Corporate Social Responsibility and Employer Attractiveness

A Cross-Country Analysis of Northern and Southern European Job Seekers and Young Professionals

A Project carried out on the Master in Management Program under the supervision of:

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Abstract

This research paper focuses on the controversy whether corporate social responsibility (CSR) has an influence on employer attractiveness and to what extent the cultural background and individual character traits can act as influencing factors in this relationship. In a first survey a sample of 97 respondents have been asked about their general perceptions towards CSR and their employer choices. A second survey covered 109 participants in an experimental design, testing for statistical significance of CSR practices when choosing an employer. Finally, it can be concluded that CSR can have a significant influence on employer attractiveness in northern and southern Europe and individual character traits can provide an influential factor on the perception on CSR.

Keywords: CSR, Employer Attractiveness, Cultural Background, Europe

I. Introduction

The former CEO of Unilever, Niall Fitzgerald claimed that "Corporate social responsibility is a hard-edged business decision. Not because it is a nice thing to do or because people are forcing us to do it (but) because it is good for our business." (Elliott, 2003). Not only Unilever but also the majority of the Fortune 500 and plenty of other companies are incorporating CSR practices into their business strategies. Besides acting socially responsible scholars found evidence that CSR effectively can provide competitive advantage for corporations, which implement it right (Schmidt Albinger & Freeman 2000). These advantages include “superior financial performance, enhanced reputation, more motivated workforces, and the ability to attract desired employees.” (Schmidt Albinger & Freeman, 2000) Thus, CSR can no longer only be seen as a business strategy, implemented to enhance the corporation’s marketing activities, but now has become a strategic necessity in order to create shared value for both, the corporation and also its important stakeholders (Keys et al., 2009). Generally spoken, CSR is a strong strategic tool to show that a company is acting responsible towards its
stakeholders. According to Wang et al. CSR has proven to positively influence financial returns of corporations (Wang et al., 2016). However, the CSR program needs to be well implemented and strategically aligned with the core business of the corporation. Otherwise, it can backfire and cause significant harm, since the company is losing credibility (Peloza, 2011). Especially in Europe CSR engagement has been growing tremendously within the last decades mostly due to specific regulatory settings but also because of an active civic society (Preuss et al., 2009). The attraction of talented employees has become a more profound task nowadays. In particular, the actual cohort of university graduates as well as following generations have high expectations towards their future employers (Terjesen et al., 2007). In a time period where graduates have plenty of opportunities, it is very important for companies to become an employer of choice in order to attract the most talented (Terjesen et al., 2007). Reputation and the environment at work are considered to be a very important factor for millennials when choosing their employers. Therefore, corporations need to respond to this trend, to attract the most talented (Meister, 2012). Considering this, other studies already found out that employees will positively respond to CSR as it can affect them in a direct manner. It guarantees them a form of participation, providing them direct or indirect benefits (Schmidt Albinger & Freeman, 2000) and gives them a form of belongingness and increases the employee’s level of satisfaction with his/her work (Bauman & Skitka, 2012).

However, in a more interconnected economy, companies need to adapt their strategies to the regional circumstances. There are only few studies, which focused on the cultural and regional backgrounds. According to Hofstede, national culture can be measured in six dimensions: power distance, masculinity, individualism, uncertainty avoidance, performance and indulgence (Hofstede, 1984; de Mooji, 2005). Yu-Shu Peng et al. found that the power distance as well as the masculinity dimension respond negatively to the importance of CSR, whereas when individualism and uncertainty avoidance are present within a country, CSR seems to have a great influence on employees when choosing their employers (Yu-Shu Peng et al., 2012).
Considering all these arguments there still needs to be done investigation to what extent the cultural background is making a difference in the relationship between CSR and employer choice. Therefore, in this paper the influence CSR has on employer choice will be highlighted and especially emphasize the cultural aspect under the following research question:

| How does CSR influence employer attractiveness considering the cultural background of young job seekers and professionals? |

First, a review of prior investigations will follow, which explains the interrelation between CSR and employer choice. Next, a new theoretical argument will be presented and the hypotheses will be derived, which are going to be tested in a OLS regression. The conducted study is providing some new important contributions to already existing research. First, it includes the cultural background, and thus introduces a new theoretical framework. Second, the survey is more specific as it mainly focuses on the case of the European professional world – comparing northern with southern European potential employees. Third, this research will include personality traits as a moderating factor, and the willingness to volunteer, knowledge in CSR, gender as well as multiculturalism will be used as control variables. In the end, the results of the survey are going to be evaluated and discussed with an outlook for future research possibilities and some managerial implications are going to be derived from the results.

