

The Relationship between Employee Engagement and Corporate Social Responsibility: A Case Study of Car Dealership in Erbil, Kurdistan

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Abstract: The increasing awareness of the subject of corporate social responsibility has raised the questions about whether if there is a relationship between employee engagement and corporate social responsibility. Corporate Social Responsibility (CSR) is considering an important element of company's performance and its activities so employee's engagement will have its effects. The purpose of this research is to examine the relationship between employee engagement and corporate social responsibility. The study was carried out car dealerships in Erbil, Kurdistan. In total, 53 participants involved in this study. The findings of this study revealed that higher employee engagement level could be attained by higher level of corporate social responsibility, accordingly the research hypothesis supported. The limitation of this study was the small sample size; the researchers recommended obtaining bigger sample size for similar studies in the future.

Keywords: Corporate Social Responsibility, Employee Engagement, Erbil, Kurdistan

1. Introduction

Corporate social responsibility is a valued important concept which can be considered as one of the factors of success to any organization or company, CSR is a concept which has many explanations and has many economic, environmental and social dimensions. CSR is considered an important element of company's performance and its activities so employee's engagement will have its effects. The connection between these two variables exists because employee plays an effective role in firm's success.

2. Literature Review

Corporate social responsibility is a valued important concept which can be considered as one of the factors of success to any organization or company. CSR is a concept which has many explanations and economic, environmental and social dimensions. The interests about this concept are increased among businesses and the government, also have opened a lively discussion between numbers of scientists. Increasing the interest in the first place and the effort all the organizations make contributed to improve labor standards and procedures for anti-corruption (Loup & Koller, 2005). The roots of CSR concept as we know it today have a long history. Better understanding of CSR is not only useful for knowing the relationship between businesses and their stakeholders but also contributes to understanding and having better idea about what should be the role of business in development and their contribution to the society

(Sandra, 2004). The idea of the corporate social responsibility is not new or radical; the core principle that the corporation has responsibility to society beside the profit maximization objectives has long historical roots. The social responsibility of business (1900-1960) the idea and practice of CSR was a live and growing. Involving businesses with community issues and business was familiar to many leading companies in the first of 20th century (CSR 2005). Employees nowadays are more aware of the expansion of obligations and the responsibility of the firm toward the society, this means that the employers are considering this issue very importantly and it should be taken seriously from managers and firms (Valentine &Fleischman, 2008). The key for success in each organization is the enthusiastic engagement of employees at all levels of the company. Engaging employees in corporates responsibility is one side of being a responsible business since the work place is affecting the employees so involving them with CSR will lead to improve their performance and increasing the reputation of the organization simultaneously (Campbell, 2007).

Organizations can take advantage of ideas, visions, experience, passions, and the commitment of all employees when it comes to business responsibilities. This can lead to a great achievement by engaging in the employees to those kinds of activities or corporate responsibilities towards society, environment, humanity and so many other cases (Campbell, 2007). CSR is a great engagement tool to make the employees know that the company care about the workers, general interests and social commitment as well. While there is no single agreement about for the definition for employee engagement, there is agreement that engagement takes more than just motivation and performance. In common topics has been found that in most definitions employee engagement includes commitment to and belief in the organization with its value beside the willingness and the ability to contribute in the organizational success.

Many studies emphasize that the emotional connection and the hope for the future in that company or organization affect the engagement of the employees to corporate social activities. CSR for engaging the employees has impact on their motivation, identity, and sense of meaning and purpose. It explores three different ways to engage the employees with CSR activities, a transactional approach where programs are conducted to meet the needs of employees who want to participate in those kind of activities, a relational approach, based on a psychological contract that emphasizes social responsibility, and a developmental approach which aims to create a social responsibility in a company and to develop its employees to be responsible corporate citizens (Lockett, et al., 2006).

Recent research studies show the low level of employee engagement, for example, an Aon Consulting survey reverses that less than one-third of employees are engaged, and that two of five employees would not recommend their employer as a place to work. In addition, in a study of Conference Board survey of employees in 2005 found that two-thirds of workers do not feel motivated to push employees to their business goals, 40% feel disconnected from their employers and another 25% are just coming for the sake of the money (salary). Studies show that CSR is an emerging and increasingly important driver of employee engagement. The two most important sources for this evidence are surveys and academic studies (Mirvis, 2012).

3. Conceptual Framework

3.1 Research Model

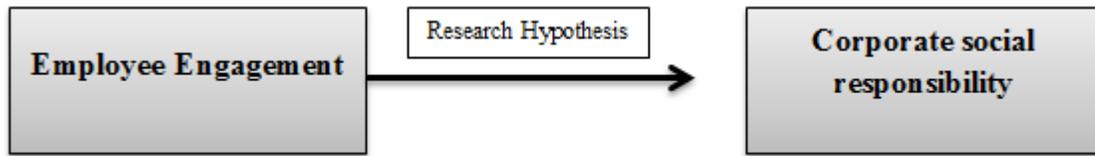


Figure 1- Research Model

3.2 Research Hypothesis

Higher employee engagement level can be achieved by higher level of corporate social responsibility.

