Corporate Social Responsibility as a Human Resource Advantage for Sport Organizations

Theodore Hayduk III, Texas A&M University
Zack Damon, Texas A&M University
Matthew Walker (Advisor), Texas A&M University

Organizational theory/culture
Thursday, June 2, 2016
20-minute oral presentation (including questions)

Abstract 2016-030
11:15 AM
(Legacy South 1)

This study seeks to understand the potential effects that Corporate Social Responsibility (CSR) may have on a sport firm’s ability to amass an optimal job applicant pool. Mohr, Webb, and Harris (2001) define CSR as “a company’s commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society” (p. 47). To date, CSR scholars have attempted to analyze the effects of CSR in terms of firm output measures such as performance (Ali et al., 2010), revenue growth (Lev, Petrovits, & Radhakrishnan, 2010), brand perception (Nan & Ho, 2007), and taxation consequences (Christensen & Murphy, 2004). Analyzing the effect of CSR via these “end result” variables remains difficult to measure. We propose an alternate view of resource assessment - one that evaluates a resource’s quantitative impact within the firm’s boundaries as opposed to assessing market or financial performance as a function of that resource.

While all of these approaches to exploring the effects CSR may have on firms’ competitive positions demand significant attention, whether or not CSR actually has an empirical effect on firm’ performance (Walker & Parent, 2010) remains unknown. Furthermore, managers’ motivations for initiating CSR initiatives are traditionally regarded as ambiguous at best (Ambec & Lanoie, 2008; Walker & Kent, 2009). In this paper we seek to unite this major gap by offering a cyclical view of CSR and within-firm outcomes. To do this, we argue the following.

First, examination of the effects of CSR on firm outcome variables such as those aforementioned ignores or undervalues the temporal component imperative to assessing CSR initiatives (Weber, 2008). Even when using time-lagged analyses, the documented effects of CSR remain vague. We argue that firm level outcomes, whether it be ROI, ROA, brand identification, or some such other measure, represent a “jumping ahead” process and ignore the intermediary effects as described next. We argue that a RBV method of firm competitiveness should seek to measure how the implementation of new stimuli (such as a new CSR initiative), when operationalized, can alter or enhance the resource landscape native to a firm. Only then can one stand to make judgments about how this newly-altered bundle of resources may result in an enhanced strategic position within its industry. In this paper, we follow the notion that the most important component of any firm’s resource bundle is its human capital (Schultz, 1961).

Second, if we accept the previous assertion, it becomes apparent that we must ascertain the effects that CSR can potentially have on intrafirm outcomes before we can make judgments about any effects it may have externally. Therefore, we seek to analyze the empirical effect CSR has not on a firm’s external output (such as ROI or ROA), but on the human capital component of organizations’ resource bundles. The cyclical process of CSR as a source of competitive advantage referred to earlier, we propose, occurs in the following manner. Picturing a firm as a pyramid, with the top management team residing at the peak and the entry-level employees residing at the base, we can imagine the origin of ideas and policies at the top and flowing naturally towards the bottom. These ideas and policies have been theorized and subsequently shown to be highly representative of the TMT’s characteristics and belief structures (Hambrick & Mason, 1984). Therefore, the goal of a firm should be to attract, hire, retain, and promote people who possess greater organizational identification (OID). High-OID individuals are more likely to act as good stewards of their firm (Davis, Schoorman, & Donaldson, 1997). OID has also been shown to be a positive influence on job satisfaction of employees (van Dick et al., 2004). The stewardship concept has been explored in psychological literature; employees with high OID see the company as a reflection of their own self-concept (Dukerich, et al., 2002). In agreement with Walker and Kent (2009), we posit that CSR strongly influences reputation, and therefore can enhance employee OID, given the increasingly heavy emphasis placed on corporate citizenship in recent decades. Indeed, previous research has implied that firms with better reputations attract more applicants, enabling them to possibly select higher-quality applicants (Turban & Cable, 2003).
Broadly, employees and the greater public have begun to grasp the importance of American businesses beyond their prescribed role as profit centers (Carroll, 1999). Comparatively, they have begun to view firms that are focused on profit maximization at the expense of social responsibility as untrustworthy (George, 2003). As, Rupp et al. (2006) proposed, “employees form distinct judgments about the distributive, procedural, and interactional aspects of the socially responsible actions of their [firm]” (p. 539). Therefore, engendering a workforce with high OID in turn leads to reduced agency costs for the firm (Boivie et al., 2011). “Agency costs” refer to the tangible and intangible costs associated with corralling the natural tendencies of an agent, whose incentives widely differ from those of the principal (Jensen & Meckling, 1976). It is this reduction of agency costs we believe to be the potential source of competitive advantage that begins with the initiation of CSR initiatives. Therefore, our research questions can be formulated as follows:

RQ1: Does CSR have an effect on a sports organization’s applicant pool?

RQ2: If such an effect exists, is it significant enough to be a source of Competitive Advantage?

The data are to be gathered via the distribution of a vignette/survey instrument to roughly 120 university seniors enrolled in a pre-internship course in an undergraduate Sport Management program at a Division I university in the United States. The survey instrument will contain psychometric and demographic questions pertaining to the vignette. To test our research questions, we will create four job posting vignettes for an undisclosed hypothetical sports firm. We postulate that a great many variables may affect whether or not a potential applicant would apply for a job, four of which we defined preliminarily. Subsequent discussions with CSR and HR experts confirmed these variables as Environment, Compensation, Location, and Job Role. Therefore, we attempt to control for these four variables, placing appropriate emphasis on the components of the Job Role variable (Hackman & Oldham’s 1976). Multiple facets of these variables will be controlled for by maintaining their consistency across all four vignettes. The only variable that will fluctuate will be CSR. Specifically, vignettes will depict a firm with high CSR, moderate CSR, low CSR, and zero CSR, and will be distributed at random. Vignettes of the firms will describe a slate of CSR policies comprised from Dahlsrud’s (2006) CSR dimensions - environmental, social, economic, stakeholder, and voluntariness. (High=5 dimensions, Medium=3, Low=1, Zero=0). We expect significant intergroup differences.