CSR and public relations in the Middle East: Relationships among diversity climate, perceptions of CSR and employee engagement

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Public relations and communication management scholarship in the field of corporate social responsibility (CSR) have generated a substantial body of scholarship from a strategic, instrumental perspective (Coombs & Holladay, 2012; Dhanesh, 2014; Du, Bhattacharya & Sen, 2010). The strategic approach argues that being socially responsible can generate mutual benefits for organizations and their publics, particularly reputational, relational and legitimacy returns for organizations.

However, most of the work generated in this area of scholarship has focused on the customer stakeholder group, although employees have been identified as an important stakeholder group with respect to CSR. Responding to the call for more research on employees and CSR, scholars have started examining CSR as a tool for enhancing organizational attractiveness to prospective employees, enhancing organizational commitment and strengthening organization-public relationships (Dhanesh, 2012; 2014; Kim & Park, 2011, Lin, Tsai, Joe, & Chiu, 2012; Seltzer, Gardner, Bichard & Callison, 2012). This study proposes to augment research on CSR from the perspective of employee publics by examining relationships amongst diversity climate, perceptions of CSR and employee engagement.

Although meanings, understandings and conceptualizations of CSR can vary across diverse social, economic, political, national and cultural factors (Carroll & Shabana, 2010; Sriramesh, 2008), there is scant scholarship on the relationship between employee diversity and perceptions of CSR. This study aims to fill this gap in the literature by exploring the relationship between employee diversity and CSR, specifically in the Middle East. Within the region, the United Arab Emirates (UAE) offers a rich and productive context to examine the effect of employee diversity on perceptions of CSR as it is perhaps one of the few countries in the world that boasts an extremely diverse workforce (Al Jenaibi, 2011).

In addition, as localization becomes more prevalent in the private sector, CSR initiatives can drive employees to become more engaged, not only with their job but with their organization as well, an important outcome of CSR. Although employee engagement has
become one of the most important aspects of employee retention, and public relations scholars have theorized that CSR could be a driver of employee engagement, there is scant empirical research on the relationship between CSR and employee engagement. Accordingly, this study will also examine the relationship between employee perceptions of CSR and engagement, because employee engagement is a crucial affective, cognitive and behavioral construct that leads to multiple organizational outcomes such as increased productivity, decreased attrition and increased internal reputation (Schaufeli, Salanova, González-Romá, & Bakker, 2002).

This study will contribute to public relations theory and practice in multiple ways. First, it will augment the emergent body of research on CSR from the perspective of internal publics. Second, it will add to the body of literature on CSR in the Middle East, an area that has been under-represented in the global body of knowledge on public relations. Third, the findings of this study will throw light on the interactions among employee diversity, CSR and employee engagement, a model that has not been hitherto examined in studies on CSR and employee relations. Finally, from the practice perspective, findings of this study can enable public relations and corporate communication practitioners to design and manage CSR and employee engagement programmes with insights into the relationships among diversity, perceptions of CSR and employee engagement.

**Literature Review**

**Corporate Social Responsibility**

Although there are multiple definitions of CSR, this study 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 organisations at a given point in time” (p. 500). The first domain of responsibility – economic – states that society expects business 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 et al., 2010). Within public relations scholarship, research has found that CSR can drive reputational (Chaudhri & Wang, 2007) relational (Dhanesh, 2014), and financial returns (David, Kline, & Dai, 2005; Wigley, 2008). However, there is scant research that examines the factors that could be related with CSR from the perspective of employee publics. The following sections will review literature on employee diversity in terms of its relationship with CSR and will review literature on employee engagement as a probable outcome of CSR.

Employee Diversity and CSR

Employee diversity in general refers to heterogeneity among employees and has broadly been understood to include multiple sources of difference such as age, gender, experience, tenure, religious background, functional background, nationality, race and ethnicity (Bear et al. 2010; Hafsi & Turgut, 2013; Rao & Tilt, 2016). It can be relatively more visible forms of diversity such as race/ethnic background and gender or less evident forms such as educational background, industry experience and organizational membership (Rao & Tilt, 2016). Diversity has been considered as an advantage as well as a disadvantage, with most studies concluding that overall, diversity leads to competitive advantage for firms in terms of breeding innovation, attracting the
best talents and in driving corporate social performance (CSP) (Hafsi & Turgut, 2013; Rao & Tilt, 2016).

