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Stakeholder engagement in a multicultural context: The contribution of (personal) relationship cultivation to social capital

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ABSTRACT

While corporate diplomacy is discussed as stakeholder engagement allowing multinational companies to manage relationships, engagement approaches to public relations suggest that organizations, through interaction with their stakeholders, create social capital. This study integrates both approaches, exploring how corporate diplomacy develops social capital. Based on in-depth interviews with public relations executives (N = 25) in the United Arab Emirates (UAE), our results indicate that corporate diplomacy in the UAE relies heavily on stakeholder engagement, particularly with governmental institutions, and consequently builds on dialog and collective decision-making. While governmental engagement is mainly conducted through personal relationship cultivation, engagement with other multinational corporations is based on more distant relationships. However, both approaches appear to create social capital and provide social resources, including loyalty and trust. We conclude that by employing different engagement strategies, corporate diplomacy supports both the corporation and various stakeholders in the host country, and close by discussing implications and future research directions.

1. Introduction

In today’s globalized world, multinational companies (MNCs) are part of a worldwide community, facing multiple social demands from various host country societies. MNCs negotiate and enter into collective decision-making processes with their host country stakeholders to contribute to societal issues, referred to as corporate diplomacy (Mogensen, 2017). Due to its inherent link to relationship-building, corporate diplomacy (CD) has gained increasing attention in public relations (PR) research (Ingenhoff & Marschlich, 2019; Mogensen, 2017; White & Fitzpatrick, 2018). The current paper applies an engagement approach to PR (e.g., Johnston & Lane, 2018), according to which the role of PR is to enable engagement processes and, in this regard, involves an ongoing interaction and exchange between an organization and its environment in order to identify and integrate different views in organizational decision-making (see Everett, 2018; Johnston, 2018a; Taylor, 2018). Following this, CD from a PR perspective is considered as an engagement strategy involving a “process of relationship management to enhance understanding and alignment between companies and their stakeholders” (Kochhar, 2018, p. 350).

As Kochhar (2018) noted, MNCs depend on mutual relationships with a wide range of stakeholders as these relationships facilitate the creation of stakeholder capital, a specific form of social capital that emerges from the “level of mutual recognition, understanding and trust established by the firm with its stakeholders” (Dorobantu, Henisz, & Nartey, 2012). Social capital is of high relevance for an organization, as it can help preserve its social license to operate and lead to intangible assets, including trust, loyalty, and support (Dodd et al., 2015; Dorobantu et al., 2012), while providing value to other actors involved (Saffer, 2019; Sommerfeldt & Taylor, 2011) and the wider society (Johnston & Lane, 2018; Johnston, Lane, Hurst, & Beatson, 2018). Although scholars highlighted the contribution of PR to social capital (Ihlen, 2005) and linked it to stakeholder engagement (Johnston et al., 2018), there is a lack of empirical studies on the process of engagement and the role of PR and communication within that process. The same applies to CD research, which is mostly conceptual. Besides noting that CD is stakeholder engagement and that MNCs depend on stakeholder capital (Kochhar, 2018), scholars have not yet examined CD as engagement and its relation to social capital.

Taking the United Arab Emirates (UAE) as a case study, the current...
investigation seeks to explore CD as an engagement process between MNCs and their host country stakeholders which builds and fosters relationships, contributing to the creation of social capital. Local government in the UAE made several commitments towards its community to improve social well-being, including a high-class education and healthcare system, safety, and a sustainable environment (UAE government, 2020). In order to achieve these national goals, the engagement of international MNCs is encouraged and necessary due to their expertise and knowledge (Oliver Wyman, 2019; Sabouni, 2017). In this context, MNCs seek to find ways to engage with and contribute to the local community, as emphasized by Yves Manghart, current Chairman and CEO of Nestlé Middle East: Nestlé in the UAE builds on the “support and trust of the various institutions, governments, and other entities we [at Nestle] work [with] within the region. We [Nestle] believe that concerted collective efforts can truly make [a] positive impact in society.” (Nestlé Middle East, 2015). This statement points to the importance of stakeholder engagement in the UAE. However, MNCs operating in the UAE face particular challenges related to the specific cultural and political system, potentially affecting their CD engagement efforts. For these reasons, the UAE represents a unique environment to study the CD engagement process and its link to social capital. The current study aims to advance research on PR as engagement and its role in society (Dodd et al., 2015; Johnston et al., 2018; Taylor, 2018) in the specific case of a non-democratic country while simultaneously contributing to the emerging research field of CD (Ingenhoff & Marschlich, 2019; Mogensen, 2017; White, 2015).

2. Literature review

2.1. Corporate diplomacy and the case of the UAE

In recent years, corporate diplomacy (CD) has gained increasing attention in PR and related fields and two major research streams can be identified (see Ingenhoff & Marschlich, 2019, for an overview). The first research stream embeds CD in public diplomacy, defining it “as the role of private-sector corporations as non-state actors in public diplomacy” (White, 2015, p. 306; White, 2026; White & Fitzpatrick, 2018), whereby the role of CD is primarily related to enhancing the image of the home country and the corporation (White, 2015). Public diplomacy was traditionally associated with government-led diplomacy activities (see Gilboa, 2008). However, the term is now increasingly used to describe transnational communication attempts by different actors, including private companies (Cull, 2009). As Mogensen (2020b, p. 7) stated, “[w] hat the broad spectrum of public diplomacy activities has in common is their focus on transnational publics. They differ, however, in their purposes.” While actors engaging in public diplomacy predominantly focus on supporting a country’s goals towards foreign publics, corporations engaging in corporate diplomacy seek to reach favorable outcomes for themselves within the host country environment (Ordeix-Rigo & Duarte, 2009). However, scholars recently pointed out that CD goes beyond a company’s self-interest and emphasized the role of CD for decision-making processes concerning societal and political issues in the host country (Ingenhoff & Marschlich, 2019; Mogensen, 2017). Accordingly, the second research stream explores CD as corporate engagement and collaboration with the host country’s stakeholders on societal issues (Ingenhoff & Marschlich, 2019; Kochhar, 2018; Mogensen, 2017), outlining that CD can result in favorable outcomes and conditions for both the company and the host country society through relationship management (Ingenhoff & Marschlich, 2019; Mogensen, 2017, 2020b; White et al., 2011). In this way, corporations are interested in following diplomatic approaches by engaging with local communities and enhancing how they are perceived within the host country environment (Mogensen, 2020b).

In a similar vein, Kochhar (2018) defined CD as an engagement strategy towards the non-market environment, seeking to enhance mutual understanding and alignment between corporate actions and stakeholder demands to manage issues that may pose risks in the host country. Accordingly, engagement with non-market stakeholders is essential for MNCs since they are constantly scrutinizing MNCs, putting high pressure on them (Kochhar, 2018). In contrast to this strategic view, other scholars (Ingenhoff & Marschlich, 2019; Mogensen, 2017) conceive CD from an institutional and normative perspective by emphasizing its role for the host country’s society. In this respect, Ingenhoff and Marschlich (2019, p. 358) defined CD as the activities of MNCs “which are directed at the host country’s key stakeholders and aimed at participating in decision-making processes on relevant socio-political issues and building relationships.”