II. Literature Review

Looking at present research, individuals often need to find a purpose in their jobs and identification with their work, to be fully committed and happy (Fisher, 2010). This counts in the feeling of responsibility, recognition and accountability at work. Organizations on the other side need committed employees with optimal person-job fit, in order to achieve best returns (Fisher, 2010). This organization-person fit can be described as a concern about future employees in same manner as applicants looking for employers. Finally, mutual attraction and mutual choice are deciding about who is working for whom (Kan, 2013). Story et al. have investigated how CSR is influencing an organization’s attractiveness. The findings of their
paper suggest that internal CSR indeed has a direct influence on the firm’s attractiveness and reputation, whereas external CSR practices did not affect organization’s attractiveness in the same manner, since it only has an influence through the organizational reputation (Story et al., 2016).

**Cultural Differences**

According to Geert Hofstede, a Dutch social psychologist, there are six categories to define cultural differences between nationalities. First, power distance is measuring the degree of inequality within a society and how societies are handling the fact that power is unequally distributed. Second, collectivism is described by societies in which ties between individuals are closely linked, whereas ties between individuals within individualist societies are loose. Third, the gender dimension is split between feminine and masculine societies. Fourth, uncertainty avoidance is described by the extent to which members of a culture feel threatened by ambiguous or unpredictable situations (Hofstede, 1984). The last two dimensions have been added afterwards. Long-term perspective appeals to the prioritization of past or future incidents. Lastly, indulgence stands for a society that is prioritizing enjoying life rather than suppress these needs and lives on stricter social norms (de Mooji et al., 2005).

The GLOBE project, which stands for “Global Leadership and Organizational Behavior Effectiveness”, incorporates a cultural cluster analysis by examining the leadership behavior within 25 countries. This project has augmented the six dimensions by Hofstede with another four dimensions: Performance orientation, defined as “the degree to which a collective encourages and rewards group members for performance”; institutional collectivism, defined as “the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources”; human orientation, defined as “the degree to which a collective encourages and rewards individuals for being fair, generous and caring to others”; and assertiveness, defined as “the degree to which individuals are assertive, confrontational and aggressive with others”. Moreover, they divided societies into clusters and came up with 10
different clusters out of 62 societies: Anglo, Nordic Europe, Eastern Europe, Sub-Saharan Africa, Southern Asia, Latin Europe, Germanic Europe, Latin America, Middle East and Confucian Asia (Grove, 2005). In a last step, those societal clusters have been associated to the six previously defined dimensions according to the leadership styles (Appendix 1, Table 1).

Table 1: Desired Leadership Styles (Northouse, 2007)

<table>
<thead>
<tr>
<th></th>
<th>Latin European</th>
<th>Nordic/Germanic European</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Oriented</td>
<td>Higher</td>
<td>Higher</td>
</tr>
<tr>
<td>Team Oriented</td>
<td>Higher</td>
<td>Higher/Medium</td>
</tr>
<tr>
<td>Participative</td>
<td>Lower</td>
<td>Higher</td>
</tr>
<tr>
<td>Humane</td>
<td>Lower</td>
<td>Lower/Medium</td>
</tr>
<tr>
<td>Autonomous</td>
<td>Lower</td>
<td>High</td>
</tr>
<tr>
<td>Self or Group-Protective</td>
<td>Medium</td>
<td>Low</td>
</tr>
</tbody>
</table>

Considering this, some scholars have defined a link between national culture and its influence on a firm’s CSR engagement. The different preferences in leadership styles might influence the potential employee’s perceptions towards CSR practices.

**Does national culture influence a firm’s CSR engagement?**

So far, there has only been little attention to national culture when analyzing CSR. However, the impact of national culture on a firm’s CSR engagement might be changing according to the regional circumstances as well as to firm characteristics such as multinationalism (Yu-Shu Peng et al., 2012). Therefore, managers who are working for MNE’s should always consider CSR as an important strategy, which has to be customized in different countries according to the national culture. Yu-Shu Peng et al. claim that individualism and uncertainty avoidance have a positive influence on firm’s CSR commitment. On the other side, power distance and masculinity seem to have a negative influence on a firm’s CSR engagement (Yu-Shu Peng et al., 2012). However, these findings do not refer to the extent to which employees are attracted by CSR activities implemented by their potential employers.

**Alternative Explanations - Regulatory settings, the legal and economic environment**

Alternative explanations consider laws and mandatory regulations as strong influencers when it comes to the establishment of social expectations or responsible corporate behavior. This means that some legislations are simply more designed to incorporate or even require CSR to
a certain extent, than others. If a system is highly based on sustainability, then the society automatically gets confronted with it and demands sustainable behavior of large corporations (Scherer & Palazzo, 2011). The created social expectation by those laws and regulations becomes a new focal point, where firms create their standards around (Scherer & Palazzo, 2009). The political and legal environment can play a major role to see to what extent ethical behavior is required by law already, which influences the perception and expectation citizens have towards a company’s ethical behavior. Referring to this, it can be said that citizens in welfare states most probably have higher expectations considering CSR engagement of companies, as the societies have already reached a certain level of comfort and security within the system (Maignan & Ralston, 2002).