Most studies that have examined the effect of diversity on corporate social performance have examined the effect of diversity in boardrooms. Studies have found that board diversity is positively associated with CSR performance (Harjoto et al, 2015; Hafsi & Turgut, 2013; Rao & Tilt, 2016). Specifically, studies have found that higher the tenure of board members, lower the incidence of negative social outcomes (Kruger, 2009); the older the directors, the more concerned they are about societal welfare (Hafsi & Turgut, 2013); higher the number of female directors, higher the CSR ratings of the firm (Bear et al., 2010) etc. Other diversity characteristics such as educational qualifications and race/ethnicity have not been examined as much in scholarly work on board room diversity and CSR performance (Rao & Tilt, 2016).

However, instead of examining individual aspects of diversity such as age and gender, we decided to examine diversity climate, a broader concept that addresses an organization’s openness to and support of diversity. Diversity climate is the degree to which an organization is open to maintaining an inclusive workplace (Cox, 2001). McKay et al. (2008) defined diversity climate as the “degree to which a firm advocates fair human resource policies and socially integrates underrepresented employees” (p. 350). Overall, diversity climate has been found to positively contribute to work outcomes, such as job satisfaction, sense of inclusion and work group identification (Hofhuis, Van der Rijt, & Vlug, 2016).

Drawing from the above review of literature, this study will examine the relationship between diversity climate and perceptions of CSR. In particular, this research will focus on the following research questions:

RQ1: How does diversity climate relate to employees’ perceptions of the CSR performance of their organizations?
CSR and Employee Engagement

A thorough and extensive review of the literature in human resource management, human resource development, management, psychology and public relations revealed that most definitions of employee engagement draw from theories in psychology and organizational behavior to conceptualize engagement with three dimensions: cognitive, affective and behavioral. Kahn (1990) defined personal engagement as “the harnessing of organization members’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances” (p. 694). Similarly, Rothbard (2001) also defined engagement as psychological presence but added two critical components of attention and absorption.

Saks (2006), building on Kahn’s and Rothbard’s work, argued that the two most dominant roles for most organizational members are their work role and their role as a member of an organization. Following this logic, Saks built and tested a model of employee engagement that includes two types of engagement: job engagement and organization engagement. In public relations research, Welch (2011) has defined organisation engagement as, “a dynamic, changeable psychological state, which links employees to their organisations, manifest in organisation member role performances expressed physically, cognitively and emotionally, and influenced by organisation-level internal communication” (p. 337). To summarize, the idea of employee engagement visualizes an employee who is cognitively, affectively and behaviorally ‘present’, absorbed and dedicated while performing an organizational role.

For this research, the three dimensions of employee engagement emerge from Soane, Truss, Alfes, Shantz, Rees, and Gatenby (2012). The cognitive dimension of employee engagement has been defined as intellectual engagement, “the extent to which one is intellectually absorbed” (Soane et al., 2012, p. 532). The emotional dimension of employee engagement has been defined as affective engagement, “the extent to which one experiences a state of positive affect relating to one’s work role” (Soane et al., 2012, p. 532), and the physical
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dimension of employee engagement has been defined as social engagement, “the extent to which one is socially connected with the working environment and shares common values with colleagues” (Soane et al., 2012, p. 532).

A large portion of the scholarly work on employee engagement drawn from human resources, management and communication literatures has focused on identifying the antecedents and drivers of engagement that include corporate social responsibility (Hewitt, 2015; Wollard & Shuck, 2011), perceived organizational support (Mahon et al., 2014; Saks, 2006; Wollard & Shuck, 2011), job characteristics, procedural justice (Saks, 2006), human resource management practices that influence organizational climate (Albrecht et al., 2015), company practices such as communication, diversity and inclusion (Hewitt, 2015), work-life balance (Hewitt, 2015; Wollard & Shuck, 2011) and internal communication and corporate storytelling (Gill, 2015; Vercic, 2016). Most of the empirical work testing the antecedents of employee engagement has focused on individual level variables following the Job Demands-Resources model or Social Exchange Theory. There has been less focus on examining the effect of organizational/contextual-level variables such as clarity of organizational purpose and organizational climate on engagement and scholars have called for more research in this area (Albrecht et al, 2015). Although CSR has been theorized as one of the most important drivers of engagement there is a dearth of empirical research examining associations between CSR and employee engagement (Gupta & Sharma, 2016).

