The role of corporate social responsibility (CSR) and internal CSR communication in predicting employee engagement: Perspectives from the United Arab Emirates (UAE)

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ARTICLE INFO

ABSTRACT

This study examined relationships among employees' perception of CSR, three models of internal CSR communication and employee engagement. The findings, based on 516 valid survey responses from employees across different sectors in the United Arab Emirates, revealed that internal communication of CSR, both one-way and two-way symmetrical, predicted employee perceptions of CSR, with two-way asymmetrical communication being a negative predictor; perceptions of CSR predicted employee engagement; social and sustainable dimensions of CSR most strongly predicted social and affective dimensions of employee engagement; and both two-way symmetrical communication of CSR and employee perceptions of CSR strongly predicted employee engagement. Implications for theory and practice are discussed.

1. Introduction

One of the entrenched approaches to examining corporate social responsibility (CSR) and its communication within public relations, in addition to the critical and the interpretive, is the functionalistic approach, wherein organizations actively engage with and communicate their socially, environmentally, ethically and economically responsible policies and actions because they engender positive public relations outcomes such as stronger organization-public relationships, and legitimacy and reputational capital (Dhanesh, 2014; Ihlen, Bartlett, & May, 2011).

However, most of the work generated in this area has focused on external stakeholders (e.g., David, Kline, & Dai, 2005; Wigley, 2008), although employees have been identified as an important stakeholder group with respect to CSR, who could become highly engaged advocates and ambassadors of a responsible organization (Dhanesh, 2014; Gill, 2015). Employee engagement is pivotal to organizational success and generates multiple benefits such as increased productivity, decreased attrition and increased internal reputation (Albrecht, Bakker, Gruman, Macey, & Saks, 2015; Jiang & Men, 2017; Schaufeli, Salanova, González-Romá, & Bakker, 2002). Key drivers of employee engagement include corporate social responsibility (Wollard & Shuck, 2011), perceived organizational support (Mahon, Taylor, & Boyatzis, 2014; Saks, 2006; Wollard & Shuck, 2011), procedural justice (Saks, 2006), organizational climate (Albrecht et al., 2015), work-life balance (Hewitt, 2015; Wollard & Shuck, 2011) authentic leadership (Jiang & Men, 2017) and internal communication (Jiang & Men, 2017; Kang & Sung, 2017; Karanges, Johnston, Beatson, & Lings, 2015; Mishra, Boynton, & Mishra, 2017; Ruck, Welch, & Menara, 2017; Vercic & Vokic, 2017). However, most research on antecedents of employee engagement has examined individual level variables, with less focus on examining the effect of organizational/contextual-level variables such as clarity of organizational purpose and organizational climate (Albrecht et al., 2015).

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Accordingly, adopting and extending Maignan and Ferrell's (2001) theoretical conceptualization of CSR practices and its communication as an internal marketing instrument that could strengthen employee related outcomes such as organizational commitment and *esprit de corps*, this study empirically examined employee perceptions of their organizations' CSR practices and internal CSR communication as two crucial organizational level variables that could foster employee engagement.

We chose to conduct the study in the UAE for multiple reasons. First, the enactment of CSR is context dependent, and based on the cultural, economic, and political contexts of the United Arab Emirates, the practice of public relations and CSR is quite different from Western contexts. This rich, politically stable, multicultural Arab country (with only around 10% of UAE nationals and 90% expatriates) is continuing to grow and develop its own public relations industry standards. Also, the diverse, multicultural environment would assume cultural differences in how CSR is practiced and perceived or how employee engagement is understood. For example, in the UAE, CSR is strongly influenced by the Islamic religion (Ronnegard, 2011). Philanthropy is a major part of the religion and so, often CSR is perceived the same as philanthropy (Katsiouloudes & Brodtkorb, 2007). Managers often regard the modern concept of CSR to be a corporate form of Zakat, the charitable percentage of wealth that Muslims are expected to give. Indeed, the government has declared CSR as one of the three pillars of the Year of Giving, 2017. In June 2017, to implement the Year of Giving, the UAE government mandated for over 400,000 companies to allocate funds to be used for philanthropy (Zakaria, 2017). These CSR funds will be audited and reported to the government. There is a total of 11 initiatives such as "National Corporate Social Responsibility Index" that will list the ranking of companies involved in philanthropy, "Social Responsibility Label" that will help market companies and reflect the extent of their contributions, and financial privileges will be granted to companies with high social responsibility contributions.