By assuming that corporate diplomacy is involved in a host country’s societal issues, the construct overlaps in part with corporate social responsibility (CSR). CSR concepts vary widely and include instrumental perspectives viewing CSR as corporate social activities and philanthropy to improve corporate financial performance (e.g., Porter & Kramer, 2006; Sen & Bhattacharya, 2001) or as a strategy to enhance economically relevant relationships, such as with employees and suppliers (Dhanesh, 2014; Du et al., 2007). In instrumental perspectives, the focus is predominantly on organizational self-interest. In addition, political-normative concepts of CSR are increasingly being discussed (e.g., Seele & Lock, 2015). Accordingly, (political) CSR describes the extended responsibility of multinational corporations that participate as “quasi-governmental actors” in deliberative political decision-making processes and global governance to provide public goods (Scherer & Palazzo, 2011). Political CSR conceptualizations often encompass a normative idea positioning that corporations engage in global social and political issues to enhance public welfare, even if this is contradictory to their interests (Schultz et al., 2013). Previous literature already linked corporate diplomacy with political CSR concepts (Ingenhoff & Marschlich, 2019; Westermann-Behaylo et al., 2015) and highlighted CSR as an instrument of corporate diplomacy (White et al., 2011). CD and CSR are similar in their focus on companies’ social activities, some of which are assumed to go beyond economic responsibility or may even conflict with corporate interests.

However, the scope and context differ widely between the concepts. CD is predominantly seen as international relationship-building between MNCs and international actors, i.e., publics in the host country (Fitzpatrick et al., 2020; Ingenhoff & Marschlich, 2019; White & Fitzpatrick, 2018) and thus as taking place in a transnational context (Mogensen, 2020a). As such, corporate diplomacy is assumed to be associated with the company’s home country (White, 2015) and to include the host country’s government (see White & Alkandari, 2019). For this reason, corporate diplomacy is consciously or unconsciously concerned with international relations between countries and their communities (see Fitzpatrick et al., 2020; Mogensen, 2020a). While CSR can, in principle, also be carried out in an international context, CSR is not commonly conceptualized as international per se or dependent on international relations. Finally, CD includes the elements of negotiations of companies with institutional actors in a country (Ordeix-Rigo & Duarte, 2009) and corporate participation in political or national decision-making processes (Westermann-Behaylo et al., 2015), which are often not highlighted in the CSR conceptualization.

In summary, relationship-building and participation in decision-making processes on societal and political issues in a host country are central to CD. These elements are also crucial in conceptions of PR as engagement (e.g., Johnston et al., 2018). For this reason, and following Kochhar (2018), we define CD as stakeholder engagement efforts of MNCs in the host country, aimed at participating in relevant societal issues and building relationships, resulting in favorable outcomes for the company and the host country society that emerge from these relationships. In this paper, we will focus on the creation of social capital,
which was explicated as facilitated through relationship-building between an organization and its environment (Johnston & Lane, 2018) and the result of the engagement process (Taylor & Kent, 2014). By involving the stakeholders’ interests in a common decision-making process (Taylor & Kent, 2014), which is at the core of engagement, we argue that CD can enhance relationship-building between an organization and its host country environment, which, in turn, allows the creation of social capital. In this perspective, we conceive social capital as the sum of social resources emerging from engagement efforts (see Johnston &Lane, 2018; Saffer, 2019). In chapters 2.2 and 2.3 we will elaborate more on the terms ‘social capital’ and ‘engagement.’

CD is of high relevance in emerging and transitional countries, where PR and corporate engagement in societal issues can assist in the transformation phase and contribute to society (White et al., 2011). For the current paper, we chose the UAE since this country finds itself in the transition to a post-oil economy and is searching for ways to meet the expectations of contemporary society. In this regard, MNCs are expected and needed to contribute to the country’s societal development (Katsioloudes & Brodtkorb, 2007; Seboni, 2017). The UAE is one of the fastest-growing business hubs in the Middle East and highly attractive to foreign MNCs from an economic point of view. While MNCs in liberal societies are largely free in their decisions and actions, in the UAE, a federal presidential monarchy, the government wields significant power over MNCs (Krar, 2005). As stated by Vujovic and Kruckenberg (2005, p. 340), PR efforts in the Arab world need to “begin with the a priori assumption of the moral/ethical validity of Arab culture as well as a corollary respect for cultural traditions that are to be valued.” This might be challenging since, for successful CD engagement, MNCs need to adapt to local values and norms while at the same time meeting (potentially conflicting) global demands emerging from global values and norms (Mogensen, 2020a). In the UAE, there is a lack of freedom of expression and public opinion (Krar, 2005), both of which provide the basis for engagement processes aiming at building social capital, with collective decision-making supposed to involve all community levels (Johnston et al., 2018).

Overall, empirical studies exploring CD have been rare so far (White & Fitzpatrick, 2018). Previous research showed that CD is often performed in collaboration with key stakeholders, and such engagement is “perceived as having mutual benefits that work[s] for the common good” (White & Alkandari, 2019, p. 7). Likewise, Mogensen (2017) found evidence that CD is performed as stakeholder engagement aiming to solve societal problems in the host country. Though Mogensen’s (2017) study offers interesting insights, it focuses on one specific project only. While CD has, to some extent, been related to relationship management and engagement, the question of how CD is performed as engagement and how this is related to social capital has not yet been addressed. In order to address this research gap, the present study explores the engagement process of CD through the lens of PR and social capital.

### 2.2. Public relations and social capital

This study focuses on CD from a PR perspective (see, e.g., Wang, 2005; White, 2015; White & Fitzpatrick, 2018). We are building on a co-creational PR approach considering PR a process of co-creating social value between an organization and its stakeholders (Heath, 2018; Taylor, 2018). Co-creation is fostered through ongoing communication, enabling interaction, negotiation, and, ultimately, understanding between an organization and its stakeholders (Taylor, 2018). Therefore, co-creational PR includes all forms of communication that foster relationships and “allow the group to take in information and opinions and make decisions based on it,” particularly dialogic communication approaches (Johnston & Taylor, 2018). Through a collective decision-making process involving different stakeholders, an organization can develop social capital, which is essential for organizational access to resources, and can have a positive impact on the functioning of society (Heath, 2018; Taylor, 2018).

Previous scholars linked PR and social capital (e.g., Dodd et al., 2015; Johnston & Lane, 2018; Yang & Taylor, 2013) and suggested social capital as a central goal of PR (Luoma-aho, 2018). In this perspective, scholars pointed to the relational dimension of social capital (Johnston & Lane, 2018; Johnston et al., 2018) and the essential role of communicative engagement in creating social capital (Johnston & Taylor, 2018). While some scholars conceive social capital as relationships and networks (Hien, 2005; Yang & Taylor, 2013), others refer to it as the aggregate of social resources that emerge from relationship-building (Johnston & Lane, 2018; Johnston et al., 2018; Sommerfeldt & Taylor, 2011). In the latter perspective, Sommerfeldt and Taylor (2011) defined social capital as “the sum of resources acquired through relationships that help to facilitate the successful actions of an individual or corporate actor” (p. 198). Likewise, Saffer (2019) defined social capital as “what can emerge from communicators’ efforts to negotiate meaning and build relationships in a network and help achieve shared goals” (p. 283). Since our aim is to explore CD as a stakeholder engagement process that may involve relationship-building but is not limited to that, we are adapting previous conceptualizations of social capital as the sum of social resources that emerge from engagement efforts seeking to contribute to the organization and its stakeholders (see Johnston & Lane, 2018; Saffer, 2019).