Whatever little work has been done has conceptualized CSR with two dimensions—internal and external - and has found that while both affect employee engagement positively, internal CSR has a stronger effect on employee engagement than external (Gupta & Sharma, 2016; de Oliviera, 2014). However, interactions between the concepts of CSR and engagement are more complex than can be studied with two dimensions of CSR or by considering CSR only as a driver of engagement. For instance, the concept of CSR includes aspects such as work-life balance that has been theorized as a separate driver of engagement. Mirvis (2012) addressed
some of these complexities when he proposed three models of CSR as an engagement tool. The transactional approach considers CSR as what the organization offers to employees as a tool for employee engagement. The relational approach to engagement considers co-commitment to CSR on the part of organizations and employees and in the developmental approach employees commit their time and resources to CSR activities.

Based on the above review of literature, this study aims to examine the relationship between CSR and employee engagement in greater detail.

RQ2: How does perception of CSR relate to employee engagement?

RQ3: How does diversity climate and perception of CSR performance relate to employee engagement?

RQ4: Which dimension/s of CSR can significantly predict employee engagement?

Method

Data for this survey were collected by using an online survey distributed to employees in organizations in the United Arab Emirates. As part of a graduate course assignment, a group of students was instructed to invite respondents from their professional network via email to participate in a research project. Respondents were required to be 18 years old or older and to work in an organization. In total, 458 clicked on the link to the survey but only 107 respondents completed the survey (23% response rate).

The convenient sample consisted of 60% females and 40% males. The majority of the respondents were between the ages of 25-34 (53%), followed by 35-44 years old (25%). The sample comprised of employees/staff (39.8%), low level managers (11.7%), mid-level managers (28.1%), and top managers (10.2%) and executives (8.6%). Twenty-eight different nationalities were represented in the sample with a majority of the sample being Emirati (as Emirati graduate students had recruited the participants). The majority of participants represented the public sector (53.1%), the private sector (32.8%), and the semi-private sector (13.3%).
The online questionnaire contained 5-point Likert Scale questions to measure the three main variables of diversity climate, CSR perception and Employee Engagement. A four-item instrument from Hofhuis, van der Rijt, Vlug (2016) was used to measure diversity climate (e.g., “In this organization we take into account different cultural traditions and habits of employees;” \( \alpha = .82 \)). Employee engagement was measured using the ISA engagement scale (Soane, Truss, Alfes, Shantz, Rees, Gatenby, 2012). It measured three dimensions of employee engagement: Intellectual Engagement (e.g., “I concentrate on my work;” \( \alpha = .92 \)), Social Engagement (e.g., “I share the same work goals as my colleagues;” \( \alpha = .87 \)), and Affective Engagement (e.g., “I feel positive about my work;” \( \alpha = .92 \)). Employees’ perceptions of CSR were measured with a scale adapted from Maignan (2001), Maignan and Ferrell (2000) and Turker (2009) (\( \alpha = .95 \)). The five dimensions of CSR perceptions were: perception of legal CSR activities (e.g., “This organization ensures that their employees act within the standards defined by the law;” \( \alpha = .84 \)); perception of economic CSR activities (e.g., “This organization controls their production costs strictly;” \( \alpha = .80 \)); perception of ethical CSR activities (e.g., “This organization is committed to well-defined ethics principles;” \( \alpha = .89 \)); perception of social CSR activities (e.g., “This organization participates in the management of public/community affairs;” \( \alpha = .83 \)); and perception of sustainable CSR activities (e.g., “This organization makes investment to create a better life for future generations;” \( \alpha = .86 \)).

Descriptive and inferential analyses were used to explore the research questions. SPSS v23 was used to analyze the results using correlations and regressions.

**Results**

The first research question asked about the relationship between diversity climate and employees’ perceptions of the CSR performance of their organizations. The second research question asked about the relationship between employees’ perceptions of the CSR performance of their organizations and employee engagement. Correlations and a multiple regression were
conducted to analyze the relationships among the variables. The strength of the correlation is described using the guide that Evans (1996) suggests for the absolute value of $r$.

As seen in Table 1, correlation analyses show a strong positive relationship between diversity climate and CSR perception as well as between employee engagement and CSR perception. However, there is only a moderate positive relationship between diversity climate and employee engagement.