**The rise of CSR in Europe**

Some scholars were examining reasons why CSR has been especially rising in Europe and not in other parts of the world to a similar amount within the last decades. Preuss et al. for example have focused on the rise of CSR in Europe and its potential implications for HRM. They found out that CSR is more widespread within Europe due to different institutional settings and thus different and more distinctive responsibility laws and regulations, in comparison to the Northern American context (Preuss et al., 2009). These regulations are defined by labor union activities or employee representatives, which are more active within Europe than in the U.S. for example (Preuss et al., 2009). However, the analyzed societies in this paper by Preuss et al. only included Nordic/Germanic European clusters as they focused especially on the Belgium and the German case. Results for southern Europe thus might be different.

Europe is a very diverse continent in terms of economic, political and cultural backgrounds. CSR has evolved foremost from several pioneering businesses but also through pressure of the civic society (Maanavilja, 2010). Therefore, it is important to take a closer look at Europe, since awareness and attitudes vary considerably between the European countries (Maanavilja, 2010).
III. Theoretical Argument

In the following, the theoretical argument will be presented, which explains why CSR has a positive impact on employer attractiveness within some parts of Europe but might fail to explain employer attractiveness within other parts of Europe.

Figure 1: Main Theoretical Framework

If national culture is of concern, CSR has different meanings to people from different cultures at different times (Campbell, 2007). As a result, it is of great importance for managers to take national culture into consideration when trying to attract talented people in diverse countries. This might include a different and presumably hand-tailored CSR strategy to attract employees to the diverse subsidies of each company in other cultural regions.

CSR does not have the same influence on employer attractiveness in each country because people of different cultural backgrounds have different perceptions towards CSR (Yu Shu-Peng, 2012). The findings of Yu Shu-Peng et al. suggest that in order to measure to what extent CSR has an influence on employer attractiveness within different countries, the cultural background has to be taken into consideration. Also Ringov et al. found that the cultural dimensions by Hofstede make a clear difference in the amount of CSR practices (Ringov et al., 2007). Therefore, cultural background can be seen as an intervening factor, because the perceptions towards CSR might be different within each society.
Different theoretical implications for Nordic/Germanic and southern Europeans

This paper will focus on two main geographic areas with diverse societies – Nordic/Germanic Europe and southern Europe. Ideally, all societal clusters by the GLOBE project should be included, but due to lack of data, only those two groups will be examined. It is reasonable to take a closer look at only European behavior for a variety of reasons. First of all, many European companies only operate within the EU zone because of various benefits in terms of legal circumstances, access to funding, clearer legislation, reduced administrative burden on businesses as well as similar currencies (European Commission, 2013). However, besides the benefits, business managers need to bear in mind the cultural differences between European countries. People in Nordic/Germanic Europe might have different motives when applying for a job at a specific employer than people in southern Europe. For some cultural clusters CSR might be an essential factor when applying for a job, whereas for others it is not of great importance.

H1: The cultural differences might have a significant influence on the opinion towards CSR and young job seekers and professionals choose their employers by different criteria.

The causal mechanism for Nordic/Germanic European countries

By definition, Nordic European people have a “high priority on long-term success” as well as on equal treatment of gender (Northouse, 2007). Germanic Europeans are considered to be more competitive, aggressive and result-driven (Northouse, 2007). On the one side, Nordic countries, however, tend to prioritize inspiring leaders, who involve others in decision-making, whereas on the other side, in Germanic countries, leadership is often most effective with charisma, participation and directness (Northouse, 2007).

By having a strong internal CSR program, for example, focusing on gender equality, employees automatically associate this with good HRM practices, which in turn attracts talented people to the organization and creates a positive reputation (Kochar & Bisht, 2014; Story et al., 2016). Many millennials want to identify with their employers and thus care about their employer’s
reputation for sustainable practices (Bauman & Skitka, 2012). They are important to study, since they represent the actual cohort of new incoming employees, and since their working mentality differs from the one of older generations (Kowske et al., 2010; Twenge, 2010). In order to have a good working environment some of the potential employees might consider internal HRM practices when applying for a job. This implies that people care about the reputation of their employers and their sustainable practices. Looking back at the pollution incidents by Shell in Nigeria or the deep-water horizon catastrophe, there has been clear evidence that employees can severely suffer from those bad und unsustainable behaviors by their employers (Balmer et al., 2011).

**H1a:** Nordic/Germanic European societies might prioritize CSR practices when choosing an employer.

**The causal mechanism for southern European countries**

According to the GLOBE, Latin Europeans presumably value “individual autonomy” in a high manner. Leadership in Latin Europe is desirably “inspiring, collaborative, participative, and self-confident” (Northouse, 2007). A highly individualistic society, such as the southern European ones, focuses primarily on their own interests and the wellbeing of their family members and closest friends (Ringov et al., 2007). The desire of making an impact for the broader community or environment is not given in the same manner as in more collaborative and result-driven societies (Northouse, 2007). For that reason, other factors than CSR and sustainable behavior of companies might play a more significant role when applying for a job.

**H1b:** Southern European societies might not value CSR practices as high as Nordic/Germanic European societies when choosing an employer.