Social capital may be studied on an individual level (micro-level), organizational level (meso-level), and societal level (macro-level) (Lin, 2001; Sommerfeldt & Taylor, 2011). On an organizational level, researchers argued that social capital provides corporations with social resources, including reputation and trust (Dodd et al., 2015), and the social license to operate (Johnston et al., 2018). Assuming that social capital is built through an engagement process, social capital also allows other individual and collective actors involved and society at large to benefit from the engagement process (Johnston & Lane, 2018; Johnston et al., 2018; Saffer, 2019). This includes creating generalized trust at societal level (Luoma-aho, 2018) as well as building mutual understanding and shared norms (Taylor, 2018). This paper examines social capital from an organizational perspective to find out whether the CD engagement process allows MNCs to gain access to social resources and to determine the kind of resources these are. In this respect, the focus is on the sort of social resources that, from the companies’ perspective, benefit the organization or generate goodwill towards the company, in the sense of “organizational social capital” (Luoma-aho, 2018, p. 203).

### 2.3. Stakeholder engagement

Engagement is increasingly discussed in PR research and practice (Avidar, 2017) and examined as stakeholder engagement in the context of corporate social responsibility (CSR) (Devlin & Lane, 2014; Hall & Jearrett, 2015; Lane & Devin, 2018), as engagement with social businesses (Avidar, 2017), and as the community engagement of government organizations (Johnston & Lane, 2018). Prior scholarship conceived engagement as the social interactions between an organization and its stakeholders (Everett, 2018) or the relational process featuring participation and involvement on an individual, organizational and social level (Johnston, 2018a, b). Other scholars highlighted the role of collective decision-making for engagement (Devlin & Lane, 2014; Johnston et al., 2018; Taylor & Kent, 2014) and linked it to social capital and the social license to operate (Johnston & Lane, 2018; Johnston et al., 2018). Hence, Johnston et al. (2018) defined engagement “as a relational process that facilitates understanding and evaluation, involvement, exchange of information and opinions, about a concept, issue or project, with the aim to build social capital and enhance social outcomes through decision making.” Likewise, Taylor and Kent (2014, p. 384) highlighted the role of engagement for social capital, embedding it in dialogic approaches: “engagement is part of dialogue, and through engagement, organizations and publics can make decisions that create social capital.” Dialog-oriented engagement builds on the willingness of
all participants to include multiple interests in the decision-making process and aims to improve understanding among all participants (Taylor & Kent, 2014). Building on the available literature, we argue that the CD engagement process facilitates relationship-building with host country actors, enabling the development of social capital. For the engagement process to be effective, CD needs to build on co-creational and dialog-oriented PR to involve its stakeholders in the host country in a common decision-making process and identify mutual interests regarding societal issues.

In terms of stakeholder engagement and the creation of social capital in the UAE, different assumptions can be derived from the literature. On the one hand, in Middle Eastern countries, people place a high value on the cultivation of mutual relationships, in which trust in particular is regarded as an essential premise and outcome of relationship cultivation (see Al Saquer & AlHashimi, 2019; Yasin Fadl & Sandhu, 2013). Furthermore, studies showed that PR practices in the Middle East are influenced by Arab culture, and that social interaction and serving society are considered highly relevant (Al-Kandari & Gaither, 2011; AlSaquer & Al Hashimi, 2019). Following on from this, it can be assumed that CD as a social engagement process might be highly valued in the UAE. On the other hand, Islamic values are associated with rigid adherence to hierarchical orders (AlSaquer & Al Hashimi, 2019), which, in turn, could complicate the CD engagement process. At the same time, it is important to note that while Islam has significant importance in the UAE, 80–90 percent of the population is composed of expatriates. So, it is hard to speak of a homogeneous culture. Concerning civic engagement, CD efforts in the UAE might be somewhat limited in creating social capital because of the lack of public opinion (Kirat, 2005), which is critical for building social capital on all community levels (Johnston et al., 2018).

Previously, the link between PR, engagement, and social capital was outlined and discussed mostly within conceptual papers (Dodd et al., 2015; Taylor & Kent, 2014). An exception is Johnston and Lane’s (2018) study that explored community engagement efforts of local government organizations in Australia. The study implies that most of the engagement efforts are focused on a specific project and used instrumentally instead of pursuing long-term relationships with the community. The authors concluded that engagement rarely leads to social capital when it does not build on relationships and responsive communication (Johnston & Lane, 2018). However, the issue of which kind of communication interventions are used by an organization to engage with its stakeholders and how this is related to social capital has thus far rarely been addressed. Furthermore, CD research to date only referred to stakeholder engagement and social capital in conceptual terms (Kochhar, 2018). However, analyzing the process of social capital creation through CD is highly relevant since social capital can provide favorable outcomes for the organization. Therefore, we pose the following research questions:

RQ 1: To what extent and how is CD performed as stakeholder engagement?

RQ 2: Which kind of communication interventions does CD employ to engage with stakeholders?

RQ 3: To what extent does CD engagement influence the creation of social capital from a corporate perspective?

3. Method

In order to explore CD as a stakeholder engagement process, the present study applied a qualitative approach. A qualitative approach is well suited to gain profound and comprehensive insights into an under-researched field such as CD (see Corbin & Strauss, 2008). As the chosen method in this research, qualitative interviews facilitate direct contact and exchange with the individuals. Through the use of open-ended questions and the possibility to raise further questions and queries, the method of in-depth interviews enabled us to gain deep insights into CD in the specific UAE context, taking into account different individual perspectives (see Rubin & Rubin, 2005). We conducted in-depth interviews in particular with PR experts in the UAE, representing the largest MNCs, in terms of market capitalization, from Germany, the United Kingdom, Switzerland, France, and the Netherlands that operate in the UAE. We sent an interview request to 83 companies. Emails were targeted towards senior individuals who were identified, through publicly available information, as being responsible for the management of PR-related activities of the respective companies. The emails briefly outlined the research scope and actively sought confirmation of the individuals’ suitability for answering questions on CD engagement efforts. In cases where the individual recommended a local colleague, the interview request was forwarded to them. In addition to the interviews with PR executives from European corporations, we conducted interviews with leading managers of PR agencies. This decision was made as a result of recommendations by the respondents, as companies are often supported by PR agencies. Combining these approaches allows us to provide the study’s method with a high level of accuracy. The final sample consisted of 25 public relations executives working for MNCs with headquarters in Germany (N = 7), the United Kingdom (N = 5), Switzerland (N = 3), the Netherlands (N = 3) and France (N = 3), as well as managers from leading international public relations agencies (N = 4). The MNCs interviewed belong to different industries, including financial services, healthcare, food, automotive, and construction. Respondents were of different genders and all of them, except for two interviewees, were not originally from the UAE. All respondents were based in Dubai or Abu Dhabi, where the interviews were conducted between January and June 2019.

The interviews followed an interview guide consisting of five parts: 1) an introduction to the topic with questions about the participant’s position, 2) questions about the company’s societal/local/community engagement and activities in the UAE, including issues, motivations, project planning, and implementation, 3) questions about the MNCs’ stakeholders and the role of partnerships, 4) questions about specific PR and communication interventions, and 5) questions about the particularities and challenges of societal and local activities in the UAE. The interview guidelines were discussed and refined with PR experts (researchers and practitioners) before the interviews took place, increasing the validity and reliability of the research. The interviews were conducted face-to-face, lasting between 37 and 79 min, and were recorded upon agreement and transcribed. Our procedure, namely the interviewing of PR executives, has its limitations, especially in the statements’ objectivity regarding the added value and social benefits of the CD activities. However, the present study is concerned with whether and how CD is purposely used as an engagement strategy and with what (intentional and unintentional) influence this may have on creating social capital.

