

Corporate Social Performance as a Competitive Advantage in Attracting a Quality Workforce

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Several researchers have suggested that a talented, quality workforce will become a more important source of competitive advantage for firms in the future. Drawing on social identity theory and signaling theory, the authors hypothesize that firms can use their corporate social performance (CSP) activities to attract job applicants. Specifically, signaling theory suggests that a firm's CSP sends signals to prospective job applicants about what it would be like to work for a firm. Social identity theory suggests that job applicants have higher self-images when working for socially responsive firms over their less responsive counterparts. The authors conducted an experiment in which they manipulated CSP and found that prospective job applicants are more likely to pursue jobs from socially responsible firms than from firms with poor social performance reputations. The implications of these findings for academicians and practitioners alike are discussed.

Many firms now realize the importance of attracting and retaining highly skilled, quality employees as a necessary component of their competitive advantage (Pfeffer, 1994; Teece, 1998; Turban & Greening, 1997). The increased importance of employees to competitive advantage in the Strategic Management field has been accompanied by an emphasis in the Business and Society field on the importance of an increasing number of both internal and external stakeholders to firm success (Clarkson, 1995, 1998; Donaldson & Preston, 1995; Freeman, 1984; Jones, 1995; Mitchell, Agle, & Wood, 1997; Rowley, 1997). Some visionary firms have promoted their corporate social performance (CSP) as a way to attract a large number of quality employees. For example, firms such as IBM, General Motors, and Microsoft are putting information in their recruitment brochures touting



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their responsiveness to the community, natural and work environments, their diverse workforce, and the quality of their products and services to attract a larger number of prospective job applicants (Shelton, 1999).

However, very little research has examined the link between firms' CSP and specific stakeholder management¹ and their ability to attract and hire a large number of high-quality job applicants. Some research suggests that firms with better CSP may be more attractive firms for whom to work (Turban & Greening, 1997), but little or no research has investigated whether firms' CSP influences applicants' attraction to a firm. Furthermore, we expect that prospective applicants who have value systems that regard CSP as an important endeavor will be more attracted to socially responsible firms than applicants without such values. Drawing on social identity theory and signaling theory, we conducted a study (a) to investigate if job applicants consider the CSP of firms in their pursuit of employment above and beyond compensation and prospects for employee advancement, and (b) to investigate whether individual differences moderate the effect of CSP on the job pursuit process.

A QUALITY WORKFORCE AS COMPETITIVE ADVANTAGE

One of the reasons that a quality workforce has become more important is because previous sources of competitive advantage have become less important over time (Pfeffer, 1994; Snell, Youndt, & Wright, 1996). For example, previously, firm success was attributed to an emphasis on product and process technology, access to financial markets, developing economies of scale and learning curves, patents, protected and regulated markets, and/or industry attractiveness. Recently, however, some scholars have noted that these traditional sources of success are less important than in the past and emphasize that the selection and management of a quality workforce has become an increasingly critical factor to organizational success (Pfeffer, 1994; Snell et al., 1996).

A similar body of knowledge emphasizes that the key to firm success is now associated with a firm's ability to create, to manage, and to transfer "knowledge" (Cohen, 1998; Glaser, 1998; Miles, Snow, Mathews, Miles, & Coleman, 1997; Ruggles, 1998), which also stresses the importance of quality employees as a key to a firm's competitive advantage. Some authors have suggested that some of the characteristics of quality employees include intelligence, motivation, experience, vision, creativity, commitment, analytic abilities, and computer training (Teece, 1998). The ability of firms to succeed in the future in the new economy will be related to how well a firm can capture value from these knowledge assets (Teece,

1998). A firm will be successful in this endeavor if it has a quality workforce to take advantage of and manage such knowledge. It should be pointed out that although a quality workforce may be a necessary condition for success in the new knowledge economy, it is not a sufficient one. The successful firm must be able to take advantage of such talent and develop it into skills that are valuable, rare, nonsubstitutable, and unable to be easily imitated by competitors.

Resource-Based Theory

The importance of human resources to the development of a firm's competitive advantage is consistent with a resource-based theory of the firm. The resource-based theory views each organization as a collection of unique resources and capabilities that provides the basis for the organization's strategy and is the primary source of its profitability (Barney, 1991; Grant, 1991; Meyer, 1991). It is assumed that over time, firms acquire and develop different resources and unique capabilities. Resource-based theory emphasizes that resources may not be highly mobile across firms and that firms may not be able to easily duplicate the way resources are used within other firms to form the basis of competitive advantage (Grant, 1991).

As noted above, in addition to physical and organization resources, human resources in the form of skilled employees and talented managers are critically important resources to the firm (Meyer, 1991) that can lead to competitive advantages (Barney, 1991; Meyer, 1991). When human resources are valuable, rare, imperfectly imitable, and nonsubstitutable, they may serve as the basis of a firm's sustained competitive advantage and its ability to earn above-average profits. Thus, Thurow (1992) stated that in a global economy, the skills of a firm's labor force are increasingly critical to develop a sustained competitive advantage.

In summary, recent theorizing and evidence converges on the conclusion that the effective management of human resources can provide competitive advantage to a firm. An important aspect of human resource management is the attraction and retention of qualified workers. Thus, we investigate the role a firm's CSP may play in potential applicants' attraction to the firm.