3.3 Research Methodology

The purpose of this research is to examine the relationship between employee engagement and corporate social responsibility. The study was carried out among car dealerships in Erbil, Kurdistan. Total of 53 participants involved in this study. Five point likert scales was used in this study ranging from not important at all to very important.

4. Data Analysis

Table 1- Demographic Analysis

| Items | Scales | Frequency | Percent |
|------------|---------------|-----------|---------|
| Gender | Male | 30 | 55.6 |
| | Female | 24 | 44.4 |
| Age | 20-29 | 18 | 33.3 |
| | 30-39 | 17 | 31.5 |
| | 40-49 | 13 | 24.1 |
| | 50-59 | 6 | 11.1 |
| Education | Bachelor | 45 | 83.3 |
| | Master | 9 | 16.7 |
| Experience | Less than one | 9 | 16.7 |
| | 1-5 | 26 | 48.1 |
| | 6-10 | 17 | 31.5 |
| | 11 and over | 2 | 3.7 |

The above table (1) demonstrates the participants' demographic analysis participated in this research. In regard of the participants' gender; 55.6% of the participants were male while 44.4% of the participants

were female. In regard of the participants' age; 33.3% of the participants were from 20-29 years old, 31.5% of the participants were 30-39 years old, 24.1% of the participants were 30-39 years old, 11.1% of the participants were from 50-59 years old. In regard of the participants' level of education; 83% of the participants had bachelor degree and only 16.7% of the participants had Master degree. In regard of the participants' experience(s) 16.7% of the participants had less than one year of experience, 48.1% of the participants had 1-5 years of the experiences, 31.5% of the participants had 6-10 years of the experiences and only 3.7% of the participants had 11 years and over of the experiences.

Table 2- Reliability Tests

| Items | Cronbach's Alpha | Number of Items |
|---------------------|------------------|-----------------|
| Employee engagement | .849 | 10 |
| CSR | .775 | 10 |

The above table (2) shows the reliability test of 10 items for employee engagement and 10 items for corporate social responsibility. The Cronbach's Alpha for ten employee engagement's ten items = .849 which is greater than .6 this means that ten items used for employee engagement factor were reliable for this study and the Cronbach's Alpha for ten corporate social responsibility's ten items = .775 which is greater than .6 this means that ten items used for corporate social responsibility factor were reliable for this study.

Table 3-Correlations Analysis

| Factors | Pearson Correlation | Engagement | CSR |
|---------------------|---------------------|------------|--------|
| Employee Engagement | Pearson Correlation | 1 | .858** |
| | Sig. (2-tailed) | | .000 |
| | N | 54 | 54 |
| CSR | Pearson Correlation | .858** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 54 | 54 |

** . Correlation is significant at the 0.01 level (2-tailed).

The above table (3) shows the correlation analysis between employee engagement and corporate social responsibility. The value of Pearson Correlation = .858** which is greater than 0.01 this means that there is a positive and strong correlation between employee engagement and corporate social responsibility.

Table 4- Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .858 ^a | .736 | .731 | .39631 |

a. Predictors: (Constant), engagement

The above table (4) shows the value of R Square =.736 which means that 73% of the variables are explained in this study.

Table 5- ANOVA

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|--------------|----------------|----|-------------|---------|-------------------|
| 1 Regression | 22.808 | 1 | 22.808 | 145.220 | .000 ^b |
| Residual | 8.167 | 52 | .157 | | |
| Total | 30.975 | 53 | | | |

a. Dependent Variable: CSR

b. Predictors: (Constant), engagement

The above table (5) shows the value of F for both variables (employee engagement and corporate social responsibility) is 145.220>1 which indicates there is a significant association between both variables.

Table 6- Coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|--------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | .278 | .250 | | 1.115 | .270 |
| engagement | .963 | .080 | .858 | 12.051 | .000 |

a. Dependent Variable: CSR

The above table (6) shows the value of Beta=.858 which is greater than 0.01 this indicates that there is a positive relationship between employee engagement and corporate social responsibility.

5. Conclusion

The main aim of this research is to find out the relationship between employee engagement and corporate social responsibility in car dealership in Erbil, Kurdistan. A multiple regression analysis was used to analyze this research. Two different variables have been analyzed; employee engagement as independent variable and corporate social responsibility as dependent variable. The findings of this study revealed that higher employee engagement level could be attained by higher level of corporate social responsibility, accordingly the research hypothesis supported. The limitation of this study was the small sample size; the researchers recommended obtaining bigger sample size for similar studies in the future.

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