

## Corporate Social Responsibility as a Recruitment Strategy by Organisations

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### *Abstract*

*The success of any organisation largely depends on the quality and quantity of human resources it possesses. Also, what often explains the competitive advantage an organisation has over its rivals is the quality of talents that it has been able to attract and employ. This has made it imperative for organisations to keep attracting the right quality of candidates that will strengthen its competitive position. The process of attracting quality candidates has been made even more difficult with shortages recorded in the market for labour which possesses highly technical skills. This paper explores Corporate Social Responsibility (CSR) as a tool for enhancing organisational attractiveness to job seekers. The approach is to survey relevant literature on this subject. The paper concludes that CSR can be used as a powerful tool to attract the right calibre of labour and strengthen an organisation's competitive advantage.*

**Keywords:** *Corporate Social Responsibility, Organisational Attractiveness, Recruitment, Competitive Advantage.*

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### **Introduction**

Challenges of the contemporary business environment has made it even more compelling for organisations to keep attracting and retaining the best hands available in the labour market (Lado & Wilson, 1994; Wright et al, 1995). The current labour shortage in a number of fields and projected future shortages has further brought the importance of attracting and retaining requisite human resources for competitive advantage to the fore (Rynes, 1991; Marti, 2008). However, the ever changing needs of today's worker have made employee recruitment even more challenging (Backhaus, Stone & Heiner, 2002).

Several authors have suggested what organisations should do to make them attractive enough for job seekers that possess the needed knowledge, skills and abilities. Such factors as reward system, work environment, congruence between organisation and jobseeker's value, diversity policies, treatment of the environment have been proven by researchers as factors that attract job seekers to organisations (Bretz et al, 1989; Cable & Judge, 1994; Lievens, Decaestecker and Coetsier, (2001), Bhattacharya, et al, 2008). Corporate Social Responsibility (CRS) has also been proven to positively influence organisation attractiveness to job seekers (Greening & Turban, 2000).

The objective of this paper is to study the influence of CSR on organisational attractiveness and recruitment. The approach of this paper is literature survey; looking at the outcome and opinion of several researchers and experts in the area of recruitment and CSR. It is anticipated that this paper will shed more light on the CSR – organisational attractiveness relationship.

## Corporate Social Responsibility

One of the most widely talked about concept in the management research today is Corporate Social Responsibility (CSR) (Geva, A; 2008). In spite of the havelange of literature on this subject, there is a clear absence on consensus on its definition. Some authors are even of the opinion that there exists no definition for CSR (Jackson & Hawker, 2001), an assertion with which many other authors disagree. Some author prefer to use the term 'Social Responsibility' to clarify that related issues are not restricted to profit making organisations (Heath & Ni, 2008). Others use the term 'corporate societal responsibility, corporate social responsiveness, corporate social performance, corporate citizenship, business citizenship, stake holding company, business ethics, sustainable company etc (Valor, 2005). Dahlsrud (2006) believes CSR is a social construction and as such, it is difficult to develop an unbiased definition. However, for the purpose of this paper we will define Corporate Social Responsibility as ways in which organisations achieve commercial success using methods that honour ethical values, respect people and communities and the natural environment (Business for Social Responsibility, 2003). This definition covers five key dimensions of CSR: stakeholders, economic, social, voluntariness and environmental dimensions thus incorporating most of the divergent views of the meaning of CSR (Dahlsrud, 2006).

There are four main theories that explain the nature and motive for CSR:

**Classical View:** The classicalists and neo classicalists believe that management's only social responsibility is to maximise profit (Robbins & Coulter, 2006). Prof Milton Friedman is one of the neo classicalist economists who believe that the CSR of any firm should be to maximise profit. Milton Friedman (1970) believes that in most cases, the relationship between CSR and profitability is a negative one. He believes that firms pursuing CSR initiatives use funds that would have formed part of profit of shareholders, wages and salaries of workers and/or increase in price of their products to pursue these initiatives. The only exception to this according to him is that it is in the interest of firms operating that is a major employer in a small community to devote resources to providing amenities to that community. This may make it easier to attract desirable employees, reduce the wage bill or lessen losses from pilferage and sabotage or have other worthwhile effects.

**Instrumental Theory:** This theory views firms as instrument of generating wealth only. Therefore, every social activity of the firm should be geared towards profit maximisation. This theory believes that CSR can be used to further the cause of wealth creation by the firm. It applies mainly three approaches: maximisation of shareholders value, strategies for attaining competitive advantage and marketing related to cause. First approach states that social investment should be done for attaining the competitive advantage. Second approach says that focus of the firm should be on the natural resources and their competency. Third approach emphasises that it is essential for the organisations to use the social activities for improving their competitive position in the respective market which can further contribute to improve the wealth of their stakeholders (Ismail 2009).

**Political Theory:** states that firms have a powerful status in society, which is entitled to use in a responsible way. This theory also has three main approaches: corporate constitutionalism, integrative social contract and corporate citizenship. Corporate constitutionalism argues that all the social responsibilities and authorities are the result of social power, which is occupied by the firms. Second approach states that social contract is a bond between the firm and society. This contract is based on the duties organizations have for the society for which it also attains a lot in terms of profitability and reputation. Corporate citizenship approach argues that corporations are similar to citizens who have some responsibilities for the society into which they reside (Nelgadde March 2010)

**Integrative Theory:** This theory states that the main aim of organizations should be the satisfaction of requirements/needs of the society that franchises their existence. Also known as the Socio-economic view (Robbins & Coulter, 2006), it has chiefly four approaches: management issue, public responsibility, stakeholder management and corporate social performance, which are aimed to fulfill the social demands.

First approach is related to the response of organisations to the political and social issues. By responding to the issues encountered by political and social environment, an organisation can perform its public responsibility effectively. Second approach states the use of public policies and legal rules to locate the society. Third approach is related to the stakeholder management that is aimed to balance the identified interests of all key members of the stakeholder group. Corporate social performance states that corporation should identify some process and social legitimacy to respond to the social issues and needs. Only after searching the social issues and demands, it is possible for the companies to fulfil the unmet needs of society.

**Ethical Theory:** This theory of CSR states that firms should focus on the right paths to create a good society. It also has four approaches: stakeholder normative theory, universal rights, sustainable development and common good. The first approach states that firms should perform some fiduciary duties towards the stakeholders. For this, a firm should apply the moral theories. The next approach states that company should consider rights of human, labour and environment by working in an ethical manner. Sustainable development focuses on the development of human beings by considering their current and potential generations.

## Recruitment

According to Cole, G.A (2005), recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organisation". Its overall aim is to obtain at minimum cost the number and quality of employees required to satisfy the human resources need of a an organisation (Armstrong, 2006). It is regarded as one of the most crucial activities of human resources management specialists in any organisation.

Crawford (2004) defined recruitment and selection as the process of attracting individuals on a timely basis in sufficient numbers with the right qualifications. Using appropriate techniques of recruiting enables suitable candidates to be recruited and selected during their career period.

The history of recruiting probably dates to pre-historic times because people have always needed to find others for employment. The earliest recruitment method known to man is conscription with severe punishment for those that refuse in many cases. The agricultural and industrial revolution played a key role in the history of recruitment. Prior to the agricultural revolution, economies of Britain, Europe and perhaps the entire world was subsistence, where people (majority of which are poor) produce most of what they need. The rich (aristocrats) consume expensive goods most of which are made by craftsmen and artisans. However, at the wake of the agricultural revolution of the fifteenth to eighteenth century, landlords began employing the poor to work in farms for subsistent wages. The industrial revolution further threw up the need for paid employees which were relatively difficult to get because of the provision of welfare packages for the poor in exchange for community service as provided for by the Traditional Poor Law in Britain. This however, changed in the 1830s when this law was repealed, thus forcing peasants to accept job offers at new factories. There was hardly any need for any specific recruitment method at this time due to high poverty rate among peasants. Job openings were communicated to prospective employee through workers and the unsolicited employment requests (Dwyer, J, 2010).

With increasing labour specialisation brought about by the industrial revolution, the employment market for skilled workers became competitive. This led to a change in recruitment methods to attract prospective workers with the requisite skills for employment. Employers started using newspapers and posters for employee recruitment purpose (Dwyer, J. 2010). Other methods that have emerged since then include bulletin boards, flyers etc. As industries grew and their operations became more complex, the need for organisations to engage the services of consultants to take charge of some of their non-core activities became apparent. Outsourcing of recruitment activities was born.

With developments in information and communication technology, many organisations began to use the internet and their respective intranets for their recruitment activities. This saw the birth of e-recruiting.

The Importance of recruitment is to attract and encourage more and more candidates to apply in the organisation. It also creates and increases the organisation's talent pool at minimum cost to enable the selection of best candidates. Recruitment determines present and future requirements of the organisation in conjunction with its personnel planning and job analysis activities. In the process, it helps increase the success rate of selection process by decreasing number of visibly under qualified or overqualified job applicants. An effective recruitment system will also reduce the probability that job applicants once recruited and selected will leave the organisation only after a short period of time. It also meets the organisations legal and social obligations regarding the composition of its workforce (Cole, G.A 2005; Armstrong, M, 2006).

According to the CIPD (2010), the recruitment process involves working through the following stages: definition of role, attraction of application, management of application, selection process and appointment. Before recruiting new staff, time is invested in gathering information about the nature of the job. This involves preparation of job analysis. Job analysis is an assessment that defines jobs and behaviour necessary to perform them (Robbins and Coulter, 2006; Cole, 2005; Armstrong, 2006). This analysis is usually based on job description and person specification/job profile. The job description explains the job to candidates and helps the recruitment process by providing a clear guide to all involved about the requirements of the job. It is also used to communicate expectations about performance of to employees and managers to help ensure effective performance on the job. A person specification/job profile on the other hand states the necessary and desirable criteria for selection (CIPD, 2010).

The next stage is to attract applications from qualified candidates (Cole, 2005; Armstrong, 2006). This is done through: internal methods, employee referrals and external methods. Internal methods provide opportunities for development and career progression increases employee engagement and retention and supports succession planning (CIPD, 2010). Organizations generate interest from outsiders to fill vacant positions through advertisement in trade press, newspapers, commercial job boards and e-recruitment (CIPD, 2010; Armstrong, 2006). Organizations also outsource their recruitment activities to outside organizations to enable them focus on their core activities.

Whatever the choice of recruitment method/strategy an organization chooses, it must not only ensure that best hands that are available are attracted at minimum cost and time, but the entity's vision, mission, objectives, ethics, policies, culture and relevant statutes are not infringed upon. Thus the strategies and processes of recruiting must be compatible with the organization's business strategies (Nankervis et al, 2002)

### **Organizational Attractiveness**

For a successful recruitment and selection exercise, it is imperative for the organization to be able to attract the right candidates to fill vacant positions. This is because attracting and retaining superior human resource can provide organizations with sustained competitive advantage (Turban & Greening, 1996). This is because organizations that attract more qualified applicants have a larger applicant pool, which results in greater utility of the organization's selection system and a potential competitive advantage (Lado & Wilson, 1994; Murphy, 1986).

Several factors have been proven to attract job seekers to organizations. One of such is the organization's image (Turban & Greening, 1996). Lievens et al (2001) discovered that organizational size, level of internationalization, pay mix and level of centralization significantly determine organizational attractiveness.

## Effects of CSR on Recruitment

Evidence abound in literature that an organisation's CSR activities affect its ability to attract and retain needed human resources. However, up until 1996, research efforts had focused mainly on the effects of CSR on performance indices such as profit, sales, share value etc (Greening & Turban, 2000). Using the Social Identity and Signalling Theories, Turban & Greening, (1996) discovered that Corporate Social Performance (same as CSR) relates positively to organisational reputation and therefore attractiveness to job seekers. They concluded that CSR provides competitive advantage in attracting applicants. These same authors conducted an experiment in 2000 to further understand the CSR – organisational attractiveness relationship. They found that prospective job applicants are more likely to pursue jobs from socially responsible firms than from firms with poor social responsibility records (Turban & Greening, 2000).

Bachhaus, Stoner and Heiner (2002) investigated job seekers' perceptions of importance of CSP and explore effects of CSP dimensions on organizational attractiveness. Using signaling theory and social identity theory, the authors hypothesize differences in effects of CSP data on ratings of employer attractiveness and find that environment, community relations, and diversity dimensions have the largest effect on attractiveness ratings.

A study released in 2003 revealed that companies perceived as socially responsible often have a competitive edge when it comes to attracting top recruits. Researchers at Stanford University and the University of California, Santa Barbara, surveyed 800 MBA students from 11 leading North American and European business schools and found that 94 percent would accept a lower salary--an average of 14 percent lower--to work for a firm with a reputation for being environmentally friendly, caring about employees and caring about outside stakeholders such as the community (Weber, 2010).

In a more recent study conducted in 2011, Evans and Davis investigated the effects of individual differences on relationship between CSR and individual reactions to CSR. Using experimental research, they examined how perceptions of corporate citizenship influence job applicant attraction and work role definitions. Results indicate that perceived corporate citizenship had a greater impact on job applicant attraction for those individuals who received prior education regarding CSR and for those who were higher in other-regarding value orientation. Furthermore, perceived corporate citizenship had a positive impact on the extent to which participants defined CSR as a personal work role responsibility.

## Conclusion and Recommendation

The above literature survey has shown that CSR impacts positively on organisational attractiveness and reputation which are key determinants in attracting the right quality of job seekers for employment. This has a number of implications for strategy formulation and implementation. Firstly, organisations should pursue CSR initiative on a consistent basis to ensure that they continue to attract and retain the human resources with the requisite Knowledge, Skill and Attitude (KSA). Evidence abound in literature that in doing so, they will not only compete favourably for the right worker in the labour market, but also have a large pool of qualified applicants to choose from

Secondly, CSR activities of organisations should focus more on these five key dimensions: environment, community relations, employee relations, diversity, and product issues (Bachhaus, Stoner and Heiner, 2002). High quality prospective applicants have been proven to be more responsive to these than any other CSR dimension.

Thirdly, CSR should be viewed as a strategy to gain competitive advantage rather than an obligation that must be fulfilled. Studies have shown that most of the fortune 500 companies engage in aggressive CSR programmes (Bachhaus, Stoner and Heiner 2002).

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