AN INCREASING EMPHASIS ON CSP

The concept of CSP has received increased attention in the past few decades, prompting many academics and practitioners to assert that a new paradigm for business is developing: one that emphasizes firms'

responsibilities to multiple stakeholders in addition to the more traditional, singularly emphasized shareholder (Brenner, 1993; Capra, 1992; Clarkson, 1995, 1998; Donaldson & Preston, 1995; Etzioni, 1988; Freeman, 1984; Griffin & Mahon, 1997; Mitchell et al., 1997; Ruf, Muralidhar, & Paul, 1993; Sethi, 1995; Shrivastava, 1995). The CSP construct has evolved from Bowen's (1953) early work on the social responsibility of the businessman and Davis's (1973) essay on the pros and cons of corporate social responsibility (CSR); to Carroll's (1979) CSR model of economic, legal, ethical, and discretionary domains; to Wartick and Cochran's (1985) addition of "issues management"; to Wood's (1991) seminal, multilevel, theoretical framework of the principles, processes, and outcomes of CSP. More recently, Mitchell et al. (1997) looked at one of Wood's (1991) three processes of CSP (i.e., stakeholder management) and suggested that power, legitimacy, and urgency are associated with the "salience" of firm stakeholders. Rowley (1997) advanced our thinking to include a network perspective on stakeholder management as part of Wood's larger CSP model.² Our perspective on the CSP model is most closely aligned with Swanson's (1995) reorientation of Wood CSP model. In Swanson's reoriented model, she combined the economic and duty-aligned perspectives by focusing on the decision-making processes occurring in organizations and how these processes are infused with ethics and values. Her emphasis on the role of values is consistent with our emphasis on the importance of values, although her concern is with aligning the economic and duty-aligned perspectives, and we focus on the values of prospective employees in the job pursuit process.

Specifically, our focus is on one of the processes of the larger CSP model, the process of how firms attempt to attract one stakeholder, the potential employee. Many Business and Society scholars have argued that the stakeholder concept is a foundation of the larger CSP model because management response to stakeholders and their accompanied "issues" directly affects the social impact of the firm (Clarkson, 1995, 1998; Freeman, 1984; Greening & Gray, 1994; Wood, 1991). Because employees are viewed as a necessary component to success and are a relatively scarce resource, potential employees have a certain amount of power, legitimacy, and some urgency and thus are "salient" stakeholders in the Mitchell et al. (1997) framework.

There is some evidence that firms that are responsive to an increasing number of internal and external stakeholders will tend to develop a positive reputation (Fombrun, 1996; Fombrun & Shanley, 1990; Turban & Greening, 1997). Fombrun (1996) makes a distinction between a firm's image and its reputation. Whereas firm image relates to a firm's "ability to directly manage impressions," Fombrun (1996) states that "reputations

are harder to manipulate and are anchored in the core characteristics of the company. To build an enduring and resilient reputation, a company must establish strong relationships not only with customers but with other key constituents" (p. 60). Fombrun goes on to say that these constituents include employees, investors, communities, government agencies, financial-rating agencies, corporate-conscious agencies, and consumer agencies that assess product quality. A previous president of Campbell Soup™ also spoke of the vital importance of constituents to a company's reputation and noted that a firm's reputation affects the pride of the people who work there. Following this logic, we suggest that a firm's reputation will affect job applicant decisions to pursue employment opportunities and we will now discuss the underlying theory that we believe connects the CSP concept with attracting human resources.

Social Identity and Signaling Theory

Social identity theory emphasizes that one's self-concept is influenced by membership in different social organizations, including the company for which an individual works (Ashforth & Mael, 1989; Dutton, Dukerich, & Harquail, 1994). Social identity theory suggests that employees' self-image is influenced by the image and reputation of their employers. We suggest that part of a firm's reputation and image is influenced by knowledge of the firm's actions regarding developing social and political issues and their associated stakeholders. Dutton and Dukerich (1991) conducted a study of the Port Authority of New York and found that employees' self-image was affected by certain actions the Port Authority took to address the homeless sleeping in their restrooms. These employees saw themselves as extensions of the Port Authority. A prospective employee can easily imagine what it would be like to work for that firm given its image. Furthermore, we suggest that CSP will positively affect the attractiveness of an organization as a potential employer because prospective applicants will experience positive outcomes, such as an enhanced self-concept, from being employed by firms that engage in more socially responsible actions.

Signaling theory also may be relevant for understanding how a firm's CSP may influence applicant attraction. Signaling theory suggests that because applicants do not have complete information about an organization, they interpret information they receive as "signals" about the organization's working conditions (Breugh, 1992; Rynes, 1991). Specifically, propositions based on signaling theory suggest that organizational attributes provide applicants with information about what it would be like to be a member of the organization because applicants interpret such attributes

as providing information about working conditions in the organization. For example, an organization's formal social policies and programs toward stakeholders and developing social and political issues may attract potential applicants by serving as a signal of the organization's commitment and goals. Similarly, a firm's policy to manage diversity or to provide day care facilities may influence organizational attractiveness as an employer because of what it signals about the corporation's willingness to attract women and minorities and to promote and treat them fairly (Williams & Bauer, 1994).

We theorize that potential applicants interpret a firm's CSP as a signal about organizational values and norms. Specifically, we suggest that a firm's social performance signals certain values and norms to applicants and influences their perceptions of working conditions in the organization and, in turn, affects the organization's attractiveness as an employer. Furthermore, on the basis of person-organization fit theory (Kristof, 1996; Schneider, 1987), we expect that the prospective job applicant's specific values will influence the extent to which a firm's CSP influences that attraction.