In addition, in many countries the division between the public and the private is clearly defined. However, in the UAE, the economic structure does not clearly define whether employees work for the public, private, or semi-private sector, as many government officials own private companies. It is common for government entities to engage in CSR activities, and hire CSR managers. Similarly, non-governmental organizations (NGO) and charities in the UAE are not clearly defined and do not have an official legal status. For example, Red Crescent Society (Islamic version of Red Cross) is a state run organization. Other private charities are run by members of the ruling families, which makes it hard to define an NGO (Selvik, 2013).

This study contributes to the public relations body of knowledge in multiple ways. First, it offers much needed empirical support to establish theoretical connections among CSR practices, its internal communication and employee engagement. Second, it expands Maignan and Ferrell's (2001) theoretical conceptualization of CSR as an internal marketing instrument by adding the outcome of employee engagement. Third, it augments literature on the relationship between CSR communication and employee engagement by focusing on different dimensions of both CSR and employee engagement. Finally, it enhances understandings of these connections in the cultural context of a Middle Eastern country, a contribution that is important as understandings of CSR, its communication and outcomes are context dependent.

2. Literature review

2.1. Corporate social responsibility

Multiple terms such as CSR, corporate citizenship, corporate social performance, creating shared value and conscious capitalism refer to businesses meeting their economic, social and environmental responsibilities (Carroll & Shabana, 2010; Carroll, 2016). However, the term that has been most synonymously used with CSR has been sustainability, further strengthened by the United Nations' adoption of the 2030 Agenda for Sustainable Development. The agenda includes 17 Sustainable Development Goals and 169 targets that build on the Millennium Development Goals and focus on the three dimensions of sustainable development: the economic, social and environmental. Although businesses often adopt the terms CSR and sustainability synonymously, especially in their non-financial annual reports, and although other terminologies might be preferred by different organizations, CSR continues to be the most popular of these frameworks (Carroll, 2016). Hence, this study has chosen to use the term CSR and has adopted one of the most widely cited definitions by Carroll (1979).

According to Carroll (1979), "the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time" (p. 500). The first domain of responsibility − economic − states that society expects businesses to produce goods and services and sell them at a profit. Legal responsibility refers to how society expects businesses to be economically viable within the confines of the law. Ethical responsibility represents the kinds of behaviours and ethical norms and practices that society expects business to follow, even though they have not yet been codified into law. Discretionary responsibility addresses the voluntary aspect of the social responsibilities of businesses and encapsulates businesses' response to society's expectations that corporations should be good corporate citizens. In addition to Carroll's four dimensions, related concepts such as sustainable development draw attention to the environmental aspect. Accordingly, additional questions on the environment were added to the research instrument, under a sustainability dimension, drawn from Turker (2009).

One of the most entrenched approaches to examining CSR in theory and practice has been the strategic approach that argues for engaging in CSR because it engenders mutual benefit for publics and organizations (Carroll & Shabana, 2010; Du, Bhattacharya, & Sen, 2010). Although findings have been mixed, research across multiple fields seems to have established positive organizational outcomes derived from CSR such as stronger relationships between organizations and their publics, and legitimacy and reputational capital (Dhanesh, 2014; Ihlen et al., 2011). However, most of this research tends to focus on effects on consumer publics rather than on other important publics such as employees. Within public relations scholarship too, research has focused on external publics and found that CSR can drive reputational and financial returns (David et al., 2005; Wigley, 2008). A handful of studies have found