The data analysis followed a qualitative content analysis approach (Mayring, 2000; Schreier, 2013). We used the content-structuring qualitative content analysis approach to reveal the core topics from the interviews in a systematic and condensed form (Mayring, 2000). The transcripts were analyzed in the context of the questions guiding the research, i.e., how CD is conducted as stakeholder engagement, which role PR and communication interventions play in this process, and how companies portray the creation of social capital through CD. Following Mayring (2000), we started off by creating main categories based deductively on the research questions and the interview guide. These include general engagement (i.e., statements regarding CD activities described as exchange with or involvement of other actors or groups), relationship cultivation (i.e., references to relationship-building with

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2 The current study forms part of a larger project dedicated to CD. The conducted interviews covered different themes concerning the performance of CD in the UAE. In this study, we focus on exploring questions regarding CD as an engagement strategy and the use of communication and PR. In another paper, we examine different parts of the interview data concerning CD and legitimacy.
host country actors and its relevance), communicative interventions (i.e., information about the role of communication in the CD engagement process), outcomes of engagement (i.e., references to the desired/targeted results of the CD engagement process and observed outcomes), and challenges to engagement, (i.e., statements concerning the challenges related to the particularities of CD in the UAE). A second step determined the units of analysis, which included the interviewees’ excerpted statements from the transcripts, representing a unit of meaning. Subsequently, further main categories as well as subcategories were formed by reviewing the transcripts in terms of inductive category development. In this step, all the categories were refined or modified, if necessary. As a result, additional main categories and subcategories were developed, including community engagement, government engagement, NPO engagement, employee engagement, network, dialogue, information-based communication, corporate image, trust, social impact, culture, political particularities and regulations, external pressure, and corporate alignment.

In the final step, the transcripts were analyzed in their entirety by applying the previously determined main categories and subcategories. The assignment of the codes was performed using the MAXQDA qualitative analysis software. This software allows for efficient data organization and to leave memos attached to the data. In order to be able to interpret the data and present results, code matrices were created, again using the MAXQDA software. Specifically, a table was created containing the main categories and subcategories in the columns, and the associated statements, the anonymized companies, and memos, if available. Each row corresponded to a unit of analysis, i.e., an interview statement excerpted from the transcript. The scientific abstraction used to structure the results was attained by considering the categories and the research questions. Accordingly, the presentation of the results corresponded to a structuring description of the categories and represent the data summary in the light of the research questions. For a clear understanding of the findings, the description of the results is illustrated by exemplary interview statements, selected according to their adequacy, i.e., those interview quotations deemed to be the most representative example of a category (see Mayring, 2000).

4. Results

4.1. CD as engagement with different stakeholder groups: from contribution to commitment

Overall, the interviews showed that European corporations in the UAE are seeking to engage in CD with various stakeholder groups. These groups include governmental institutions, local employees, and other (mostly foreign) companies in particular. Occasionally, the companies engage with individual citizens, non-profit organizations (NPOs), educational institutions, and media representatives.

Regarding the engagement with governmental institutions, the companies outlined the difficulties for foreign companies to engage in societal issues without government endorsement since the government wields significant power and regulates many societal areas. Collaborating with the government or involving it in collective decision-making processes is often an essential prerequisite for performing CD successfully, as expressed by the respondents. Often, governmental approval is necessary to get access to additional actors in the UAE, such as private citizens. It was further stated that foreign companies partly lack credibility with the local community, and that governmental involvement in CD helps improve credibility perceptions. At the same time, as the companies explained, the UAE government relies heavily on partnerships with the companies to achieve societal goals on a national level, most importantly in terms of sustainability. For this reason, the companies’ engagement with the government was described as rewarding for both sides.

“The government is very important. A lot of times, we do partnerships with governments because it helps the credibility. But many times, we need their support. So, for instance, on the clean energy [issue], or let’s say on the water [issue], we partnered with them on the whole credibility. Even in the school programs, we were partnering with the Health Authority and the Education Authority. Because a lot of times you cannot go to schools unless you have that partnership, they will not allow you. […] So, the government, and I mean the last two or three years, has become very partnership-oriented now. Because the point is, especially in the UAE, they have made a lot of sustainability commitments and […] they have a vision, a plan, and they have started on the first phase, but they now need partners to help.” (EC)

Apart from this, the MNCs interact with other companies, mostly from the same industry sector. This engagement often includes several companies building an alliance to formalize frameworks and sign pledges regarding societal issues. For instance, the Alliance for Youth, launched in 2014 by a food corporation, brings together international MNCs operating in the UAE to improve conditions for young people in the country. This initiative includes career advice and job training events and offers a platform for young residents to exchange ideas. Also, MNCs offer internships, particularly for Emirati youth to gain practical working experience and, in this way, to fight youth unemployment in the UAE, a major topic on the national agenda. As highlighted by the companies, corporate alliances enable a more substantial commitment towards the community due to synergy effects, allowing the companies to benefit community members on a larger scale and show local government that corporate actions have a social impact. Lastly, one respondent described that the engagement with local companies can help broaden a MNC’s local network and positively impact the relationship with the UAE government, since local companies are often owned by the government or relatives of government members.

“We strongly believe in working with others, and the natural way is to collaborate with other companies that have the same goal and to do something bigger than a niche activity. This is something that we started doing last year. We made a coalition with other multinational companies with the same, you know, engagements. […] One was created last year, a coalition to create a model and a pilot for recycling […]. But we would not be able to do it by ourselves, which also strengthens the commitment and the benefit that we are trying to achieve. And that will help us engage further with the authorities to bring these to the table and create more realities than just to say we are interested in plastic. It is about doing, so it’s not only about talking about it. Collaborating with other companies is one of the ways [to demonstrate your actions].” (EC)

MNCs occasionally engage with members of civic society. The interviewees explained that, even if the civic society engagement does not pay off immediately, it helps citizens develop a positive feeling towards the company. In the UAE, civic engagement mainly consists of cultural events, including sports and arts events and, most importantly, social activities during ‘Ramadan’, the Islamic holy month. During Ramadan, as outlined by most of the respondents, companies invite citizens to the ‘Iftar’ dinner, which is the first meal to break the fast and a special celebration. In some companies, the employees prepare the food for the Iftar dinner and, in this way, get directly involved in this civic engagement process. As a result, citizens gain the impression that the company is part of the local culture when they see it engaged and interested in the community and its well-being. CD as community engagement helps corporations to project a sympathetic image directly aimed at the public.

3 To distinguish between the statements of the MNCs and the PR agencies, we use the abbreviations EC (European corporation) and PRA (public relations agency).
citizens, which can positively affect corporate reputation in the long term, as well as the company’s social license to operate.

“The consumers now have the expectation that companies will do the right thing. So, if you give me kind of a like for like, one brand, which is not doing anything versus another brand, which has a strong social purpose and is delivering it, people will go for that [brand]. [...] It is better, from a reputation perspective, and from what we call a license to operate.” (EC)

However, direct engagement with citizens can be difficult due to governmental restrictions. For instance, when MNCs want to engage with children, they generally need governmental approval to go into schools or invite them to a corporate-initiated event. Therefore, engagement with residents is performed predominantly with or through governmental institutions. Furthermore, the respondents emphasized other challenges in engaging with the local community, related to the country’s specific (multi-)culture(s). On the one hand, MNCs face the dominant Arab culture that primarily builds on Islamic values. On the other hand, 80–90% of the UAE population are expatriates from all over the world who have different cultural backgrounds. This cultural diversity, in combination with fairly conservative cultural approaches, can be challenging for CD initiatives.

