

Departmental Research Seminar



To greener pastures they go? Employee responses to corporate social irresponsibility

By

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Date : 22 Nov 2023 (WED)

Time : 9 – 10:30 am

Venue : Online via Zoom

Abstract

Employees are attracted to firms with socially responsible records, but are they willing to leave when their employer violates broader environmental or social norms? Despite its theoretical and practical importance, this question has escaped academic inquiry and existing theory provides opposing predictions as to whether employees are willing to internalize the costs that come from leaving their workplace following stakeholder violations. We theorize that stakeholder violations cause employees to revise how they see their employer such that they disassociate and become more willing to leave their employer after stakeholder violations. We further suggest that an employee's existing association with their organization and the industry's history of social irresponsibility moderate this relationship, as both shape how employees process their employer's stakeholder violations. Finally, we posit that employees who leave their employer after stakeholder violations will join organizations with records of fewer stakeholder violations. We test our ideas using data on employee departures in the 250 largest U.S. public companies from 2005 to 2020, constructed from detailed employee job history records. We find considerable support for our theory. This study extends research on the human capital consequences of corporate social (ir)responsibility.

Dr Mark DesJardine is an associate professor of strategy and the Daniel R. Revers T'89 Faculty Fellow at the Tuck School of Business, Dartmouth College, and a senior fellow at the Wharton ESG Analytics Laboratory. His research resides at the intersection of strategy, sustainability, and finance, with a focus on investor and stakeholder relations. He is a CFA Charterholder and received his PhD from the Ivey Business School.

All interested are welcome.