Finally, it has to be seen in how far CSR needs to be adapted in each national culture context to attract the most talented employees. Companies want to attract the most talented employees with perfect organization and role fit to have motivated, and long-term committed employees, who in turn also represent the company to the outside and create attraction for other high
qualified people (Story et al., 2016). When employees are satisfied and proud of their employer they share their experiences and spread the positive image to other potential employees (Story et al., 2016). Moreover, when the company shares its values and what it stands for, it will attract like-minded employees that suit the company (Rupp et al., 2013). The ultimate goal of a corporation in a competitive industry is to become an employer of choice. That way it can stand out from its competition when recruiting the top talent.

The potential influence of individual character traits

Basil et al. have investigated to what extent individual character traits influence the personal opinion towards CSR. They found that people who are driven by their values are more prone to consider CSR in their purchasing behaviors, whereas people who are more concerned by their appearances do not consider CSR as important (Basil et al., 2006). Research by Hume was aiming at taking a closer look at sustainable consumerism in praxis. It showed that the millennial generation is clearly knowledgeable of sustainable practices but fails to implement them in their daily consumption choices (Hume, 2010). On the other hand, research by Rupp et al. shows that people, who are more idealistic do implement sustainable consumer choices into their daily lives (Rupp et al., 2013). They claim that people who are more materialistic do not consider CSR as an important factor when choosing their employers but on the other side, people who have strong ethical ideals, do consider CSR to a great extent. Therefore, individual character traits need to be considered as a moderating factor in this theoretical framework.

H2: Individual character traits might have an influence on an individual’s perception towards CSR and thus influence their employer choices.

H2a: People who have a strong ethical idealism might generally value CSR stronger and thus chose their employers accordingly.

IV. Methodology

To test the hypotheses two studies have been conducted to see if CSR has a different influence within northern and southern Europe when it comes to job attractiveness or if there are other
influencing factors. In study one the broader opinions on CSR were asked and responses were analyzed in a descriptive statistic, showing the frequency distributions and central tendencies. Study two was conducted to run a regression analysis with several control and moderating variables. It has been executed to see whether the central tendencies and descriptive statistics, as seen in the first survey, are statistically significant and robust. In the second survey an imaginary company’s CSR program has been introduced to the respondents (Appendix 2, Questionnaire 2). The experimental design of the survey is leaned on the method by Story et al., who also used a potential CSR program in their paper, to test for employer attractiveness (Story et al., 2016). The second questionnaire has been sent out 10 days after the first one in order to create some distance to the first survey. This way it can be seen whether there is a change in the opinions when reading the CSR program of the imaginary company. The questionnaires consist of different MPC questions on a Likert scale (ranging from 1 to 5).

The Sample
148 young job seekers and professionals have filled in the first survey and around 142 in the second survey (Appendix 2). A considerable part of the responses had to be eliminated due to lack of credibility, missing values or because the respondents did not fit the desired sample. In the end, about 28 southern and 69 Nordic/Germanic millennials responded to the first survey and 32 southern and 77 Nordic/Germanic millennials to the second survey. The questionnaires were distributed randomly via social media (Facebook), which on the one hand allows the survey to reach a large sample of the target population but on the other hand results have to be evaluated cautiously since social media sampling might exclude a large part of the population, which has no access to the survey (Papagelis et al., 2013). The main target groups in both surveys are young, job seekers or professionals who are already working. The age range of respondents was from 21 to 33 in both surveys. The respondents are from a variety of backgrounds including: Management, finance, social sciences/political sciences, economics but also various IT students, lawyers or with background in natural sciences. Most of the
respondents in the first survey had a bachelor’s degree (69.8%) or master’s degree (31.1%). 56.8% of the respondents were female and 43.2% male. In the second survey around 50.7% male and 49.3% female millennials answered the questionnaire. Around 53.2% had a bachelor’s degree, 31.9% a master’s degree and the remaining part had a high school diploma.

V. Study I

The first questionnaire simply covers a general perception towards CSR and if it might influence the employer choice of the respondents. For that reason, only frequency distributions and central tendencies were analyzed from the data gathered in the first survey. First, some questions on their general perceptions towards CSR and questions on consumer behavior followed the demographic questions and finally the main part was about whether CSR plays a role when applying for a job. To get reliability in the answers questions were posed in a positive as well as in a negative way. Lastly, respondents were asked to rank a given set of elements that might influence employer choice according to their personal preferences (Appendix 2, Questionnaire 1).