Table 1: Correlation Analyses of Diversity Climate, Employee Engagement and CSR Perception

<table>
<thead>
<tr>
<th></th>
<th>M</th>
<th>SD</th>
<th>Diversity Climate</th>
<th>Employee Engagement</th>
<th>CSR Perception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversity Climate</td>
<td>3.92</td>
<td>.76</td>
<td>1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>4.04</td>
<td>.66</td>
<td>.570</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>CSR Perception</td>
<td>3.84</td>
<td>.72</td>
<td>.623*</td>
<td>.676*</td>
<td>1.0</td>
</tr>
</tbody>
</table>

The third research question asked about the predictive relationship between diversity climate and perception of CSR performance in relation to employee engagement. As seen in Table 2, a multiple regression ($R^2 = .448$) revealed that diversity climate ($B=.228$) and CSR perception ($B=.534$) both were predictors for employee engagement, with CSR perception being a stronger predictor. This regression confirms that CSR perception has a stronger predictive relationship on employee engagement than diversity climate.

Table 2: Regression analysis-Prediction of diversity climate and CSR perception on employee engagement

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.374</td>
<td>.263</td>
<td></td>
<td>5.217</td>
</tr>
<tr>
<td>Diversity climate</td>
<td>.196</td>
<td>.075</td>
<td>.228</td>
<td>2.635</td>
</tr>
<tr>
<td>CSR Perception</td>
<td>.492</td>
<td>.080</td>
<td>.534</td>
<td>6.174</td>
</tr>
</tbody>
</table>
The fourth research question focused on the relationship between CSR perceptions and employee engagement, in particular, exploring the different dimensions of CSR perceptions. Looking at the different CSR dimensions, employees perceived their companies engaging in sustainability (M = 3.97, SD = .88), and legal CSR activities (M = 3.89, SD = .75) more than in economic CSR activities (M=3.66, SD = .85), ethical CSR activities (M = 3.82, SD = .83), and social CSR activities (M = 3.84, SD = .83). With regards to employee engagement, employees rated their engagement differently on the three dimensions. Employees rated the highest on intellectual engagement (M = 4.33, SD = .67), compared to affective (M= 3.94, SD = .92) and social (M = 3.82, SD = .94). Table 3 depicts the correlations between the five dimensions of CSR perceptions and the three dimensions of employee engagement. Almost all dimensions of CSR perceptions have a strong positive relationship with each other, except for the relationship between economic CSR and ethical CSR which only displays a moderate positive relationship.

Table 3: Correlation analysis of CSR dimensions and employee engagement

<table>
<thead>
<tr>
<th></th>
<th>Legal CSR</th>
<th>Economic CSR</th>
<th>Social CSR</th>
<th>Sustainable CSR</th>
<th>Ethical CSR</th>
<th>Intellectual Engagement</th>
<th>Affective Engagement</th>
<th>Social Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal CSR</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic CSR</td>
<td>.625*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social CSR</td>
<td>.751*</td>
<td>.745*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable CSR</td>
<td>.750*</td>
<td>.729*</td>
<td>.798*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical CSR</td>
<td>.936*</td>
<td>.571</td>
<td>.721*</td>
<td>.708*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intellectual</td>
<td>.368</td>
<td>.336</td>
<td>.348</td>
<td>.304</td>
<td>.254</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective Engagement</td>
<td>.540</td>
<td>.587</td>
<td>.643*</td>
<td>.498</td>
<td>.447</td>
<td>.436</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Social Engagement</td>
<td>.483</td>
<td>.530</td>
<td>.470</td>
<td>.382</td>
<td>.422</td>
<td>.436</td>
<td>.417</td>
<td>1</td>
</tr>
</tbody>
</table>

The three dimensions of employee engagement have weak to moderate positive relationships with each other. However, affective engagement reveals a strong positive relationship with social CSR. This relationship seems to indicate that activities focusing on the
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social aspects of CSR would strengthen the emotional engagement of the employee with the organization.

A regression analysis revealed that employees’ perceptions of the five types of CSR activities significantly predicted employee engagement, \( F(5,109) = 26.88, p < .001 \). \( R^2 \) for the model was .552, and adjusted \( R^2 \) was .532. Table 4 displays the unstandardized regression coefficients (B), intercept, and standardized regression coefficients for each CSR dimension. All five dimensions of employees’ perceptions of CSR performance of the organization were found significant.

