

Do responsible employers attract responsible employees?

The cost of a firm's commitment to CSR may be offset by its appeal to motivated employees who work harder for lower wages

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ELEVATOR PITCH

Survey and register data indicate that many employees prefer to work for a socially responsible employer and will even accept a lower wage in order to achieve this. Laboratory experiments support the hypothesis that socially responsible groups are more productive than others; this is partly because they attract cooperative types, and partly because initial cooperation is reinforced by group dynamics. Overall, the findings indicate that corporate social responsibility (CSR) may have cost advantages for firms.

KEY FINDINGS

Pros

- ⊕ Firms with a reputation as socially responsible pay lower wages than other firms.
- ⊕ Such low wages are unattractive to unmotivated workers who care only about their own earnings.
- ⊕ A low wage may be tolerated by a motivated individual who prefers a socially responsible employer.
- ⊕ Laboratory experiments indicate that a socially responsible firm attracts more cooperative individuals.
- ⊕ Experiments also indicate that individuals cooperate more in a group the more that others in the group also cooperate.

Cons

- ⊖ Men's wages are lower in socially responsible firms, but for women, results are less clear.
- ⊖ The cost advantages of social responsibility to firms do not necessarily make them more profitable.

AUTHOR'S MAIN MESSAGE

There is empirical support for the idea that socially responsible employers can pay lower wages and yet attract more motivated, cooperative employees. This cooperativeness can be reinforced by group dynamics, allowing firms that adopt corporate social responsibility to benefit from a more productive firm culture. Thus, such firms may be able to survive market competition, even if corporate social responsibility in itself is costly. Empirical research on the topic is in its infancy, however, so findings must be interpreted with care.