Study I - Results

When it comes to the general perceptions towards CSR, most respondents of both groups were off the opinion that they “feel good about themselves” when purchasing sustainable products. About 71% of southern Europeans (strongly) agreed, and roughly 88% of Nordic/Germanic Europeans (strongly) agreed to that statement (Appendix 3, Figure 1). However, in the actual willingness to spend more on sustainable or fair-trade products, both groups’ opinions differ to some extent. Whereas almost 59% of the northern Europeans are willing to spend more, only 35% of the southern Europeans (strongly) agreed that they prefer fair-trade products and are willing to spend more for those (Appendix 3, Figure 2). Looking at the responses considering CSR and employer attractiveness, about 94% of the northern Europeans (strongly) agreed that they are more attracted to a company whose values are similar to theirs. On the other side, also 89% of the southern Europeans (strongly) agreed that values of their potential employer are a
main point of attraction (Appendix 3, Figure 3). When it comes to an active rejection of a job offer from a company that is acting in an unethical way 68% of the northern Europeans (strongly) agreed that they would reject the offer, whereas only 42% of the southern Europeans would go that far (Appendix 3, Figure 4). When it comes to awareness of CSR programs by big corporations only 29% of respondents in both groups respondents answered to be knowledgeable about major CSR campaigns (Appendix 3, Figure 5). The results show that southern Europeans might not give CSR a big importance when applying for a job. Only 39.3% of respondents (strongly) disagreed with the statement “When applying for a job social responsibility does not matter” whereas 68.1% of Nordic Europeans (strongly) disagreed. On the other side only 11.5% of Nordic Europeans are off the opinion that CSR does not matter for them when applying for a job but 39.3% of southern Europeans think that CSR does not matter. However, since there are more respondents from Nordic Europe, the results need to be regarded bearing this in mind (Appendix 3, Figure 6).

Figure 2: The Importance of CSR when choosing an Employer

![Figure 2](image_url)

Figure 2 illustrates the result from an individual ranking, answering the question “What is most important for you when applying for a job?”. Respondents had to rank their personal
preferences from 1 (highest) to 10 (lowest) preference. It clearly shows the distribution frequencies for the importance of a “sustainable employer” compared to other elements such as a high salary or career advancement opportunities. The graphic plots the frequency distributions of the responses and shows that Nordic Europeans might be more likely to value a sustainable employer higher than southern Europeans, who have other preferences when applying for a job. Whereas in Nordic Europe respondents rather consider sustainability strongly to moderately important, the majority of southern European respondents considered sustainability as moderately to less important.

To conclude the results of the first survey it can be said that northern as well as southern European millennials do have similar opinions to a certain point. Both groups share positive feelings in case they are purchasing sustainable products. However, there seems to be a discrepancy in the perception towards sustainable products and the actual purchasing behavior especially in southern European countries, which could be explained by insufficient financial resources or different interpretations of the questions. Both groups do in general prefer an employer with similar values to theirs but the active rejection of job offers from unethical employers, however is stronger in northern Europe than in southern Europe.

VI. Operationalization

In order to answer the first two hypotheses an OLS regression will be conducted. To see the differences between southern and northern European countries, respondents first need to be distributed into the two main groups by creating a dummy variable. Southern European countries thus are coded as “2” and include Portugal, Italy and Spain, whereas Nordic/Germanic European countries are coded as “1” and include Germany, Sweden, Norway, Finland, the Netherlands, Austria and Switzerland. The northern European countries usually could be divided into Nordic and Germanic countries, as suggested by the GLOBE project, but due to lack in data, those two groups were combined in the analysis.
Summary descriptive statistics of the variables

Table 2: Descriptive Statistics

<table>
<thead>
<tr>
<th>Statistic</th>
<th>N</th>
<th>Range</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Sum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Attractiveness</td>
<td>124</td>
<td>5</td>
<td>1</td>
<td>6</td>
<td>335</td>
<td>2.70</td>
<td>0.101</td>
</tr>
<tr>
<td>CSR Practices</td>
<td>124</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>303</td>
<td>2.44</td>
<td>0.093</td>
</tr>
<tr>
<td>Ethical Idealism</td>
<td>110</td>
<td>4</td>
<td>13</td>
<td>17</td>
<td>1490</td>
<td>13.55</td>
<td>0.089</td>
</tr>
<tr>
<td>Valid N</td>
<td>110</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Descriptive Statistics of Dummy Variables

<table>
<thead>
<tr>
<th>Statistic</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Sum</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>128</td>
<td>1</td>
<td>2</td>
<td>189</td>
<td>0.501</td>
</tr>
<tr>
<td>Multiculturalism</td>
<td>128</td>
<td>1</td>
<td>2</td>
<td>210</td>
<td>0.48170</td>
</tr>
<tr>
<td>Cultural Background</td>
<td>105</td>
<td>1</td>
<td>2</td>
<td>141</td>
<td>0.47694</td>
</tr>
<tr>
<td>Valid N</td>
<td>105</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Dependent Variable: Employer Attractiveness is defined as an active way to apply for a job at a specific company. After introducing the imaginary company and its CSR project, the question posed was “Would you apply for a job at this company?”. The variable is measured on a 1-5 likert scale, whereas 1 means that the respondent is very likely to apply to the company that has been presented and 5 means the respondent is not interested in applying to the company.