Our above arguments suggest that a firm's CSP may influence applicants' initial attraction to firms, but little research has investigated these suggested relationships (Barber & Roehling, 1993; Rynes, 1991). However, some evidence indicates that organizational attributes do influence a firm's attractiveness as an employer. For example, in the fast-food industry, Belt and Paolillo (1982) found that prospective applicants were more attracted to restaurants that had a positive image than to ones with a negative image. Similarly, Gatewood, Gowan, and Lautenschlager (1993) found that potential job applicants' intentions to pursue employment with a firm were related to their perceptions of the firm's image. Specifically, Turban and Keon (1993) found that applicants were more attracted to firms that tended to decentralize decision making and base compensation on performance. Even more related to our suggested relationships, there is some limited evidence suggesting that firms engaging in socially responsible actions may be viewed as attractive employers. For example, Bauer and Aiman-Smith (1996) found that firms with a proactive stance toward the natural environment were viewed as more attractive employers than firms without such a stance. Wright, Ferris, Hiller, and Kroll (1995) found that the financial markets reacted positively to firms with award-winning affirmative action programs and negatively to firms with discriminatory practices. These authors also suggested that firms with positive affirmative action programs are more able to attract quality human resources than firms with discriminatory practices. Because treatments of the environment and of women and minorities are dimensions commonly used to

measure CSP, our study investigates the linkage between CSP and organizational attractiveness as an employer.

In addition to the main effects of CSP on applicant attraction to the firm as an employer, on the basis of person-organization fit theory (Kristof, 1996; Schneider, 1987), we expect that individual-difference characteristics will moderate the influence of CSP on attraction to the firm. As noted by Kristof (1996), the fundamental premise of person-organization fit theories is that different types of people are attracted to different types of organizations. Similarly, Chatman (1989) suggested that people are attracted to firms they view as having values and behavioral norms important to them. As Kristof (1996) noted in her review of person-organization fit theory, a common conceptualization of person-organization fit is the needs-supplies perspective, which conceptualizes fit as the extent to which the organization meets the individual's needs or preferences. Some evidence supports the importance of person-organization fit for applicants' job pursuit intentions (Bretz, Ash, & Dreher, 1989; Bretz & Judge, 1994; Cable & Judge, 1994, 1996; Judge & Cable, 1997; Turban & Keon, 1993). Thus, on the basis of the needs-supplies perspective of person-organization fit, we expect that the individual differences of prospective job applicants will moderate the effects of CSP on attraction to the firm.

Summary and Overview

In summary, scholars have suggested that CSP may provide a competitive advantage to firms by attracting a larger pool of candidates (Fombrun & Shanley, 1990), although little research has investigated such relationships. Nonetheless, some evidence suggests that firms with higher CSP are perceived as more attractive employers than firms with low CSP (Turban & Greening, 1997). However, because the unit of analysis in the Turban and Greening (1997) study was at the organization level, they called for research at the individual level of analysis. Specifically, they urged researchers to investigate whether CSP influences potential applicants' job pursuit intentions, and we designed this study to address that question. On the basis of signaling and social identity theory, we expect that prospective job applicants will be more attracted to firms with more favorable CSP records because such firms have values and norms that are important to many applicants and because firms high in CSP signal more positive working conditions than firms low in CSP. Specifically, we hypothesize that prospective applicants will report greater job pursuit intentions and a higher probability of seeking to interview and accepting a job offer from firms with higher versus lower CSP.

Hypothesis 1: Individuals will report stronger job pursuit intentions toward firms described with positive versus negative CSP.

As discussed above, on the basis of person-organization fit theory, we expect that individual-difference characteristics will moderate the relationship between firms' CSP and prospective applicants' job pursuit intentions. Specifically, we expect that gender will moderate the effects of the CSP dimension treatment of women and minorities on job pursuit intentions. Evidence suggests that women have more positive attitudes toward affirmative action and are more concerned with a firm's affirmative action stance than are men (Kravitz & Platania, 1993). Therefore, by extension, we expect that a firm's treatment of women and minorities will have a stronger effect on job pursuit intentions for women than for men. We also examine whether an individual's values toward the natural environment will moderate the effects of the CSP dimension concern for the environment. We expect that individuals *with strong values toward the natural environment* will be more concerned about a firm's environmental record than individuals who do not place as strong a value on the natural environment. Thus, we expect that individuals with stronger values for the environment will be more attracted to firms with positive environmental records, whereas individuals with little value for the environment will not differentiate between firms on the basis of their environmental records.

Hypothesis 2: Individual differences will moderate the effects of CSP on job pursuit intentions such that (a) gender will moderate the effects of the CSP dimension treatment of women and minorities so that women will have stronger intentions toward firms positive on this dimension and weaker intentions toward firms negative on this dimension than men, and (b) the relationship between the CSP dimension concern for the environment and job pursuit intentions will be stronger for individuals with a higher value for the environment than for individuals with a lower value for the environment.

Pilot Study

To assess whether prospective job applicants consider a firm's CSP at all in their decision making, we first conducted a pilot study to investigate this research question. We administered surveys to 39 students enrolled in a required senior-level strategic management course in a college of business administration at a large Midwestern university. Each survey contained 32 organizational descriptions, in which the CSP dimensions were manipulated, and respondents were asked to read each description and then indicate their attraction to the firm as an employer. The organi-

zational descriptions manipulated each of the five CSP dimensions used for research in the Kinder, Lydenberg, and Domini (KLD) database including employee relations, the natural environment, product quality, treatment of women and minorities, and community relations (discussed further in the CSP section below). This resulted in 32 different scenarios ($2 \times 2 \times 2 \times 2 \times 2$). Each student indicated his or her attraction to the firm with each one of the 32 scenarios, making this a “within-subjects” design. The last page of the survey contained demographic items.

All participants were either seniors (92%) or graduate students (8%). Almost all of the students were in the College of Business (97%) and were either accountancy (18%), finance (26%), management (21%), or marketing (13%) majors. The participants were primarily White (72%). There were slightly more female students (54%) than male students (46%), and most participants were single (74%). The average age was 24.7 years and the average grade point average (GPA) was 3.1.