“It is a little bit more complex because of the variety of experiences and backgrounds the people have here. It is more; there are always topics that we try not to bring into the workplace, such as politics, religion, things like that. [...] The difficulty here is not just about understanding your own politics, your own religion, but everyone else around that could be very different.” (EC)

4.2. Relationship cultivation in the UAE: the importance of networks and personal relations

The companies described the ways CD engagement builds on ongoing long-term relationship cultivation and its particular relevance for strategic reasons. First and foremost, the UAE is a “relationship society” because of its small size and specific culture, which highly appreciates and encourages high-quality close relationships. As the respondents explained, relationships are not only “nice to have” but often essential in the UAE. The MNCs stated that they can only become involved in decision-making once they have built good relationships with the relevant actors in the UAE, mainly governmental actors but also their acquaintances. Without good relationships, companies are less likely to be asked to participate in mutual initiatives or invited to government-led forums, where important issues are discussed, and decisions are made.

“Here, more than perhaps in Europe, because it’s quite small and because it’s a relationship society and because a lot of companies are government-owned, it [relationship-building] does really matter. [...] It the [CD initiative] is also a quite nice, in that sense, networking tool because if we do something, for example, we brought the students to Germany, we invited two other companies to come on board. We arranged all of this, and last week, the Young Future Energy leaders graduated and so we were invited [by governmental actors], and they thanked us. And the person who gave me an award on stage to thank ‘company 5’ for the support was the Head of Downstream and ADNOC [Abu Dhabi National Oil Company, the leading oil and energy company in the UAE].” (EC)

The interviewees frequently pointed to the role of cultivating relationships with the UAE government. The government owns or manages several non-profit organizations and has a significant impact on local companies owned by government members or their close relatives and friends. As stated by the interviewees, both non-profit organizations and local companies might be important for CD activities because foreign MNCs are often legally restricted in their ability to engage in societal issues independently. Good relationships with governmental entities allow companies to broaden their local network, enabling them to access further resources and to generate trust – a local actor’s referral of a foreign company is a sign that the company is trustworthy, particularly when the recommendation originates from the government or an actor close to the government. As the respondents explained, the UAE is a small, non-democratic country in which business is done fast without too much bureaucracy and through the means of personal recommendations and word-of-mouth communication. Accordingly, good relationships and a broad network of local decision-makers will result in a higher willingness to help and support the MNC – either directly or indirectly through their network.

“Last time, we have had a meeting with the Uncle of the Sheikh here from Dubai, who is responsible for the Emirates and who is also responsible for the investments into the UAE. And the first thing he asked was what they can do better for us as a company to create a better environment. And normally, if you are in any kind of democracy or working together with governments, normally the question is what you can bring to the government so that they have an advantage from it. So, it’s a reverse play.” (EC)

The companies further highlighted the role of personal affairs for relationship cultivation in the UAE. For instance, in “Majlis meetings,” a cultural characteristic, participants talk about business and personal affairs. The respondents described how Majlis meetings often take place in a pleasant atmosphere and involve having coffee and shisha. During these meetings, personal relationships and mutual trust become vital because people deal with business issues after talking about their personal lives, particularly their family life. By sharing personal matters, the PR executives have a better chance to enter into dialog with governmental entities and other actors about their initiatives and efforts, to share their views, discuss different perspectives, and, in turn, decide collectively how societal efforts may look.

“If you go to any government office, you go to the prime minister’s office, [...] they sit in their Majlis, which is a huge part of our culture. And when you talk about social impact, if you haven’t got down that road, you need to figure out the actual impact of Majlis. A massive part of how this region and this country operate happens in a room with couches and people having their conversation. It is incredible.” (PRA)

According to the respondents, building trust is the key element of long-term collaborations on CD and, in this sense, of the whole stakeholder engagement process. Trust, as outlined by the interviewees, is related to the perception of the company as not a “purely commercial tactical type of company [...] but as a long-term player.” In this regard, one respondent declared CD to represent a “give and take engagement,” meaning that companies should demonstrate their role beyond doing business as this is what the local government would like to see, expressing it as “giving.” If MNCs are successful in interacting with the government by emphasizing their societal role, they can “take” in terms of benefiting from this relationship, mainly through gaining long-term support.

“One of the main objectives is, as a multinational company, we are trying to find these opportunities where we can basically have that platform, [where] we have our executives interact with top government officials. And, when we interact with top government officials, there is like a common perception that all the companies come to this market from a business point of view. But you want to enter into these relationships with these government officials from a much more genuine point of view; that we are willing to contribute to the vision of the country. [...] You know, companies come in with a basically pure focus business mindset. Sometimes it works, and sometimes it doesn’t work. And I do not think it works a lot in this
market because there are a lot of options available in this market. We need to be much more willing to basically give and take. So, it is a give and take type of engagement.” (EC)

Due to the political peculiarities of the country setting, governmental decision-making works significantly faster than in Western country contexts, which makes being proactive in the demonstration of companies’ societal commitment a necessity. In this regard, good and trustworthy relationships help. As the interviewees put it, when MNCs have close relationships with governmental actors, they are approached directly by those governmental actors informing them about concrete initiatives or inviting them to talk about potential collaborations. Building close and personal relationships with decision-makers, they stated, enhanced the engagement process and comes with benefits for the MNCs. According to the respondents, good relationships with governmental actors can make corporate life easier since they wield significant societal and regulative power.

“I think it is more about the bigger relationship between a corporation and the government because governments will legislate and can change laws and make things easier or more difficult in certain types of businesses. So, because it is changing laws, because of the way that it works, it is a very fast process. They can make things happen very quickly. So, the more you contribute, the more you can potentially get.” (PRA)

Besides strategic engagements, CD was occasionally described as relationship cultivation with citizens. As with governmental relationships, civic engagement is mostly reflected in events that allow for face-to-face conversations and dialog and, in turn, enable relationship-building with community members. Using dialog, these events aim at reaching mutual understanding and agreement on CD initiatives and creating trust. However, the respondents expressed that due to governmental power and restrictions it is not easy to directly build trust with community members. Accordingly, building trust with citizens means building trust with the government, as stated by one respondent:

“What we want to establish is trust with the partners and the public, but in the region here, again, you cannot address the public if you do not address the government. Because the only way to really get visibility and recognition is through the government that is endorsing your initiatives, your solutions, and your positions. And then, [this] helps other community members to look at you as a member of the community. You are here to contribute, and you are not just here for a short-term business objective. […] Because you build trust, and in the region, you need really to go by the halo effect.” (EC)

Some respondents pointed to another challenge for CD in the UAE, related to the diverse population of residents from all over the world. Different cultural or national backgrounds would often make communication and relationship cultivation with citizens and institutions difficult due to different perceptions, which may annoy both sides. At the same time, due to the lack of public opinion and freedom of speech, MNCs often do not know what community members actually think about CD issues or what they expect from the company. Lastly, the respondents explained that MNCs’ relationship cultivation is affected by the actions of home country actors. In one specific example, a respondent described how the company was boycotted because of a home country politician’s negative expression about Islamic culture and religion, potentially jeopardizing good relationships with the UAE’s stakeholders.