Independent Variable: CSR Practices is defined as any action that supports economic, legal, ethical and philanthropic responsibilities of a corporation, while respecting stakeholders’ concerns (Carroll, 1991). This variable is measured on a 1-5 likert scale, where the value 1 means that “CSR is very important” when applying for a job and 5 means that “CSR is not important at all” when applying for a job. The question posed to measure this variable is “How important is it for you that your employer engages in CSR projects like the one mentioned?”. Intervening Variable: The Cultural Background of an individual is measured with the nationalities of the respondents. Cultural background is considered to have an influence on whether CSR is important for employer choice or not. Therefore, it needs to appear as a condition when testing for the relationship between CSR practices and employer attractiveness.
The cultural background variable is a dummy variable, including all Nordic/Germanic Europeans in group 1 and all southern Europeans in group 2.

**Moderating Variable: Ethical Idealism:** Individuals who have strong idealistic opinions towards ethics are either more cynical towards CSR or they tend to see CSR as a very important trait, corporations need to have in order to become an employer of choice. This variable was measured on a 1-5 likert scale with the question “*One should never psychologically or physically harm another person*”. On every likert scale statement “1” is being considered with “describes me very well” to “5” being considered as “does not describe me”.

**Control Variables: Multiculturalism:** People who used to live in various countries over a longer period might bias the study as their cultural background cannot be as clearly defined like the one from a person who does not have experiences of living abroad for a longer period in their life. The variable is binary coded dummy with “1” for everybody who lived abroad for at least 3 months and “2” for everyone who did not. The question asked to test for multiculturalism was “*In how many countries have you been living for longer than three months?*”.

**Gender:** Several research papers suggest that women in general are prone to value CSR more than men when choosing an employer. Therefore, the gender component needs to be included as a control variable. The Gender Variable is binary coded with “Male” being “1” and “Female” being “2”.

**Volunteering:** People, who volunteer, are usually more active and prone to value CSR in a higher way than people who do not volunteer. The volunteering variable thus is considered to have a positive and significant influence in the model. The variable is ranging from 1 to 5 with one being “very active” and 5 being “not active at all”. The question asked in order to measure was “*Would you take some time off and participate in the volunteering project?*”.

VII. Study 2 – Regression Analysis

To answer hypotheses H1 and H1a, four models will be created to distinguish the outcomes for northern and southern Europeans. The first two models only include the independent and the dependent variable, whereas the third and fourth models introduce the control variables.

Finally, it should be answered whether the cultural background of a potential employee has an influence on her/his perception towards CSR, and whether CSR plays a role when choosing an employer. In a next step, in models 5 and 6 the individual character traits will be taken into perspective as moderating effects in order to test the hypotheses H2 and H2a. To see, in how far it is CSR alone, that has an influence on employer attractiveness or if it is influencing the dependent variable only in combination with some specific character traits. Therefore, an interaction effect will be created by generating a new variable that is combining both, the character traits (Ethical Idealism) with CSR practices. The regression equation for the models 3 and 4 can be described as the following:

\[
\text{Employer Attractiveness} = \text{CSR Practices} + \text{Gender} + \text{Multiculturalism} + \text{Volunteering} + \text{Ethical Idealism} + \varepsilon
\]

Results of the regression analysis

<table>
<thead>
<tr>
<th>Table 4: Results of the OLS Regression excluding the Control Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Model 1: Southern Europe</strong></td>
</tr>
<tr>
<td><strong>Model 2: Northern Europe</strong></td>
</tr>
<tr>
<td>( \beta )</td>
</tr>
<tr>
<td>CSR Practices</td>
</tr>
<tr>
<td>Constant</td>
</tr>
<tr>
<td>( R^2 )</td>
</tr>
</tbody>
</table>

The results of model one and two suggest that the independent variable “CSR Practices” is significant on a 95% CI level. This means that CSR in southern as well as in northern European countries has an influence on employer attractiveness, which implies that the first hypothesis (H1a) can be accepted. However, the theoretical implication, that CSR does not influence employer attractiveness in southern Europe, has to be rejected (H1b). The low \( R^2 \) values implicate that not much of the variance in the dependent variable can be explained by the
models. Only 15.3% of the variance in employer attractiveness can be explained by the importance of CSR in southern Europe, and 7.3% of the variance can be explained in northern Europe. Both models suggest a positive relationship between the two variables. A one-unit increase of the independent variable makes the dependent variable increase by 0.391 units in the explanatory variable, in model 1. A one-unit increase of the independent variable is associated with a 0.271 increase in employer attractiveness. To conclude the findings of the first two models, it can be said that there is no difference in the relationship between “CSR Practices” and “Employer Attractiveness” between southern and northern European societies, since the results are significant in both regions.