Measures

Corporate social performance. We based the manipulations of the CSP dimensions on the reason codes used by Kinder, Lydenberg, and Domini (KLD) to assess areas of strength (high CSP) or areas of concern (low CSP) for each of the KLD dimensions. We based our manipulations on the *exact* reason codes listed on the KLD database to ensure the construct validity of the measures and to increase the generalizability of the results.

Employee relations. The description for high employee relations stated that the company has good relations with its union and encourages worker ownership through gain-sharing plans, employee stock ownership, and extensive participation in management decision making. The description for low employee relations stated that the company has poor relations with its union, provides only a minimal level of benefits to its employees, has a substantially underfunded pension plan, and that employees feel little sense of ownership in the company in part because there are no gain-sharing or stock ownership plans and the company does not encourage employee participation in management decision making.

The environment. The description for high CSP stated that the firm is concerned about the environment; maintains its property, plants, and equipment with above-average environmental performance; and minimizes the use of toxic chemicals in production to make it a leader in the industry. The description for low CSP stated that the firm shows little

concern for the environment, recently paid significant fines because of damage to the environment, is a top emitter of toxic chemicals in its industry, and the emissions play a substantial role in the formation of acid rain.

Product quality. The description for high CSP stated that the company has a reputation for high-quality products and services and for exceptional inventiveness in new product development. The description for low CSP stated that the company was facing several major lawsuits and regulatory actions alleging that one of the company's products caused life-threatening injuries and that the company is involved in disputes with regulatory agencies as a result of questionable marketing and production practices.

Treatment of women and minorities. The description for high CSP stated that the firm has received national recognition from groups advocating fair hiring policies for its progress in promoting women and minorities and that the company has a long record of supporting women- and minority-owned businesses. The description for low CSP stated that the firm was facing several lawsuits relating to its unfair hiring practices and lack of affirmative action programs and that the firm had few women or minorities, with no senior executive women or minorities.

Community relations. The description for high CSP stated that the company is actively involved in local communities, has consistently given more than 5% of pretax earnings to various charities, and encourages its employees to participate as volunteers for local charities. The description for low CSP stated that the company is involved in disputes with community leaders in several areas in which its sites are located and that, in general, many community leaders do not see this company as a good corporate citizen.

In addition, because evidence suggests that type of work, compensation, and promotion opportunities are important to applicants (Judge & Bretz, 1992), we controlled for these variables by describing them positively. Specifically, the instructions stated that the company has openings consistent with one's career goals, the pay and benefits are competitive and meet one's expectations, and the organization has a reputation for providing excellent promotion opportunities.

Dependent Variable

We measured organizational attractiveness as an employer with the following two Likert-type items measured on 7-point scales ranging from *strongly disagree* to *strongly agree*: "I would be attracted to an organi-

zation with these characteristics” and “this organization would be one of my top choices as an employer.” The correlation of these two items was .95 across the 1,248 organization descriptions (39 participants \times 32 descriptions); therefore, we combined these items to create a measure of organizational attractiveness.

Research Design

This study employed a within-subjects design, which has also been referred to as “policy capturing” and has been used in numerous studies investigating initial job choice decisions (Bretz & Judge, 1994; Cable & Judge, 1994; Judge & Bretz, 1992; Rynes & Lawler, 1983). This design allows estimation of the relative importance of the various CSP dimensions because we can determine the independent effects of each dimension on employer attractiveness. We placed the 32 descriptions in the survey in a random order to minimize possible order effects.

Analyses and Results

We conducted within-subjects regression analysis for each participant ($N = 39$ regression equations). For these analyses, we coded each CSP dimension as 0 (low CSP) or 1 (high CSP) for each of the KLD dimensions (e.g., employee relations, product quality, environment, etc.). Because each CSP dimension is independent of the other dimensions, the regression analysis provides information about the unique variance accounted for by each dimension as well as the total variance accounted for by the CSP dimensions. This type of analysis is typical for policy-capturing research using within-subjects designs similar to this study (e.g., Bretz & Judge, 1994; Judge & Bretz, 1992).

For the 39 participants, the R^2 varied between .35 and .94, with an average R^2 of .70. Such results indicate that an organization’s attractiveness as an employer was influenced by the organization’s CSP. To determine the relative importance of the CSP dimensions, following work by Bretz and Judge (1994) and Judge and Bretz (1992), we examined (a) the percentage of significant beta coefficients for each dimension and (b) the percentage of variance each CSP dimension explained in employer attractiveness. First, examination of the percentage of significant beta coefficients indicated the following percentages: employee relations (82% significant), concern for environment (77%), product quality (72%), treatment of women and minorities (69%), and community relations (33%). Second,

examination of the percentage of variance (i.e., unique R^2) explained in employer attractiveness by each CSP dimension indicated the following percentages: employee relations (22%), treatment of women and minorities (18%), concern for the environment (16%), product quality (11%), and community relations (4%).

The CSP dimensions that appear to be most important in explaining organizational attractiveness are employee relations, treatment of women and minorities, concern for the environment, and product quality. Because community relations were substantially less important than the other CSP dimensions, supporting earlier findings (Ruf et al., 1993), we dropped this CSP dimension for the main study.

The pilot study is important because it suggests that firms' CSP influences employer attractiveness. We extended the within-subjects pilot study by conducting a between-subjects study in which we manipulated promotion opportunities and compensation in addition to the four CSP dimensions of employee relations, treatment of women and minorities, concern for the environment, and product quality. Furthermore, we measured individual-difference characteristics of respondents to investigate the person-organization fit hypotheses. Finally, we operationalized attraction to the firm as job pursuit intentions, probability of attempting to interview with a company, and the probability of accepting a job offer from a firm.