Table 4: Regression analysis-prediction of CSR dimensions on employee engagement

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>1.510</td>
<td>.237</td>
</tr>
<tr>
<td>CSR Legal</td>
<td>.757</td>
<td>.176</td>
</tr>
<tr>
<td>CSR Economic</td>
<td>.282</td>
<td>.080</td>
</tr>
<tr>
<td>CSR Social</td>
<td>.290</td>
<td>.099</td>
</tr>
<tr>
<td>CSR Sustainability</td>
<td>-.195</td>
<td>.091</td>
</tr>
<tr>
<td>CSR Ethical</td>
<td>-.470</td>
<td>.148</td>
</tr>
</tbody>
</table>

*p<.05

Discussion and Conclusion

Overall, the results indicate a strong relationship between diversity climate and CSR perceptions. The finding that higher the perceptions of an open and inclusive approach to diversity in organizations, higher the perceptions of corporate social performance appears fairly intuitive, considering that dimensions of CSR could also include social and ethical aspects such as fostering an inclusive workplace culture, and fair and ethical treatment of all employees irrespective of differences. This finding also strengthens the existing body of literature that has found relationships between diversity and perceptions of corporate social performance.

However, existing studies are based mostly on boardroom diversity as a predictor of CSR (Harjoto et al, 2015; Hafsi & Turgut, 2013; Rao & Tilt, 2016). The findings of this study add to
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the literature by highlighting the relationships between employee perceptions of their organization’s diversity climate and their perceptions of corporate social performance. By examining diversity climate, this study has broadened the literature on diversity and CSR by expanding the conceptualization of diversity beyond specifics such as age and gender to encompass a broader concept of climate that could potentially predict perceptions of corporate social performance.

Further, the study found strong and positive relationships among perceptions of CSR, diversity and employee engagement. The regression also supports an emerging model of employee engagement that considers CSR and diversity as antecedents of employee engagement (Wollard & Shuck, 2011; Hewitt, 2015). However, diversity climate appears to have a stronger relationship with perceptions of CSR than employee engagement. In the regression, CSR perception was a stronger predictor of employee engagement than diversity climate. This stronger relationship could indicate that diversity climate could potentially be linked to employee engagement through its relationship with CSR rather than through a direct association with employee engagement.

Beyond providing support for existing models, this finding also adds to the literature by providing empirical support for organizational-level variables such as CSR and diversity climate. This contribution is significant as most research has focused on individual-level variables and scholars have called for more research on organizational/contextual-level variables (Albrecht et al, 2015), specifically on CSR as a driver of employee engagement (Gupta & Sharma, 2016).

Although these findings provided some evidence for the relationships among the different variables, the more granular results of the regression analysis offer some interesting insights. Although employees’ perception of sustainable CSR activities was rated the highest, it wasn’t a strong predictor for employee engagement. However, employees’ perception of legal CSR activities was rated highly and was also the strongest predictor of employee engagement. This finding is not very surprising as existing research has found that often employees rate aspects of
internal CSR higher than external aspects of CSR when it comes to employee engagement (Ferreira & de Oliviera, 2014; Gupta & Sharma, 2016). Employees rate ethical and legal aspects of CSR higher than sustainability or economic aspects of CSR when it comes to the related construct of employee commitment as well (Dhanesh, 2012). This can be explained by the argument that basic legal and ethical aspects of employment such as fair pay, and following the laws of the home or host country are perhaps of primary importance to employees rather than organizational contributions to sustainability. Similarly, the finding that the social/discretionary dimension of CSR was strongly associated with affective engagement reveals that engaging in activities that increase the welfare of employees and of local communities strengthens employees’ emotional connection with their organization. In summary, from a strategic perspective, findings of this study reveal that focusing on legal and social aspects of CSR can bring back benefits to the organization in terms of stronger employee engagement levels.

**Limitations and Future Research**

As this report is only a pilot study with a relatively small sample size, the results need to be confirmed with a larger sample. Also, this study was conducted with individuals from a range of organizations. It might be helpful to replicate the study within specific organizations to enable increased contextual understanding of diversity climate, level of CSR activity and employee engagement at the organizational level. This will also allow analysis at an organizational level rather than at an individual level as it has been conducted. Further, the low response rate could be an indication of respondent fatigue although care had been taken not to have an extremely long survey instrument. This issue will also have to be looked into in future research. Future research with a larger sample can also test the model in terms of predictive relationships among diversity climate, CSR and employee engagement, thus leading to a model with probable antecedents and consequences of CSR with reference to employee publics.
References


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