise (15,6%), cardiovascular disease (19%).

#### \* Regarding employee training and development

In recent years, the rate of enterprises participating in training workers has reached 100%, of which self-training accounts for 90%; making an important contribution to improving the quality of human resources and developing 04 labor groups (production workers; technical managers; skilled workers, and administrative staff). According to the Industrial Park Management Board report, the average cost for this activity only accounted for 3,5% of business costs in 2022, but then increased to 5,0% in 2023 and is at 5,6% by 2024[13]. During the period 2018 - 2024, over 72.100 workers participated in learning and training to improve their political, professional, professional, and vocational skills, thereby contributing to raising awareness of discipline and industrial working style of workers, meeting requirements of the production and enterprise development.

**Table 6: Employee' assessment on employee training and development**

Criteria	Content	Point
PT1	Enterprises organize training programs to develop working skills for workers	3,28
PT2	Enterprises create advancement opportunities for employees to develop	3,29
PT3	Enterprises create conditions for workers to improve their professional qualifications	3,28
PT4	Direct managers have an important role in training and developing employees under them	3,22
PT5	Newly recruited employees are trained on the company's cultural values	3,33
	<b>Average</b>	<b>3,28</b>

Source: Author compiled from survey results, 2024

It can be seen that the majority of employees give good reviews on the criteria "Enterprises organize training programs to develop working skills for workers" and "Enterprises create conditions for workers to improve their professional qualifications" (3,28 points)

#### 3.4. General assessment

Korean enterprises showed high responsibility in creating jobs and properly implementing labor contract regulations. This is one of the important bases to ensure good implementation of

responsibilities regarding working hours, salaries, and benefits for employees

Enterprises have done well in protecting workers' rights and health care programs; Paying social insurance and health insurance for employees according to regulations. Workers were allowed to join trade unions and organizations according to their wishes as well as created conditions for trade unions to promote their function of taking care of workers' lives, and annually organize well-organized worker conferences.

Training activities to improve the quality of human resources were carried out in a fairly balanced manner in terms of quantity, industry, and job position; Training costs are increasing, contributing to the formation of a skilled and professional workforce.

Dialogue activities with employees were carried out regularly, helping enterprises have better policies in meeting workers' requirements, making them more attached to the business.

However, besides that, there still exist some disputes over salaries and bonuses between workers and enterprises on issues such as slow salary adjustment when the State increases the minimum wage. Wages between different types of workers are not regulated, especially the salaries between simple workers and technical workers, and between people with many years of work and those new to the profession, the difference is insignificant. Overtime and overtime work that exceeds the prescribed time but is not paid adequately still exists in some enterprises. Advanced healthcare programs have not received adequate attention.

#### 4. Some management implications

Enterprises need to continue to properly implement provisions ensuring workers' rights in labor contracts. On that basis, ensuring the rights and interests of workers, and limiting labor disputes and strikes that affect the stability and long-term development of the enterprise.

Strictly implement labor law regulations on overtime hours of employees. Overtime must ensure the principle of "agreement", and publicly and transparently implement the norms, time, and output that employees can work during overtime at enterprises.

Enterprises need to pay more attention to strengthening measures to prevent occupational accidents. Enterprises need to develop a commitment to ensuring occupational safety and hygiene, and a safe and healthy working environment to prevent accidents and impacts on workers' health.

Enterprises need to strengthen health care programs, provide medical services, advanced health care programs, occupational diseases, and

strengthen monitoring of the implementation of labor safety regulations

Enterprises need to pay attention to organizing collective, cultural, and sports activities to connect, encourage, and express gratitude to employees. Not only does it help workers improve their health and improve their spiritual life, but it is also an opportunity for workers to promote the spirit of teamwork, better understand and bond with each other, work enthusiastically, engage with each other, and stick with the enterprise

In summary, it can be seen that Korean enterprises in Phu Tho province have well implemented their social responsibility to employees in terms of job creation; building a safe working environment; human resource training, and social dialogue. However, for sustainable development, enterprises need to further improve efficiency in carrying out their responsibilities to increasingly meet the expectations of workers. Hopefully in the coming time, with appropriate solutions, Korean enterprises will increasingly fulfill their social responsibilities to employees, as well as contribute more to the economic and society development process of Phu Tho province.

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