METHOD

Procedure and Participants

We administered surveys to 292 students enrolled in junior- and senior-level management courses at a large Midwestern university. The survey asked participants to read a description of an organization and then to indicate their attraction toward that organization. The second page of the survey asked respondents to rank 21 individual values. The final page of the survey included demographic items. The participants were predominantly seniors (82%), with some juniors (15%) and graduate students (3%). The majority of students were in the College of Business (90%). The participants were predominantly White (89%), single (88%), and male (53%). The average age was 22 years and the average GPA was 3.1. In general, most students had some full-time work experience (8.6 months). The majority of students were graduating within 1 year (97%), and many students (79%) reported that they had used or planned to use the college placement center.

Research Design and Measures

The experimental design was a $2 \times 2 \times 2 \times 2 \times 2 \times 2$ between-subjects factorial design. There were two levels of these six variables: compensation, promotion opportunities, employee relations, concern for the environment, product quality, and treatment of women and minorities. In all, we wrote 64 separate descriptions to be randomly distributed to participants. As indicated above, we did not manipulate the CSP dimension of community relations because evidence from the pilot study and another study (Ruf et al., 1993) suggested it is less important than the other CSP dimensions. We did not manipulate type of work but described it positively in all of the organization descriptions by stating that the firm is seeking applicants for jobs in one's area of interest and has job openings that are consistent with one's career goals (Judge & Bretz, 1992).

Independent Variables

Compensation package. Because we were interested in applicants' initial attraction to organizations and because most recruitment advertisements do not contain salary information (Gatewood, Gowan, Lautenschlager, & Mayfield, 1990), we described the firm's compensation package on the basis of descriptions obtained from actual recruitment advertisements. Specifically, the description for high compensation stated that the firm's compensation package is near the top for the industry; the starting salary is competitive; and employees receive comprehensive benefits including full medical, dental, and vision coverage, life and long-term disability insurance, tuition reimbursement, a matching 401k plan, and a discounted stock purchase and savings plan. The description for low compensation stated that the compensation package, including starting salary, is consistent with the industry average; benefits include paid holidays, sick leave accrual, vacation leave accrual, a retirement plan that includes a 401k, a credit union, and the firm assists employees with medical and dental premiums.

Promotion opportunities. We operationalized promotion opportunities by stating that the typical career path for the average graduate includes three promotions by the 5th year (high) or one promotion by the 5th year (low). These values were based on discussions with the university placement center director and are similar to those used by Judge and Bretz (1992), although their high manipulation included two promotions in 5 years.

Corporate social performance. The descriptions for product quality, the natural environment, and treatment of women and minorities CSP dimensions were identical to the pilot study in that we manipulated them according to the reason codes used by the KLD database. However, we slightly modified the description for employee relations, to remove the statements concerning benefits, gain-sharing plans, and employee stock ownership because we specifically manipulated compensation in this study. Therefore, the description of high employee relations stated that the firm has good relations with its union and encourages a substantial sense of worker ownership through extensive employee participation in management decision making. The description for low CSP stated that the firm has poor relations with its union and does not encourage employee participation in management decision making.

Valuing the Environment

To assess the extent to which participants value the environment, we used a measure of values described by Simmons, Binney, and Dodd (1992), who added clean environment, health, and tradition to Rokeach's 18 Terminal Values and presented evidence concerning the clean-environment value. We used the Simmons et al. (1992) measure, which asked participants to rank order the 21 values. The value given to "a clean environment" ranged from 2 to 21, with an average ranking of 14.3 and a standard deviation of 4.5, and was used as the measure of valuing the environment.

Dependent Variables—Job Pursuit Intentions

Job pursuit intentions. We measured job pursuit intentions with these two 7-point Likert-type items: "I would exert a great deal of effort to work for this company" and "I would be interested in pursuing a job application with this company." The coefficient alpha for this two-item scale was .91.

Probability of attempting to interview. Participants indicated the probability they would attempt to interview with this firm, from 0 indicating no probability to 100 indicating a 100% probability.

Probability of accepting a job offer. Participants indicated the probability (from 0 to 100%) they would accept a job offer with this firm.

Control Variables

Respondents' age and work experience have been used in other studies as control variables for predicting applicant attraction (Bretz & Judge, 1994; Cable & Judge, 1994; Judge & Bretz, 1992); thus, we controlled for these variables in the regression analyses predicting job pursuit intentions.

ANALYSES AND RESULTS

Table 1 presents the means, standard deviations, and zero-order correlations among the variables. As expected, given the random assignment of participants to conditions, the manipulated variables are uncorrelated with each other or with the demographic characteristics. In addition, the demographic variables are uncorrelated with the dependent variables, which is somewhat surprising because these variables have been used in other studies as control variables for predicting applicant attraction (Bretz & Judge, 1994; Cable & Judge, 1994; Judge & Bretz, 1992). Finally, the dependent variables are correlated with the four CSP dimensions but are uncorrelated with advancement or compensation.

We used moderated hierarchical regression analyses to test whether the CSP dimensions influenced job pursuit intentions and whether the individual characteristics of gender and valuing the environment moderated such effects. We used hierarchical regression because we have continuous dependent and independent variables and wanted to test the effect of the manipulated CSP variables and the moderating interactions over and above the effects of the control variables. The first step in these analyses entered the demographic variables, as control variables, in the equation. The second step entered the manipulated variables: advancement, compensation, and the four CSP dimensions. The third step entered the cross products terms that tested whether gender and valuing the environment moderated the effects of treatment of women and minorities and concern for the environment, respectively. The change in R^2 associated with a set of variables provides a test of whether that set of variables adds explanatory variance in the dependent variable. The significance of the regression coefficient tests whether that specific variable, or interaction effect, explains unique variance in the dependent variable (Pedhazur, 1982).

Table 2 shows that the set of control variables was not related to the dependent variables. The set of manipulated variables was significantly related to the dependent variables, and the set of interaction terms was significantly related to job pursuit intentions and probability of accepting a job offer, as indicated by the changes in R^2 . Examination of the regression

Table 1
Descriptive Statistics and Correlations

	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Demographic characteristics																
1. Age	22.16	2.11	—													
2. Gender (1 = female, 2 = male)	1.53	0.50	.01	—												
3. Work experience (in months)	8.64	22.51	.77**	.04	—											
4. Valuing the environment	14.27	4.54	-.01	.04	.01	—										
5. Grade point average	3.13	0.43	.07	-.05	.07	-.02	—									
Manipulated variables																
6. Advancement	.51	.50	-.04	-.09	-.11	-.01	.06	—								
7. Compensation	.49	.50	.01	-.08	-.01	-.00	.04	.01	—							
8. Employee relations	.48	.50	-.05	-.06	-.08	-.04	-.06	.01	-.01	—						
9. Treatment of women and minorities	.49	.50	-.05	.01	-.03	-.02	-.02	-.01	-.01	-.03	—					
10. Concern for environment	.48	.50	-.04	-.04	-.04	-.01	.02	.00	.01	.03	-.00	—				
11. Product quality	.49	.50	.03	.02	-.01	.07	-.00	.03	-.00	-.02	.03	-.01	—			
Dependent variables																
12. Job pursuit intentions	4.30	1.59	-.01	.06	.02	-.02	-.06	.10	.04	.29**	.27**	.17**	.24**	—		
13. Probability of attempting to interview	63.47	29.44	-.03	.05	.02	.05	-.04	.08	.09	.19**	.28**	.16**	.22**	.75**	—	
14. Probability of accepting a job offer	51.72	29.42	.01	.08	.02	.03	-.08	.06	.05	.22**	.25**	.20**	.20**	.81**	.80**	—

* $p \leq .05$. ** $p \leq .01$.

Table 2
Regression Analyses Investigating Main Effects and Interactions (N = 287)

Step and Source	Job Pursuit Intentions			Probability of Attempting to Interview			Probability of Accepting Job Offer		
	Cumulative R ²	ΔR ²	β ^a	Cumulative R ²	ΔR ²	β ^a	Cumulative R ²	ΔR ²	β ^a
Control variables	.01	.01		.01	.01		.01	.01	
Age			-.07			-.13			-.01
Gender (1 = female, 2 = male)			.19**			.10			.20**
Work experience			.13			.17*			.07
Valuing the environment			.06			.11			.11
Manipulated variables	.28**	.27**		.22**	.21**		.21**	.21**	
Advancement			.10†			.09†			.07
Compensation			.04			.09			.05
Employee relations			.31**			.22**			.24**
Treatment of women and minorities			.65**			.42*			.60**
Concern for environment			.44**			.37*			.47**
Product quality			.26**			.22**			.21**
Interactions	.30**	.02*		.23**	.01		.23**	.02*	
Valuing the Environment × Concern for Environment			-.28			-.21			-.28
Sex × Treatment of Women and Minorities			-.41*			-.15			-.37*

Note: For job pursuit intentions, $F(12, 274) = 9.64, p \leq .0001$; for probability of attempting to interview, $F(12, 274) = 6.81, p \leq .0001$; for probability of accepting a job offer, $F(12, 274) = 6.94, p \leq .0001$.

a. Standardized regression coefficients from the full model.

† $p \leq .10$. * $p \leq .05$. ** $p \leq .01$.

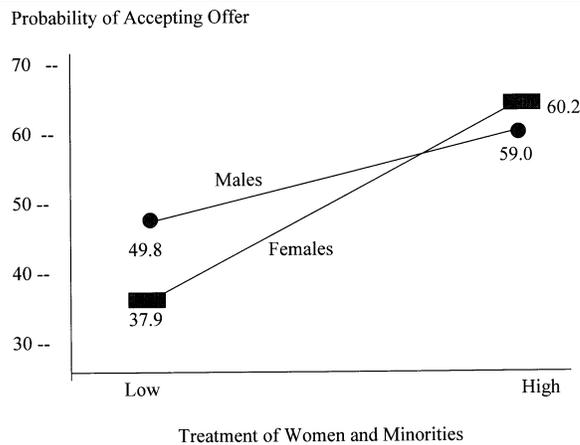


Figure 1. Interaction of Gender by Treatment of Women and Minorities on Probability of Accepting a Job Offer

coefficients indicates that compensation and advancements were not significantly related to any of the dependent variables. All four of the CSP dimensions were related to each of the dependent variables, supporting results from the earlier study indicating that CSP does influence organizational attractiveness. Finally, the Gender by Treatment of Women and Minorities interaction was significant for job pursuit intentions and for probability of accepting a job offer. Figure 1 and Figure 2, the plot of the means, show no differences between men and women for the high treatment of women and minorities, although in the low-treatment-of-women-and-minorities condition, women are significantly less attracted to the organization than are men. The Value for the Environment by the Concern for the Environment interaction was not significantly related to any of the dependent variables.