Table 5: Results of OLS Regression including the Control Variables

<table>
<thead>
<tr>
<th></th>
<th>Model 3: Southern Europe</th>
<th>Model 4: Northern Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>β</td>
<td>t</td>
</tr>
<tr>
<td>CSR Practices</td>
<td>0.197</td>
<td>0.880</td>
</tr>
<tr>
<td>Multiculturalism</td>
<td>0.180</td>
<td>1.078</td>
</tr>
<tr>
<td>Gender</td>
<td>0.020</td>
<td>0.108</td>
</tr>
<tr>
<td>Volunteering</td>
<td>0.370</td>
<td>1.760</td>
</tr>
<tr>
<td>Ethical Idealism</td>
<td>0.68</td>
<td>0.378</td>
</tr>
<tr>
<td>Constant</td>
<td>-0.167</td>
<td>0.869</td>
</tr>
<tr>
<td>R²</td>
<td>0.317</td>
<td></td>
</tr>
</tbody>
</table>

Taking the control variables into perspective, the results of the regression analysis change compared to the first two models. The results in model 3 show that none of the explanatory variables have a significant influence on employer attractiveness within southern European countries. The lack of statistical significance could be explained by a potential correlation of the control variables or a loss in the degrees of freedom, which would also explain the lower t-statistic values. Model 4 is looking at northern European societies. The importance of CSR is not considered to be significant when choosing an employer in this model. However, multiculturalism, gender, volunteering and ethical idealism do have a significant influence on employer choice in northern Europe. This implies that people who have lived abroad in at least one other country for 3 months or longer, are more prone to take CSR into consideration when choosing an employer. The coefficient with 0.252 is suggesting a positive and moderately
strong relationship between the two variables. Gender on the other hand is having a negative relationship. A one-unit increase in gender is creating a decrease of -0.357 in employer attractiveness. This implies that men in general would be more influenced by CSR when choosing an employer then women, which contradicts the prior implication. Third, ethical idealism has a moderately strong and positively significant influence on employer attractiveness for northern Europeans. This implies that people who have a strong ethical idealism in terms of “not physically or psychologically harming another being” are more prone to take CSR into consideration when choosing an employer. A one-unit increase in the ethical idealism is associated with a 0.315 increase in employer attractiveness. Lastly, volunteering is considered to have a positively significant influence on employer attractiveness.

Comparing the results from Models 1 and 2 to Models 3 and 4, it can be concluded, that by introducing the control variables, the null hypothesis cannot be rejected anymore. This could be due to various reasons, such as a potential spurious relationship, which implies that it is something else, that is explaining the dependent variable. Therefore, a moderating analysis will be executed in a next step, to see whether hypothesis 2 and 2a could be accepted.

The effect of the moderating variables – Test for interaction

To test the effect of the moderating variables, an interaction effect will be performed. In a first step, the means of the moderating variables as well as the independent variable have been centered. Then, the moderating variable has been multiplied with the independent variable (CSR Practices). All previous control variables are incorporated in model 6. For this regression with the interaction term, the means of the variables in this model have been centered in order to avoid multicollinearity. The purpose of this regression is not to distinguish between cultural differences but to prove whether the perception towards CSR is influenced by specific character traits (ethical idealism). Thus, the data will be taken all in one regression analysis and the results are not conditioned on the cultural background.
Table 6: Moderating Effect of Character Traits (Ethical Idealism)

<table>
<thead>
<tr>
<th></th>
<th>Model 5: Moderation Analysis</th>
<th>Model 6: Moderation Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>β</td>
<td>t</td>
</tr>
<tr>
<td>CSR Practices</td>
<td>0.214</td>
<td>2.217</td>
</tr>
<tr>
<td>Multiculturalism</td>
<td>0.232</td>
<td>2.832</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.168</td>
<td>-1.967</td>
</tr>
<tr>
<td>Volunteering</td>
<td>0.098</td>
<td>0.905</td>
</tr>
<tr>
<td>Ethical Idealism</td>
<td>0.132</td>
<td>1.268</td>
</tr>
<tr>
<td>CSR*Ethical Idealism</td>
<td>24.596</td>
<td>0.000</td>
</tr>
<tr>
<td>R²</td>
<td>0.107</td>
<td>0.317</td>
</tr>
</tbody>
</table>

The results in Model 5 show that only CSR practices have a significant influence on employer attractiveness in this model. The interaction term does not influence employer attractiveness, contradictory to the hypothesis H2. The R² suggests that 10.7% of the variance in the dependent variable can be explained by the model. Model 6 is introducing the control variables, which should be taken into consideration as already done in the first OLS regression. The R² suggests that 31.7% of the variation of the dependent variable can be explained by this model. CSR practices are not significant at the 95% CI level. Neither is ethical idealism. However, the interaction term “CSR*Ethical Idealism”, seems to have a slightly significant influence only at a 90% CI level. The relationship is positive, meaning that a one-unit increase in CSR*Ethical Idealism is considered with a 0.154 increase in the dependent variable. The control variables are significant on a 95% CI level. This implies that Multiculturalism and Volunteering have a positive influence on employer attractiveness in the presented case and Gender has a negative influence. The analysis can partly accept the hypothesis 2 (H2a), meaning that the perception towards CSR is influenced by personal character traits, and thus it is not CSR alone that attracts high talented people to specific companies.

