

Corporate Social Responsibility and Human Resource Management

It seemingly took the recent spate of financial accounting scandals to more strongly deliver the message of Corporate Social Responsibility (CSR) to both business leaders and the general public. Recent surveys conducted in the United States suggest that managers no longer treat CSR as a "necessary evil," but are now more inclined to believe that effective CSR management can lead to improved financial performance.¹

CEOs are now increasingly looking for ways in which social performance and reputation can directly benefit the organization financially, through either lowered costs and/or increased sales revenue. For example, firms are

using their rankings on lists like *Forbes*'s annual "100 Best Companies to Work For" to attract the most qualified and loyal employees. CSR has also become a marketing tool for many businesses eager to sell themselves to a socially conscious public which rewards good ethics, employee relations, and environmental management with increased purchasing and brand loyalty. Buoyed by recent evidence that suggests effective Corporate Social Performance leads to financial growth, firms are attempting to leverage the value of social responsibility by creating CSR strategies that target all operations and functions of the organization, including human resources management (HRM).²

With specific respect to HRM, both managers and academics are seeking to tie CSR to personnel selection and employee retention. Since both functions are critical elements in HRM, the ability of CSR to promote them adds to the strategic value of HRM to the firm. For example, firms which are deemed to be socially responsible are potentially more attractive to potential applicants because of their enhanced reputation and social desirability. Increased interest and desire to work at the company give the organization not only a greater pool of applicants from which to choose but perhaps a criterion on which to select its employees: compatibility with the corporate culture of social responsibility. For CSR strategies to be implemented effectively, employees must relate to the CSR values of the firm which promote the management of multiple stakeholder relationships and a commitment to goals beyond the financial bottom line. Once employees are hired, CSR also helps to facilitate and sustain the employee-firm relationship. Most CSR firms recognize their employees as primary stakeholders, and therefore commit themselves to the preservation of mutually beneficial relationships.³ Also, because of similarity between personal and organizational values, employees of firms that practice superior CSR are expected to identify more closely and strongly with the goals of these firms, thereby leading to decreased voluntary turnover. Therefore, a commitment to CSR leads to a commitment to employee well-being, which benefits the firm through cost reduction, skill development, and the retention of valuable employees.

While the benefits of CSR to HRM seem feasible, most organizations do not formally use CSR to match applicants' attitudes or dispositions regarding salient issues as a hiring

tool. The lack of research in this area may be caused by the lack of measurement tools that assess the compatibility of applicants' attitudes or preferences regarding CSR and the corporate positions on the same CSR issues. Since CSR is normally treated as a business-level issue, there has been little effort to formally gauge employee attitudes toward stakeholder commitment, environmental protection, and social concern. However, because of the inherent need for qualified and committed employees to effectively implement strategy, it seems the onus is on those firms which are undertaking or plan to undertake CSR strategies to find ways of more formally incorporating CSR into personnel decision making.

To access this exercise, go to the "Self-Assessments" section of the book's Web site (www.mhhe.com/bernardin5e). Follow the directions for completing "Corporate Social Responsibility and Human Resource Management" and then print the feedback page (to be handed in at the discretion of your instructor). After you complete the online portion of the CTA, answer the following questions: