

Analysis on the Relationship between CSR Perception and Job Intention of Applicants

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Abstract

This study finds relationship between CSR perception and job intention of potential applicants. It used the scenarios of highly responsible and irresponsible companies in an experimental setting to collect the data from 418 commerce major students from Yangon University of Economics. Ordinary Least Square (OLS) regression was used to find the relationship by using SPSS version 22. It was found out that there is a positive relationship between CSR perception and job intention. It is suggested for the firms that they should promote their CSR activities in order to attract potential employees. It is important for the firms to be highly responsible to the community in order to have a good relationship with all the stakeholders, not only with employees, but also with customers, media and general public.

Key words: CSR, job intention, applicants, stakeholders.

Introduction

Exploring back to the literature of CSR (Corporate Social Responsibility), it is found that the concept of CSR has been discussed extensively since 1950s, though such related idea was vested in the earlier business theories and practices. Abrams (1951) urged businesses to become good citizens, aspire to a higher duty of professional management and contribute to the solution of the many complex social problems. Bowen (1953) argued that since social institutions shaped economic outcomes it was to be expected that business firms as an economic outcome of societal interests should consider the social impact of business activity. Famous definitions of CSR can be found throughout history; and among them, those works of Davis (1973) and Carroll (1979) were quite popular in the literature of CSR. Davis termed CSR as “The firm’s consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm to accomplish social benefits along with the traditional economic gains which the firm seeks”. Again, Carroll defined CSR in such a way that it can be regarded as a well-known definition of CSR; “encompassing the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time”.

On the other hand, CSR has received some criticisms by the opponents of it. Mitchell (1989) said this is a way that can increase power of MNCs while Friedman (1962) thought that CSR was a theft of shareholders’ money. But, from time to time, the trend was changed with the concept of corporations to become a good corporate citizen. Business firms should contribute in areas where governments, NGOs, and

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civil societies and other international organizations cannot reach out. Triple bottom line is a hot issue for corporations to be considered in doing their business. Firms should not only focus on economic benefit in their business, but they should also think of their impacts on the society and the environment. Doing business in this way can help success in the performance of the firms as “doing business by doing good” can be a way of “enlightening self-interest”. In other words, doing CSR can indirectly affect the benefit of the business as well. No wonder in this case that CSR should be a kind of business strategy for corporations in order to position in the market, leading to a win-win-win situation for business, stakeholders and society. Many theories and approaches to firms developed were developed attached with CSR throughout the history as well.

Literature Review

According to agency theory, agents (managers) look after the interest of principals (shareholders). And CSR activities done by managers can be seen as one of the principal-agent problems. Same rule applied to nexus of contract theory where firms should do the best for wealth maximizing; there would be a possibility of inappropriate use of resources for social good (Margolis & Walsh, 2003). Stakeholder-agency theory paved the way for the bigger role of CSR, regarding managers as agents of all other stakeholders. With the contractarian view in that “firm as a set of multilateral contracts over time”, managers recognize that they not only have contract with shareholders, but with employees, suppliers, customers and the community, with each group possessing different degrees of asset specificity that can affect other group. Triple bottom line became alive in this view and stakeholders of all kind should not be left out in business decisions. As the name implies, stakeholders have the power to cease or leverage the function of a corporation. CSR activities have the potential to create stronger relationships between firms and stakeholders (Peloza & Shang, 2011). They also claimed that CSR activities can indeed be inherent in products, and that these CSR activities can have significant impact on stakeholder attitudes and behaviors. Holding this view, this paper tries to capture the impact of CSR perception to the behavior of employees, one of the important yet much overseen stakeholders.

An ample of empirical evidences could be found in the CSR literature to prove this concept of the relationship between CSR activities and stakeholders’ behaviors. Positive CSR information about a firm enhances consumers’ intentions to purchase products from, potential employees’ intentions to seek employment with, and potential investors’ intentions to invest in the company (Alniacik, Alniacik, & Genc, 2011). Compared with low CSR acquirers, high CSR acquirers realize higher merger announcement returns, higher announcement returns on the value-weighted portfolio of the acquirer and the target, and larger increases in post-merger long-term operating performance. However, if the firms engage in irresponsible behaviors, stakeholders are always ready to react negatively to such activities as well. Consumers dealing with

socially irresponsible corporate brands were more likely to punish and less likely to reward than consumers in the other three treatment conditions (Mohr & Webb, 2005).

Among different types of stakeholders, employees were left to be focused on CSR impact while they are critical to the success and performance of the firm. Today's intensely competitive environment makes the firms require highly talented, the most committed and high performer employees. They are the source of customer satisfaction, high quality and innovation. Having an asset of high-performing employees is a competitive edge for firms. Employees are highly salient stakeholders to whom the firm owes a perfect duty, meaning that they have significant power and legitimacy with which to influence the firm (Greenwood, 2007). So, it is vital for them to attract and retain such kind of potential employees.

Employers need to understand the means and ways to attract such kind of employees. They need to have a sound Human Resource Management systems and corporate culture that matches well with the employees. People want to work for companies that are responsible citizens in their communities. It means that if the companies give positive contribution to the society, employees may have the positive perception of the management and be attracted by those kinds of firms. However, very little attention has been paid in empirical studies to the field of CSR related to HR/OB. There is strong organizational and community demand for research on CSR-related topics such as environmental responsibility, sustainability, and stakeholder management, including HR/OB issues (Morgeson, Aguinis, Waldman, & Siegel, 2013). Researchers must incorporate HR/OB theories and empirical methods termed as microfoundations of CSR (Aguinis & Glavas, 2012). Again, this paper tries to fulfill the gap in micro-level CSR research, particularly focusing on the HR/OB.

Rupp, Shao, Thornton, & Skarlicki (2013) used subjective measures of employees' perceptions of their employer's CSR, believing that how employees perceive the CSR of their employer may actually have more direct and stronger implications for employees' subsequent reactions than actual firm behaviors of which employees may or may not be aware. Here in this case and for this current paper, CSR would be regarded not as the actual activities done by companies. Instead, it is regarded as the perception of employees on their employers' CSR. Based on their own perception, employees will show different types of reactions toward the company. As employees perceive CSR activities more positively, employee attachment toward the company increases. Higher degrees of employee attachment toward the company increase perceived corporate performance (Lee, Park, & Lee, 2013). Firms higher in CSP have more positive reputations and are more attractive employers than firms lower in CSP (Turban & Greening, 1996). As perceptions are occurred based on the psychological factors of human beings, we need to understand the psychological driving force towards the perception or behaviors.

Employees as they are human beings have different kinds of needs and these can affect the relationships with their company; and their behaviors being driven by

the multiple motives. The psychological needs such as sense of security and safety, feelings of belongingness and social validation of important values, self-esteem needs that stems from a positive social identity, prevail in the minds of employees, meaning that multi motive perspectives should be considered. Signaling theory emphasizes that people interpret available information as signals they can use to fill the information gaps that are common in market situations (Bauman & Skitka, 2012). The information of a company being responsible or irresponsible to society is used by the employees to judge the perceived fairness and trustworthiness of it. The information on a firm's values about environmental and social responsibility mediates the relationship between recruiting messages and applicant job pursuit intentions (Morgeson et al., 2013). They found out that "communicating social and environmental responsibility values significantly alters the mix of people attracted to and willing to pursue jobs with an organization; and recruitment messages supporting social and environmental values are most attractive to people who have a strong desire to have a significant impact through their work". In the age of uncertainty about future, employees use the information about the justice of the company as a signal for their sense of security and fairness. Alniacik et al. (2011) showed that positive CSR information about a firm can enhance employees' intention to seek employment with the firm.

Organization justice theory also suggests that the perception of employees to the extent to which workplace procedures, interactions and outcomes to be fair in the nature. Having good or bad in the perception can generate positive or negative reactions to the performance or organizational success. The notion of organizational justice will only become relevant and tangible when a violation of said justice occurs (Baldwin, n.d.). (Rupp et al., 2013) employed the deontic perspective of justice theory to show the linkage between deontic response and CSR perception. According to Folger (1998), deontic justice theory means that individuals care about and react to (in)justice because unfair treatment violates moral and ethical norms. Deontic justice theory implies that individuals not only react to the treatment they themselves receive (first-party justice) but also to the treatment of others- often termed third-party justice (Skarlicki & Kulik, 2004). Others here imply not only the coworkers of an employee but the other outside group who are affected by the actions of the company, particularly in this paper; it is the CSR activities done by a company.

This research will determine the empirical relationship between CSR perception of employees and their deontic response of third-party justice behavior – job intention of potential applicants. The selection of deontic response of third party justice behavior as the job intention seems to be meaningful here in that the source of CSR perception and the target of reaction to be responded is the same, the organization.

Hypothesis: There is a positive relationship between applicants' perception on CSR and job pursuit intention.

Data and Methodology

Assuming as the potential job applicants, data from 418 third year commerce major students studying at Yangon University of Economics were collected using questionnaire survey method in August 2014. As female students ratio influenced the total number of respondents, gender was not considered to be controlled. Again, since all the respondents were from the same batch, their average age was 19 with 90% of the total respondents, thus, age was also not controlled. Two sets of questionnaires were prepared with one scenario of a company (XYZ) highly responsible to the society and another one (ABC company) highly irresponsible to the community. A student would receive the scenario of highly responsible or irresponsible company and following questionnaire asking about their perception of CSR done by the company and their job intention to that company. Each question measuring the items was constructed with seven-point Likert scales; ranging from 1= strongly disagree to 7= strongly agree. All the measures were drawn from existing studies having high reliability and validity. For CSR perception, we used 6 items scales of philanthropic measures from Lee et al.(2013) and for job intention, we used 2 items from Rupp et al.(2013).

Analysis, Results and Discussion

In order to compute the data, the items for CSR and JI were computed into composite variables in SPSS.OLS regression was used to examine the relationship between CSR perception and job intention of the potential applicants by using SPSS version 22. Firstly, descriptive statistics of the variables were examined and shown in table 1. Table 2 shows the OLS estimation result for the conceptual model and the fitness of the model was shown in table 3. From the analysis, we found that there is a significant positive relationship between CSR perception and job intention of applicants; and thus the hypothesis was supported. Companies highly responsible to the society are more attractive to the job applicants.

Table 1: Descriptive statistics

	Mean	S.D	CSR	JI
CSR	2.71	0.75	1	0.497**
JI	4.71	1.12	0.497**	1

p** < 0.01

Table 2: OLS estimation results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.696	.144		18.775	.000
CSR	.745	.051	.497	14.580	.000

a. Dependent Variable: JI

Table 2: Model fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.497 ^a	.247	.246	.97495

a. Predictors: (Constant), CSR

The main purpose of this study is to find the relationship between CSR perception and job applicants and their job pursuit intention. It was found that there is a positive relationship between CSR and JI from this study. It confirmed the previous findings of Alniacik et al.(2011) where they found that positive CSR information can influence the job pursuit intention of applicants, purchase intention of buyers and investment intention of investors. From this study, it is recommended that firms should promote their CSR activities in order to attract employees, retain them in the long run so that they can compete in the dynamic business environment. Being attractive to the potential employees, being able to retain them and elicit high comment from them is the huge competitive advantage for the firms in the market. Moreover, being responsible corporate citizen enable firms establish a good relationship not only with employees but also with other stakeholders such as buyers, media, general public, government and so on. This would be a critically important asset for the firms as stakeholders today have the power to cease or boost up the operation of the business.

Limitation of the Study and Suggestions for future research

Although this study contributes to the literature of CSR in developing world, it has some limitations. The first limitation is the use of scenarios in the experimental setting. This can generate the answers of the respondents on the spot and cannot be a guarantee that they will respond in the real world. For future studies, researchers may utilize the actual information of the companies in the newspaper article or magazine or they may collect data from actual job applicants;but this may be quite difficult to obtain or organize the respondents. Due to the limitation of the resource, this paper used the student sample with experimental setting.

The second one is the use of subjective data on the perception of CSR. However, in the developing country like Myanmar, there is no widespread CSR rating database and thus, the use of subjective data would be the only way to obtain the data. Another limitation is the potential existence of single source bias by using students as the respondents. In order to avoid this, future researchers may use more diversified sources of respondents.

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Appendix: Questionnaire

Considering you as a job applicant to ABC (XYZ) Company please read the following information about ABC Company given on the other page and answer the questionnaire.

This questionnaire will be used for the academic purpose only.

Your name and other personal information will be kept confidential and anonymity.

There would be no right or wrong answer and your response would be a great help to our research.

1. Name
2. Age
3. Gender
4. Education (Your specialization and section)
5. Current Position in your job (if you are an employee now)
6. Working experience (in Years/ Month) (if you are an employee now)
7. After reading about the company information from another page, please think of your feeling about the company.

7.1 ABC Company helps solve social problems.

1. Strongly disagree
2. Disagree
3. Disagree somewhat
4. Undecided
5. Agree somewhat
6. Agree
7. Strongly agree

7.2 ABC Company has a strong sense of corporate social responsibility.

1. Strongly disagree
2. Disagree
3. Disagree somewhat
4. Undecided
5. Agree somewhat
6. Agree
7. Strongly agree

7.3 ABC Company gives adequate contributions to local communities.

1. Strongly disagree
2. Disagree
3. Disagree somewhat
4. Undecided
5. Agree somewhat
6. Agree
7. Strongly agree

7.4 ABC Company allocates some of their resources to philanthropic activities.

1. Strongly disagree
2. Disagree
3. Disagree somewhat
4. Undecided
5. Agree somewhat
6. Agree
7. Strongly agree

7.5 ABC Company plays a role in society that goes beyond the mere generation of profits.

1. Strongly disagree
2. Disagree
3. Disagree somewhat
4. Undecided
5. Agree somewhat
6. Agree
7. Strongly agree

7.6 ABC Company encourages its employees to participate in voluntarily activities.

1. Strongly disagree 2. Disagree 3. Disagree somewhat 4. Undecided
5. Agree somewhat 6. Agree 7. Strongly agree

8. Considering you as an applicant to this company:

8.1. I would accept a job offer from this company.

1. Strongly disagree 2. Disagree 3. Disagree somewhat 4. Undecided
5. Agree somewhat 6. Agree 7. Strongly agree

8.2. I would make this company one of my first choices asan employer.

1. Strongly disagree 2. Disagree 3. Disagree somewhat 4. Undecided
5. Agree somewhat 6. Agree 7. Strongly agree

8.3. If this company invited me for a job interview, I would go.

1. Strongly disagree 2. Disagree 3. Disagree somewhat 4. Undecided
5. Agree somewhat 6. Agree 7. Strongly agree

8.4. I would exert a great deal of effort to work for this company.

1. Strongly disagree 2. Disagree 3. Disagree somewhat 4. Undecided
5. Agree somewhat 6. Agree 7. Strongly agree

8.5. I would recommend this company to a friend looking for a job.

1. Strongly disagree 2. Disagree 3. Disagree somewhat 4. Undecided
5. Agree somewhat 6. Agree 7. Strongly agree

Thank you very much for your kind cooperation!