“I think it is a very unique situation in which we are here in this country. We have 52 nationalities in our company, which is huge, and definitely, when you communicate, you have to take into consideration several cultural aspects to ensure that your communication is clear enough to be understood because not everyone has native English, and we communicate in English. […] What is acceptable to say in one culture is not acceptable in the other; a certain style that is acceptable in one culture is not in the other. There is quite a bit of differences that can make understanding each other a challenge.” (EC)

4.3. CD as a decision-making process: engaging with the whole “ecosystem”

While discussing CD as an engagement process, the respondents stated that they aim to make their internal and external stakeholders part of the CD initiative in order to create something together. This process involves different communication interventions. In the view of the companies surveyed, it is necessary to continually inform various stakeholder groups about ongoing CD initiatives of the company. Therefore, companies invite (existing or potential) CD partners and citizens to events and forums, send out press releases to inform a wider public, or talk directly to employees. In this sense, information-sharing communication is one part of CD as engagement. The respondents maintained how dialogic communication was essential in taking negotiations and discussions of CD engagement a step further. By exchanging ideas, values, and beliefs, the companies, together with their internal and external environments, can find the appropriate way to perform CD, whilst also determining its boundaries. While some companies mentioned that they negotiate mostly with specific groups relevant for the success of CD, other companies explained that they involve the whole “ecosystem” surrounding them in their decision-making process. As they describe it, by including several perspectives, the companies are able to do business in a correct and meaningful way.

“We went to them [partners] and said, look, this is what we have in mind, what do you think? […] We had an initial idea where we also consult with those different people from the ecosystem, making sure that we actually do the things right and that it is needed. […] The only way […] [it] can work is if a whole ecosystem is engaged because everyone has a role to play, and we, as a private company, have a role to play, but obviously, the government does, the public does and so on and so forth.” (EC)

One specific form of dialog and decision-making is the process of creating a Memorandum of Understanding (MOU), a formal contract between the company and governmental institutions describing the conditions and activities of the partnership. After the actors involved discuss their perspectives on individual issues and their objectives concerning a specific issue or project, they put together an MOU, serving as a contract-like framework for the CD collaboration. As the companies said, MOUs are common in the UAE and enable all actors involved to have a mutual understanding of the goals while allowing them to identify the expectations of the participants.

“The MOU is a framework of the project or the campaigns that we are partnering in. […] It is the way we work in the country. […] We discuss and tend to set up agreements to identify the framework and where we would work. It is a country that is very much driven by KPIs [key performance indicators]. So, we have ourselves adapted to this, and it allows us to be a bit more focused on what we do in society. […] MOUs don’t have money inside them. It’s about identifying what are the strengths of each party and what can they bring to the table, and how can we develop that to have a stronger societal impact. […] We put together KPIs and objectives, which we want to reach. And it becomes a framework. It is much easier then.” (EC)

In terms of internal stakeholders, the companies rely on the implementation of volunteering programs and employee committees. As for the first, the respondents explained that the employees are given a certain number of days each year to do volunteering work and become socially involved on behalf of the company. In some companies, the
policy is that employees can propose and choose initiatives they believe are relevant. Moreover, to capture and discuss employees’ ideas and to let them participate in decision-making around the issue of community engagement, some companies have implemented employee committees based on voluntary participation. At recurring intervals, as the respondents explained, PR managers meet with representatives from different departments to decide on specific initiatives. Employee engagement made employees feel happy and proud because they highly appreciate becoming active in the local community. According to the interviewees, through involving employees, the company can demonstrate that it meets the employees’ demands. At the same time, the company benefits from successful employee engagement, as motivated and content employees are more likely to talk positively about the company.

“We don’t really have a structured number of initiatives that we take during the day. It is more about looking after the employees that are already here and making sure that they have these ideas and these wishes, or their alignment with the company that we try to fulfill with that. And then, of course, our employees are always ambassadors of the company. So, if they get to do something that makes them feel good, like distributing the Iftar boxes during Ramadan, then, of course, they are going to tell their family and their friends and those can be potential colleagues. Those can be clients.” (EC)

As previously outlined, due to cultural particularities and governmental restrictions, CD faces challenges related to the choice of CD issues and different communication styles. Generally, for gaining mutual understanding or agreement through dialog, the demonstration of cultural alignment and respect towards the country, the community, and governmental actors in particular is crucial. However, in the words of the respondents, dialog and engagement significantly help demonstrate respect towards the culture and its hierarchies. One respondent described how by approaching governmental actors and asking for their opinion, MNCs signal that they want to engage with them and that they consider them as highly relevant actors, which is seen as a sign of respect. Furthermore, dialog and engagement help identify suitable issues. For instance, employee committees allow to identify culturally sensitive issues, especially if employees originating from the UAE or the Arab region are involved. Another way to deal with challenges related to cultural and political particularities is a collaboration with local NPOs. Exchanging information or even partnering with local NPOs enables companies to obtain information regarding what is allowed, facilitating governmental approval of an initiative, as explained by the respondents:

“It is a little bit different here [...]. There is the Department of Islamic Affairs and Charitable Giving, which makes sure that what we’re doing is compliant [...]. The organization that you’re supporting needs to be listed. [...] So, we looked for a partner, a charity partner that was registered at the Islamic Affairs and Charitable Giving Council.” (EC)

When companies are faced with critical issues, dialog enables negotiation and the sharing of views on these critical issues, leading to a better understanding of each other’s views and feelings or even agreement. For instance, issues around same-sex couples and gender equality might, in some perspectives, be less appropriate or dictated by the local law. Some companies maintained that they still want to address such issues, for instance, by providing women with access to higher education to contribute to women’s empowerment. By engaging in a dialog with community members, they aim to find a common understanding.

“Unfortunately, we still have this traditional thing, the Islam. So, it is a traditional thing, saying women should stay here, not work, and so on. So, there was this lady, and the challenge was to fight with their families because it is a taboo topic here (women empowerment). But we want to put it in a way that we both reach an agreement. We have sessions where we invite the parents as well, come and understand how they feel [...]. Why is it important for women? Because if you don’t do it right, then you lose the next generation.” (EC)

5. Discussion

5.1. Research question 1: corporate diplomacy as stakeholder engagement

Our first question aimed to explore to what extent and how CD is performed as stakeholder engagement. The results indicate that MNCs perform CD by engaging with multiple stakeholders in the host country, heavily relying on exchanges with different companies’ stakeholders, congruent with previous conceptions of engagement (Everett, 2018; Heath, 2018). Across stakeholder groups, the engagement efforts by MNCs were found to be predominantly intentional and linked to the achievement of specific outcomes, including social resources. However, CD in the UAE mainly involves actors relevant to the success of CD or further corporate actions in the host country. This finding indicates that CD presents a strategic engagement rather than a community engagement involving all kinds of stakeholder groups in common decision-making processes. Our study revealed the following engagement strategies: public-private partnerships, corporate alliances, employee councils, and volunteering, and, to some extent, collaborations with NPOs as well as cultural community events.

The results showed that public-private partnerships are the most common type of engagement, probably related to the power held by the UAE government. This is in line with previous literature, suggesting public-private partnerships to be at the core of CD efforts (Ordeix-Rigo & Duarte, 2009). However, CD initiatives in the UAE would hardly be feasible without governmental involvement since the government regulates most societal areas and organizations. The results also revealed the importance of business alliances, which are interested in bringing together knowledge and resources to achieve synergy effects, similar to the concept of ‘alliance engagement’ (Johnston, 2016). In the UAE, business alliances serve to gain visibility towards the local government in particular.