DISCUSSION

Given the developing literature that emphasizes the value of human resources as a competitive advantage in the future, we conducted a study to investigate whether firms' CSP aids in attracting prospective job applicants to firms to provide such an advantage. Results support the hypothesis that firms higher in CSP are perceived as more attractive employers than firms lower in CSP and that prospective applicants' job pursuit, probability to interview, and probability to accept a job offer are positively associated with a firm's CSP. Such results extend other work indicating

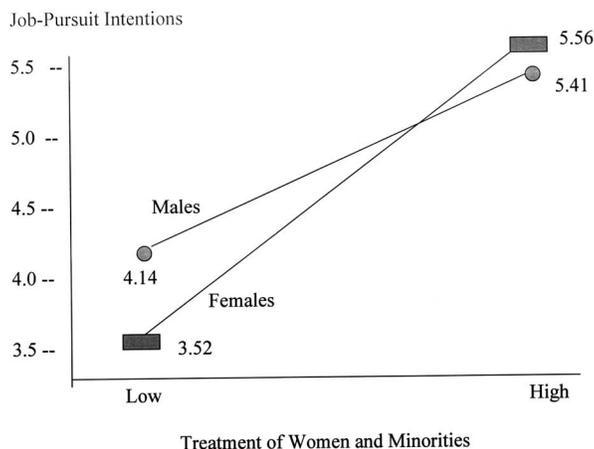


Figure 2. Interaction of Gender by Treatment of Women and Minorities on Job Pursuit Intentions

that firms' positive CSP leads to potential competitive advantages and further emphasizes the importance of the CSP construct in organizational analysis (Etzioni, 1988; Kuhn & Shriver, 1991; Sethi, 1995; Solomon & Hanson, 1985; Tuleja, 1985; Wood, 1991).

The resource-based theory of the firm emphasizes that organizations can develop unique resources and capabilities that provide the basis of a firm's profitability. Clearly, if firms can attract a larger pool of job applicants, the potential for success is greater, especially given the increased emphasis on human resources recently by practitioners and scholars alike (Pfeffer, 1994; Snell et al., 1996). If these human resources are valuable, rare, imperfectly imitable, and nonsubstitutable, then their potential impact is substantial (Barney, 1991, 1997). Furthermore, if the characteristics of the successful career in the new millennium include a knowledge-based technical specialty, self-managed skills, cross-functional skills, traits of flexibility, integrity, trustworthiness, and exceptional communication skills (Allred, Snow, & Miles, 1996), it would be difficult to overstate the importance of attracting, selecting, and retaining the best human resources.

Social identity theory suggests that an employee's self-concept is influenced by membership in an organization (Ashforth & Mael, 1989; Dutton & Dukerich, 1991). We suggest prospective job applicants will be attracted to firms with positive, rather than negative, CSP because these prospective job applicants would have more positive self-concepts if they worked for firms with a strong CSP. In the social identity literature, a firm's "distinctiveness" has been shown to be a significant factor in

increasing the tendency of individuals to identify with a social group (Ashforth & Mael, 1989). One might extend social identity research by investigating if individuals working for firms with a “distinctive” positive reputation for CSP more strongly identify with those firms than employees working for firms with negative (but possibly distinctive) CSP reputations.

In addition to social identity theory, we theorized that a firm’s CSP provides potential applicants with “signals” about the organization’s value system, which influences applicants’ perceptions of working conditions and subsequent attraction to the organization. If perceptions of organizational values are influenced by other CSP dimensions, such as treatment of women and minorities, product quality, and so forth, future research might investigate what specific “organizational” values are signaled by various CSP dimensions. For example, future research might investigate whether firms with excellent treatment of women and minorities are seen as providing human resource practices (e.g., job sharing, telecommuting) that help employees balance their work and family responsibilities.

We adopted an interactionist perspective (Turban & Keon, 1993) to investigate whether respondent gender and valuing of the environment moderated the effects of the CSP dimensions of treatment of women and minorities and concern for the environment on attraction to the firm, respectively. Results indicated interaction effects for gender but not for valuing of the environment. Although there were no differences between women and men in their attraction toward organizations strong in their treatment of women and minorities, women were less attracted to organizations that were weak in their treatment of women and minorities than were men. Such results suggest that a firm’s poor treatment of women and minorities sends a stronger signal to women than to men that this may be an unattractive place to work. Interestingly, however, men and women were equally attracted to firms with positive treatment of women and minorities, suggesting that contrary to some evidence (Kravitz & Platania, 1993), men do not react negatively to firms with proactive behaviors toward women and minorities. Rather, our results suggest that both men and women were attracted to firms engaging in more positive treatment of women and minorities. These results support propositions regarding person-organization fit (Chatman, 1989) and highlight the need for additional research investigating individual-difference variables that moderate the effects of CSP on applicant attraction.

Although the CSP dimension concern for the environment did influence the job pursuit variables, this effect was not moderated by applicants valuing the environment as we had hypothesized. Perhaps respondents who do not value the natural environment highly still view a firm’s

positive action toward the environment as an attractive characteristic of the firm, possibly because it may signal to job applicants that the organization has proactive characteristics in general and may be a positive place to work. Future research might continue to investigate whether applicants' work values (besides valuing the environment) (Judge & Bretz, 1992; Ravlin & Meglino, 1987) moderate the effects of CSP on applicant attraction. For example, are individuals who value fairness more highly influenced by a firm's treatment of employees than individuals with lower values of fairness.

As a quality workforce becomes more and more critical to organizational success (Lado & Wilson, 1994; Pfeffer, 1994; Snell et al., 1996), it may behoove firms to promote their CSP activities to attract prospective job applicants. The finding that a firm's CSP affects its attractiveness as an employer suggests that firms may wish to consider not only the moral or ethical rationale for proactive corporate social actions (Swanson, 1995) but also the potential competitive advantages it may afford them. It should be emphasized, however, that a firm's CSP has to be *known* by job applicants to have an influence on their perceptions of the firm as an employer. As Rynes and Barber (1990) noted, organizations can proactively mold selected organizational characteristics to attract the most desirable applicants in the labor force. For example, an organization may be able to influence prospective applicants' perceptions of organizational characteristics (perhaps in their recruitment literatures) by selectively communicating to applicants information about the organization's CSP. Because some research suggests that applicant attraction to firms is influenced by brochure content (Schwoerer & Rosen, 1989), firms may seriously want to consider promoting their CSP activities in their recruitment literature.

