Recent research shows that a firm's visibility to stakeholders, rather than economic performance, has the larger impact on managers' decisions regarding how much CSP their firms exhibit. More profitable firms are apparently not motivated to engage actively in CSP unless they are under greater scrutiny by various firm stakeholders.[3] There is also evidence that CSR issues are increasingly becoming part of mainstream investment analysis.[4] With specific respect to HRM, both managers and academics are seeking to tie CSR to personnel selection, recruitment 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 that 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.[5] 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.[6]

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 that 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 website (www.mhhe.com/bernardin6e). 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:

1. Most people regard corporate social responsibility in the straight business sense; that is, CSR must be linked to the "bottom line" or corporate financial performance. Do you agree with this position? Explain your answer.
2. Conduct research related to CSR and corporate performance since Orlitzky, Schmidt, and Rynes (2003). Does the new research support the conclusions of their meta-analysis?
3. Did your responses to the questionnaire approximate the mean data from other students? If there were significant differences (about 2 points higher or lower), in what areas were these differences? Do you have any theories as to why you were higher or lower in these areas?
4. Would you be more likely to seek employment for an organization that has a good reputation regarding CSR? To what extent would a company's record of CSR have an impact on your decision to take a job with them?

*Contributed by Richard Peters.

[1]Blomgren, A. (2011). Does corporate social responsibility influence profit margins? A Case Study of Executive Perception. *Corporate social responsibility and environmental management, 18,* 263–274; See also, Hill, R. P., Ainscough, Shank, T., & Manullang, D. (2006). Corporate social responsible investing: A global perspective. *Journal of Business Ethics, 70,* 165–174.

[2]This evidence comes from a meta-analysis that shows a positive correlation between CSR and firm financial performance. See Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. *Organization Studies, 24*(3), 403–410. See also, Van der Laan, G., Van Ees, H., & Vantteloostuijn, A. (2008). Corporate social and financial performance: An extended stakeholder theory and empirical test with accounting measures. *Journal of Business Ethics, 79,* 299–310.

[3]Ham, S. & Lee, S. (2011). U.S. restaurant companies' green marketing via company websites: Impact on financial performance. *Tourism Economics, 17,* 1055–1069.; Simms, J. (2002). Business: Corporate social responsibility—You know it makes sense. *Accountancy,* 1311.

[4]Fieseler, C. (2011). On the corporate social responsibility perceptions of equity analysts. *Business Ethics- A European Review, 20,* 131–147.

[5]Waddock, S. A., Bodwell, C., & Graves, S. B. (2002). Responsibility: The new business imperative. *Academy of Management Executive, 16,* 132–148.

[6]Peloza, J. & Shang, J. (2011). How can corporate social responsibility activities create value for stakeholders? A systematic review. *Journal of the Academy of Marketing Science, 39,* 117–135.

Critical Thinking Application 1-C

Resolution: Close Down the Human Resources Department

A great deal of research indicates that it is line management that will have the most impact on the role of human resources in creating and sustaining a competitive advantage for organizations. While HR staff develops, purchases, and administers HR activities, the proper use of these activities by line management has the most to do with their effectiveness. *Fortune* magazine's Thomas Stewart argues that outsourcing those HR functions that can be outsourced will ultimately save the company money and thus facilitate a competitive advantage through reducing costs.[1] This cost reduction could