In terms of employee engagement strategies, CD engagement was found to make a valuable contribution to the shared decision-making process, which can have a positively influence on affective engagement outcomes such as goodwill (see Johnston & Taylor, 2018). In the context of civic engagement, our results imply that MNCs are interested in involving citizens in their CD efforts, predominantly through cultural events. On the other hand, in the specific country context, where public opinion is lacking, CD as civic engagement is limited in several ways. Firstly, MNCs need governmental approval in most cases of civic engagement, necessitating further engagement attempts towards governmental actors and authorities. Secondly, chances of achieving a genuine and authentic dialog with community members, an essential premise of engagement and CD (see Heath, 2018; Mogensen, 2019, 2020a), are limited. Thirdly, given the limits to freedom of expression in the UAE, the extent to which civic engagement can identify and address individual expectations of community members, another requirement of engagement (Heath, 2018), is questionable.

In line with previous literature, this study sustains that relationship management plays a vital role in the engagement process (Johnston et al., 2018), differing across stakeholder groups. While engagement with governmental actors largely seems to build on personal relationships, engagement with (other multinational) companies appears to follow a less individual relationship-cultivation approach. In this regard, our results find that corporate-government engagement builds on the personal influence model of PR (Grunig et al., 1995). Accordingly, personal relationships with key individuals (e.g., in government) can have a positive impact on the success of PR. This can be observed in Majlis meetings, where personal discussions with UAE government representatives are held. In this regard, we propose to extend the understanding of “personal influence” from fostering relationships with
key individuals (“persons”) to nurturing relationships with individuals on a personal level. As our results indicate, business partners value developing personal connections in the UAE by conducting conversations on personal, non-business-related topics. However, MNCs also expressed concerns regarding cultivating personal relationships as powerful actors might use the company and its resources for their agenda. This would contradict the requirements for a collectively rewarding engagement process (Heath, 2018).

The differences revealed between various engagement strategies point to the role of culture in engagement. Previous studies in the Middle East emphasized that PR practices are strongly influenced by Islamic values, which promote building close relationships and devotion to the group (Al-Randari & Gaither, 2011; Al Saqer & AlHashimi, 2019). Thus, engagement with local actors seems to be more aligned with the host country’s cultural values than engagement processes with international actors. This finding reinforces the conclusion that CD engagement in a multicultural context needs to be sensitive and adaptive to multiple aspects of culture. As highlighted by Sison (2017), in multicultural societies practitioners can no longer assume to be communicating with one homogenous local public. Different cultural values may lead to varying, sometimes conflicting expectations, which can be a challenge for creating mutual understanding (see Dare et al., 2014) and trust through CD engagement (Mogensen, 2020a). The respondents in our study only partially pointed to difficulties in CD engagement related to different cultural values and expectations. However, we would like to argue that conflicting interests among stakeholder groups in one host country or between the home and the host country and across different host countries might affect CD and the creation of social capital. For instance, reputation issues can arise in the company’s home country or other host countries when MNCs collaborate with actors in a certain host country considered (morally) questionable in the company’s home country or on an international level. However, our study also indicates that engagement helps with challenges in the UAE related to cultural differences and potentially conflicting demands as it allows to understand the expectations concerning CD. In addition, this study suggests that engagement may allow the bridging of cultural differences by conveying mutual respect and building trust and, in this way, possibly bypassing potential problems.

5.2. Research question 2: communication interventions used for CD as engagement

The second research question asked which communication efforts CD uses to engage with stakeholders. Our results indicate that CD engagement in the UAE is oriented towards dialogic communication. In the engagement process with local government in particular features indicating dialogic and co-creative engagement (see Taylor & Kent, 2014) can be identified. First, dialogic engagement builds on a two-way relational process between organizations and their stakeholders (Taylor & Kent, 2014). CD in the UAE is regarded as a two-way communication seeking to contribute to both the organization and its stakeholders. One respondent even referred to CD as “a give-and-take type of engagement,” suggesting that foreign MNCs need to demonstrate their societal impact towards the host country community, which then ultimately results in favorable outcomes for the companies. Second, our findings indicate that both the government and the MNCs take steps to approach each other within the engagement process. Demonstrating a willingness to get involved with and support each other is of course a premise of dialogic engagement (Lane & Kent, 2018). Third, the interviews point to the role of interpersonal communication, increasing the effectiveness of stakeholder engagement (Hall & Jeaneott, 2015) and the chances to create social capital (Ostrom, 2003). As shown in the case of Majlis meetings, holding face-to-face conversations at an early point in time, blurring the lines between formal and informal communication styles can benefit the CD engagement process.

However, for the communication efforts to be successful, CD in the UAE needs to demonstrate a (nearly complete) alignment to cultural peculiarities related to the dominant values and norms inherent to Islamic culture and Arab traditions. For instance, some societal issues that MNCs engage with in other countries must be treated with a high level of cultural sensitivity or often cannot be addressed in the UAE context at all. Dialogic communication should be “conducted in ways that acknowledge and respect ethnic and cultural traditions of participants” (Lane & Kent, 2018, p. 68) and, in this way, can help in recognizing cultural particularities (Mogensen, 2020a). However, all parties involved in the dialog should be open to mutual adaptation, which seems to be limited in the context of government engagement in non-democratic countries.

In terms of dialogic approaches, CD as civic engagement in the UAE shows ambivalent results. On the one hand, the interviews demonstrated that MNCs generally are interested in a common dialog and decision-making process that “involves the whole ecosystem,” including civic society members. However, due to governmental restrictions MNCs are limited in their direct access to civic society, lowering the chance to engage in an ongoing dialog. In this regard, our results point to the issue of power differences and relational distance in CD, which can create barriers to successful engagement (Harrison & Wendorf Mahmad, 2018). In the UAE, the government’s power is rigorous and builds largely on repressive measures, reflected, for instance, in the lack of freedom of speech. This seems to significantly affect CD as it is questionable if and how the given power differences in the UAE allow for the “the right of others to make a contribution, even if the position adopted is fundamentally different from other participants’ positions” (Lane & Kent, 2018, p. 65). The lack of pluralistic perspectives lowers the chance for CD engagement to contribute to the whole host country community and comes with issues of morality and legitimacy (Mogensen, 2019). However, when corporations are aware of distinctive cultural and political characteristics and potentially related power asymmetries, stakeholder engagement can still be fruitful and authentic (Dawkins, 2014). In the UAE, this seems to be applicable in CD engagement with the government. In this study, MNCs did not portray power relations in the UAE as a significant problem or refer to any attempts to overcome these hierarchies. Instead, they emphasized that the government’s power has advantages in the context of CD, including fast decision-making processes and a clear vision as to what they expect from foreign MNCs. However, the validity of the MNCs’ statements in this study is limited due to the potential bias of the interviewees, related to the government’s power and the companies’ interest to avoid critical comments regarding the UAE government.

5.3. Research question 3: CD and its contribution to social capital

Another aim of this study was to examine to what extent MNCs view CD as contributing to social capital. Previous research suggested that PR can help maintain social resources and, in this way, enables the creation of social capital (Johnston et al., 2018; Johnston & Lane, 2018; Taylor & Kent, 2014). In support of previous literature on CD (Mogensen, 2020a; b; Westermann-Behaylo et al., 2015), our results indicate that CD engagement can help create levels of trust and secure the social license to operate, for instance in the context of Majlis meetings and MOUs. While the initiative for Majlis meetings and MOUs can come from either the government or the corporate side, both efforts need governmental initiation. According to our results, being invited to be part of a Majlis meeting or an MOU is a sign of trust and social acceptance – with the former taking place frequently and over the long term. Furthermore, the companies expressed the view that the relationship with other MNCs and the government is responsive and builds on reciprocity. Both reciprocity and long-term orientation are inherent in the conceptualization of interactional and institutionalized trust by Boutilier and Thomson (2011), which allows securing the social license to operate (Boutilier & Thomson, 2011). Both trust and the social license to operate can be regarded as essential social resources emerging from
relationship-building and, in its sum, as social capital (see Dodd et al., 2015; Luoma-aho, 2018).