VIII. Limitations and potential future investigation

First, the data availability needs to be improved and a larger sample size is required for more reliable results. This problem mostly occurred due to unfinished questionnaires and missing values, which had to be eliminated before starting the analysis. Moreover, to generate a more
reliable result, more observations are needed and it would be an immense improvement having
the same amount of responses from each group. Also the technique of using longitudinal data
can be improved by sending out the second survey after a longer period than 10 days. Therefore,
the generalization of the results can only be regarded with caution. Second, due to the fact that
the respondents’ data is the source for the independent as well as the depended variable and all
other variables are only derived from the survey’s responses, common-method variance
problems are occurring. This can be eliminated by including secondary data in the analysis. To
generate a better data availability, future investigations can rely on secondary data bases such
as World Value Survey, Census Data or Worldbank Data, to have a broader and more reliable
result. Third, most companies do not only interact within the borders of the EU. Therefore, to
complete the study, people from all cultural clusters have to be included into the data analysis.
This includes Asian, African as well as North- and South American countries. Fourth, in
literature there has been a clear trend towards case studies. Those might be a better approach to
include country and company specific conditions. For instance, the historical background of
countries or companies can be better put into perspective and help as another explanatory factor
when explaining behavior of potential employees. By looking closer at specific countries, the
political/legal environment as well as economic situation can be taken into perspective, which
might have a strong impact on the perceptions towards CSR.

IX. Conclusion and Practical Implications

The main question of this paper “How does CSR influence employer attractiveness considering
the cultural background of young job seekers and professionals?” can only partly be answered
after conducting an OLS regression. To draw a conclusion of this research paper the following
quote of Cooney, the founder of the Givelcity Crowdfunding Platform is summarizing the
findings to some extent: "The next generation of employees is seeking out employers that are
focused on the triple bottom line: people, planet and revenue,” (Caramela, 2016).
The analysis included two main groups, Nordic/Germanic and southern European employees. The regression analysis cannot accept both hypotheses stated in the theoretical framework. It remains unclear, in how far CSR is a main trigger to employer attractiveness. It can be said that CSR might have an influence on employer attractiveness in Nordic/Germanic Europe as well as employer choice in southern Europe. Since the results are insignificant after considering control variables such as multiculturalism, gender, volunteering or specific character traits, it can be concluded that employer attractiveness cannot simply be explained by only one factor. CSR can have a major impact on employer attractiveness in both geographical areas, but it does not necessarily need to.

**Practical Implications**

From this study some practical implications can be taken away for managers, who are operating in either one or both geographical areas in Europe. It should help them to figure out how to communicate CSR practices to millennials in the most appropriate way, to get them to apply and to get talented employees to stay within the corporation. First of all, it is evident that managers need to adapt their business strategies to local circumstances in order to be successful in various business divisions and attract the most talented employees. To what extent CSR can be considered as a strong tool for talent attraction, is difficult to measure. According to the results, CSR can provide a major tool within Nordic/Germanic European countries as well as in southern European countries. However, the results in this paper clearly show, that there is no straight forward answer to what effect CSR can have on employer attractiveness. Taking the control variables into consideration, it clearly shows that there are other factors, that need to be taken into consideration and thus, CSR alone might or might not attract and retain talent. Managers therefore, need to look at the broader picture within each country in order to estimate to what extent CSR is important for the local population and the targeted employees. Especially, when the company is not well known yet, and its stage is a growing startup company, then it should carefully do market analysis in order to expand and open another branch abroad. To
attract the most talented employees anywhere, HR hiring managers need to know how to create most value for them and how to keep talent inside the firm.

One of the main implications from this is that appropriate communication to opinion leaders and influential stakeholders, such as employees, is a key for any good manager (Dawkins, 2004). Knowing this, managers can also calculate how much time and money to invest into communication and find most suitable channels where to communicate at what time to reach the desired target group. Employees should never be underestimated as internal communication source to improve or destroy a company’s reputation and can serve as effective brand ambassadors for the company they work for (Morhart et al., 2009).

Second, individual characters and skills in many cases are very important and more influential to determine an optimal organization-person fit. It is difficult to make any generalizations when dealing with people’s opinions or values, since they might change over time (Weber & Glyptis, 2000). Even when conducting surveys on a bigger sample, there are still individual characteristics and opinions that have a major impact on the perceptions towards CSR and how important it could be for employer attractiveness. In case southern European companies want to expand to northern Europe they need to adapt their strategies to the local people. Northern Europeans are more attracted to companies that are acting in a sustainable manner and that have a strong CSR program, as the results of study 1 show. The results of the regression also need to be seen with caution since a lot of respondents were considering the industry as not interesting for their desired careers and thus biased the results. Thus, finally it can be concluded that individual preferences might play a major role when looking for employment, especially for the younger generations of university graduates. This also includes the possibility that potential applicants simply do not like to work in a specific industry (such as organic and sustainable products), that has been suggested in the second survey. Since opinions and perceptions towards different topics evolve and change constantly and the behavior of people is never constant and difficult to measure and estimate. Considering this,
especially the millennial cohort could be a difficult case to crack for managers who want to attract the most talented.

X. References


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