Given the evidence that certain CSP dimensions may be more important than others, organizations may want to emphasize their CSP strengths for what appear to be the more important dimensions (i.e., employee relations, product quality, concern for the natural environment, treatment of women and minorities). Although positive community relations may provide benefits to companies, our results suggested they do not appear to affect a firm's attractiveness as an employer. We conducted two subsequent focus groups with graduating seniors from our business school to further examine why community relations were not perceived as important as the other CSP dimensions. The students in the focus groups indicated that students have very little experience with community relations or community projects and, as a result, speculated that the students completing the survey instrument probably did not see a company's positive actions toward the local community as an activity that made a company a more attractive firm for whom to work. Although our results suggest that

the CSP dimension of community relations were not strongly related to firm attractiveness, caution should be exercised in interpreting our results because the participants in our study may not be as concerned about community relations as are other potential job applicants.

Although we found that job applicants were more attracted to firms with higher CSP, it remains to be seen if positive CSP can be a source of sustained competitive advantage over time, particularly when there is a greater supply of jobs. Nonetheless, given the low unemployment rate in the United States (4.0% in January 2000) (United States Bureau of Labor Statistics, 2000) and the importance of attracting quality applicants, firms might consider how to use their CSP to attract applicants. Furthermore, although our results indicate that the importance of CSP in attracting applicants may be most relevant in tight labor markets, we believe that CSP will influence the highest quality applicants who expect to interview with more than one company, even in tight labor markets. Lower quality applicants who expect to have only one job interview may not be influenced by a firm's CSP record and may feel fortunate to just have one interview. A firm's CSP may be the difference between a high-quality applicant choosing one firm over another. This further suggests that a positive CSP record may lead to competitive advantages for firms by attracting and having high-quality applicants accept a job offer, although future research is necessary to investigate these issues.

So far, we have suggested that future research investigate if the distinctiveness of a firm's reputation is associated with employee identification, what values are signaled by various CSP dimensions, and how individual differences and values may moderate CSP effects on applicant attraction to a firm. As firms continue to become international, a future area of research is to investigate how CSP may (or may not) act to attract job applicants in different countries and cultures. Furthermore, as e-commerce becomes more prevalent, an important question is whether customers are more likely to purchase products over the Internet from firms that have positive CSP records and therefore may be perceived as more trustworthy and reliable. As mentioned earlier, future research should investigate to what extent a firm's CSP affects organizational attractiveness under different applicant supply and demand conditions.

There are some limitations to our study. We did not run manipulation checks to determine if the students knew the purpose of the study, and it is possible that the job applicants might have been responding in a socially responsive manner. However, we think this is unlikely given that in the main study, each student only read and responded to one scenario. Nonetheless, we conducted a follow-up study with 20 students to investigate what they thought was the purpose of the study. In the debriefing, these

students indicated that they thought the study was investigating factors related to the attractiveness of a potential employer (the dependent variable), but participants did not specifically refer to the firm's CSP. Another limitation is that although we manipulated compensation in the scenarios, we did not control for the financial performance of the firm. A possible explanation for the lack of importance for compensation could be due to a lack of variance in our description of the compensation and benefits. Students may have perceived the description for low compensation as still somewhat attractive. Another possible limitation is that we used only low descriptions for high and low CSP in our main study. We could have included a third neutral description to begin to assess how much better than the low-performing firm a company needs to be to become an attractive potential employer. Finally, some may consider the use of college students as a limitation. However, the participants in the study were actually involved in job searches or would be involved in a job search in the very near future; therefore, the participants are appropriate for studies investigating factors influencing employer attractiveness. Nonetheless, because the participants had limited full-time work experience, future researchers might attempt to replicate our results with experienced job seekers.

CONCLUSION

Our study suggests that firms may develop competitive advantages by being perceived as attractive places of employment because of their performance with regard to quality products and services, treatment of women and the environment, and issues of diversity. At a time when corporate success is depending more and more on a quality workforce, firms are becoming increasingly aware of the need to attract the best workers to their companies. Our results indicate that applicants will not only be attracted to firms with positive CSP reputations but that they will pursue jobs with such firms, will attempt to interview with such firms, and will have a higher probability of accepting a job offer from these firms. Whereas earlier work focused on the normative need for firms' positive CSP, our research suggests that firms may develop competitive advantages from such activities especially if their reputation and image is valuable, rare, and not easily imitated. Firms may wish to consider signaling to potential workers in brochures and advertisements that they offer a work environment conducive to socially responsible activities and provide a culture and environment that reinforces individual workers' self-concepts and social identities.

NOTES

1. Stakeholder management is one of the three processes in the larger corporate social performance (CSP) construct with environmental scanning and issues management. The CSP construct is considered to include principles and outcomes with the above processes (Wood, 1991).

2. There have been many other important works. The cited references are only meant to illustrate the evolution of the CSP concept by representing works from several decades. See Carroll (1994) for a review of the most important topics and articles from 1989 to 1992 that are thought to have the most impact on social issues in management research. Also see "Understanding and Changing Business and Society Relationships" (1996, Vol. 3) in *Business & Society* for an annotated bibliography of the International Association for Business and Society (IABS) Proceedings from 1990 through 1995.

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