Our results show that social resources such as trust and loyalty are created through personal relationship cultivation and interpersonal communication. Firstly, this finding indicates that individual-level engagement (see Johnston, 2018b) might be a relevant part of the creation of organizational social capital. Secondly, our results propose that CD engagement allows creating organizational social capital not only on an organizational level but also on an individual level. In other words, social capital on the microlevel can contribute to organizational social capital. Our results further suggest that social resources are essential prerequisites for engaging with UAE governmental actors since they are inherent in Islamic culture. Following this, our study proposes that social resources and, thus, social capital as the aggregate of social resources are not only outcomes of CD engagement but also prerequisites. So far, social capital was mainly regarded as an engagement outcome and rarely as a precondition (e.g., Taylor & Kent, 2014). Since trust, for instance, is regarded as two-sided, and our study only explored foreign MNCs’ perspectives, we cannot draw implications for the perception of trust of the other involved party. However, our findings suggest that CD through stakeholder engagement can, from the corporate perspective, contribute to social capital creation.

As our findings suggest, in terms of creating social capital, integrating a wide range of different stakeholder groups and their interests into decision-making is the foundation of a genuine CD process (see Johnston et al., 2018; Mogensen, 2020a). However, direct engagement with citizens in the UAE is difficult to achieve due to local restrictions. This finding points to a significant limitation in social capital creation in the UAE: the potential contribution of CD engagement to social capital creation is limited to social resources embedded in the relationships with the UAE government and other MNCs.

5.4. Implications and future research

Exploring and discussing CD as engagement and its relation to social capital in the UAE offers up several implications and directions for future research. First, our paper represents a significant contribution to theory-building in CD (see, e.g., White, 2020). Previously, CD and PR were linked, and CD by itself was described as “international public relations efforts” (White et al., 2011, p. 282). However, the theoretical foundation of CD and the exact role of PR in CD are not fully established yet. The current study offers a profound definition and theoretical explanation of CD in the realm of PR, suggesting that CD as an engagement process enables the creation of social capital. In this way, the study shows how the contribution of CD to the organization and society can find expression in a comprehensive theoretical framework. By shedding light on how such engagement processes across a wide range of MNCs are directed and performed, this study expands the notion of CD as an engagement strategy (Kochhar, 2018). Our study empirically shows that CD addresses a multitude of different actors, including government actors, employees, NPOs, other MNCs, media actors, and local citizens. So far, CD was predominantly associated with government actors and the local community (Fitzpatrick et al., 2020; Mogensen, 2017; Ordeix-Rigo & Duarte, 2009). Future studies are needed to examine CD in other political and cultural contexts to gain further insights into CD practices. For example, it would be interesting to investigate whether the engagement processes with different stakeholder groups can also be found in other countries, or which other factors play a role in this context.

Secondly, our study has theoretical implications for PR research on engagement (e.g., Johnston & Lane, 2018; Johnston et al., 2018; Taylor & Kent, 2014). This study provides more in-depth insights into engagement processes with different stakeholder groups and the role of (multi-)cultural values and political conditions for engagement. In this way, we add to Johnston’s (2018a) notion that engagement “is culturally bound and endorsed within the social practices of the group” (p. 24) and suggest societal demands, culture, and political contexts as possible antecedents of engagement. Moreover, our study indicates potential barriers to engagement processes related to conflicting stakeholder expectations that may arise from cultural differences and political restrictions. Future research is necessary to examine how engagement can be performed as an efficient approach dealing with different, sometimes conflicting interests.

Thirdly, we are expanding and enhancing approaches relating engagement to social capital (Johnston & Taylor, 2018; Johnston et al., 2018) by demonstrating that the relationship between the two is reciprocal. Furthermore, we point to the role of engagement for particular social resources that may emerge from social capital creation, namely trust and the social license to operate. Both assets are vital for gaining social acceptance and approval from society, allowing organizations to continue their operations (Boutilier & Thomson, 2011). Future research may explore the mutual influence of engagement and social capital as well as its contribution to particular intangible assets more in-depth to draw further implications for PR research and practice.

Fourthly, by highlighting the role of personal topics within personal PR efforts, we add to the personal influence model (Grunig et al., 1995), thereby contributing to PR theory-building. We argue that conversations about personal topics can be regarded as another level of personal PR in addition to its actor-based understanding. Future research could examine to what extent discussions about non-business-related topics can contribute to PR efforts, particularly relationship cultivation. Finally, by exploring the UAE, an underrepresented context in PR research (Dhanesh & Duthler, 2019) and demonstrating the value of corporate PR for relationship cultivation and social capital in an authoritarian state, our study significantly contributes to international PR research, particularly to the underexplored field of PR in non-democratic countries.

5.5. Limitations

Overall, our study aimed to explore CD as a stakeholder engagement strategy and its relation to social capital through in-depth interviews with PR executives of European MNCs in the UAE. This approach comes with limitations. Our qualitative approach and the focus on a single country places limits on the study’s generalizability. However, we argue that the UAE presents an interesting and underexplored country characterized by a (multi-)cultural and political system different from Western country contexts. In such a context, CD as an engagement concept brings together different nations and cultures gains importance and represents an insightful case for international PR research. Future research comprising a larger sample size and focusing on other regional contexts would allow for further insights.

Another limitation is the examination of social capital, for which results were drawn from corporate views only. As outlined by previous research (Dodd et al., 2015), the measurement of social capital presents a significant challenge for PR scholarship. In our interviews, we only focused on one perspective—that of foreign MNCs operating in the UAE. We could not find explicit references from one or more interviewee(s) that might have validated the other interviewees’ statements, concerning for instance the cultivation of mutual relationships and the development of social capital. However, the current study offers a strong empirical foundation for future research. It would be fruitful to investigate the formation of social capital more in-depth by analyzing the perspectives of different actors involved in its creation, particularly when building on the argumentation that social capital results from mutual relationships.

6. Conclusion

The current study explores and discusses CD as an engagement strategy, becoming even more essential for companies in their host country environment. By applying co-creational PR approaches to CD,
the study reveals CD as a useful strategy to engage with a company’s stakeholders, nurturing mutual relationships, thereby broadening networks and providing the involved actors with social resources. Our study demonstrates in particular that by seeking and encouraging a continuous exchange of information and opinions between different stakeholders, companies co-create meaning and decisions regarding CD initiatives together with their stakeholders, which creates social capital. Studying CD from a PR engagement perspective highlights how fostering long-term relationship-cultivation processes creates the conditions for MNCs to be part of decision-making outside their home countries and to take on new societal roles in a globalized and diverse world. This study demonstrates that social capital is a valid approach for studying the role of PR in a multi-contextual society. Indeed, PR has a significant role to play in achieving favorable organizational conditions and outcomes while at the same time contributing to society on a local, national, and international level.

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Declaration of Competing Interest
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AI Saqr, L., & Al Hashimi, S. (2019). The status and new directions of public relations in the Arab Gulf countries and to take on new societal roles in a globalized and diverse world. This study demonstrates that social capital is a valid approach for studying the role of PR in a multi-contextual society. Indeed, PR has a significant role to play in achieving favorable organizational conditions and outcomes while at the same time contributing to society on a local, national, and international level.

Public Relations Review 47 (2021) 102091
11
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