

Ethical Community Stakeholder Engagement in the Global Environment: Strategies and Assessment

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ABSTRACT

Given the importance of and challenges in stakeholder engagement in the global context, this study examines the perceptions of local community members on the stakeholder engagement strategies of multinational corporations (MNCs) operating in Peru as well as the relationship outcomes of such engagement. A survey with 300 local community members in Cajamarca, Peru was conducted. Results indicated that among the different engagement strategies, symmetrical/ethical communication is the most critical whereas mediated communication is the least effective in increasing the effectiveness of stakeholder engagement for both stakeholders and organizations. In the process of stakeholder engagement, uncertainty reduction plays a more important role than anxiety reduction in increasing perceived control mutuality and trust. Appropriate stakeholder engagement strategies and stakeholders' anxiety and uncertainty management significantly predicted organization-stakeholder relational outcomes.

Keywords: community, engagement, ethics, global, stakeholders, strategy

INTRODUCTION

With the growing trend of globalization, multinational companies (MNCs) are entering developing countries at a rate faster than ever before. In this context, the behaviors of stakeholders, local or virtual, are having an increasing impact on any organization (Parmar et al., 2010). Stakeholder engagement, or the interactions and consequent relationships between an organization and its stakeholders (e.g., Noland & Phillips, 2010), is therefore critical to any MNC's survival and success. This research topic has gained increased attention in various research fields such as business strategy, business ethics, marketing (Parmar et al., 2010), and more recently, communication (Johnston, 2014). Stakeholder engagement is defined as "a type of interaction that

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involves, at minimum, recognition and respect of common humanity and the ways in which the actions of each may affect the other” (Noland & Phillips, 2010, p. 40). In the global context, an MNC’s use of ethical stakeholder engagement requires a focus on open information exchange and genuine care of its local communities, which facilitates effective communication and relationship building in the long term.

Although much research has examined stakeholder engagement processes and outcomes from the organizations’ perspective (e.g., Burchell & Cook, 2008; Corus & Ozanne, 2012), little has factored in cultural differences or community stakeholders’ perspective (with the exception of a few studies such as Burchell’s, 2013). In addition, research is lacking in building theoretical links from engagement strategies to psychological and relational outcomes based on community members’ perceptions. Such research is important for both MNC public relations scholars and practitioners because it uncovers mechanisms of effective public relations to address MNCs’ critical audiences in the global context, and meanwhile, contributes to ethical communication because it reflects the responses of local community members who tend to be less powerful and less heard.

This study examines how local stakeholders’ perceived MNC engagement strategies influence their mental wellbeing as reflected in anxiety and uncertainty management (AUM, Gudykunst, 2005), as well as their perceived effectiveness of relationship management, or organization-public relationships (OPRs, Hon & Grunig, 1999) of the MNCs.

The mining industry in Peru was chosen as the research setting. Peru is rich in natural resources and has become the target of MNCs in their entry into extractive industry. Many regions where extractive companies operate are currently going through turmoil. Today, the growing opposition to multinational mining companies threatens to derail major investment and slow the economic expansion that Peru has achieved in recent years (Kozak, 2012). Studying MNCs and local members’ communication and relationship management in such a setting helps fulfill the purpose of the study both theoretically and practically.

LITERATURE REVIEW

Stakeholder Engagement: Scope and Outcomes

Although stakeholder engagement is usually understood as “practices the organization undertakes to involve stakeholders in a positive manner in organizational activities” (Greenwood, 2007, p. 315), stakeholder engagement in itself is neither necessarily positive nor negative. It may be used for both good and bad purposes and the consequences of engagement are not always easily quantifiable or tangible (Noland & Phillips, 2010). Ethical stakeholder engagement, however, consistently brings about benefits to both the organization and stakeholders such as learning through dialogue, building trusting relationships (Burchell & Cook, 2008), navigating local norms of appropriate conduct, identifying new opportunities, strengthening marketing initiatives, building reputation, and conveying respect and consideration (Corus & Ozanne, 2012).

Organizations with ethical stakeholder engagement also tend to meet a higher standard of *moral legitimacy* than those organizations using either legal compliance or adversarial negotiations for corporate legitimacy (Corus & Ozanne, 2012). Policies and decisions made after engaging stakeholders tend to be perceived as procedurally fairer and meet less resistance in implementation (Tyler, 1990). Such engagement demonstrates an organization's decision, which is carried through action, to incorporate its stakeholders' needs in its growth. Naturally, the stakeholders are likely to feel respected and heard. Thus, stakeholder engagement tends to lead to positive organization-public relationships (OPR).

Stakeholder Engagement Strategies and Public Relations Strategies

Stakeholder engagement strategies bear much similarity with communication strategies commonly discussed in public relations. Both reflect a transition from the organization's unilateral influence on its audiences to the equilateral dialogue that involves organization and its audiences. Stakeholder engagement has transitioned from "a need for unilateral managerial cognition and control to a perceived need by some for reciprocal engagement and new dialogic forms of collective cognition" (Payne & Calton, 2002, p. 121). Engagement strategies have been expanded from mere dissemination of information from an organization through standard and routine reporting practices to more interactive forms such as stakeholder dialogue (Burchell & Cook, 2006, 2008). In addition, the nature of such engagement is changing from more adversarial and confrontational interactions (e.g., communities leveraging land rights against companies leveraging employment, Garvey & Newell, 2005) to more collaborative and effective interactions that depend on trustworthy and committed relationships (e.g., involving communities as partners in local corporate projects, Corus & Ozanne, 2012).

Similarly, public relations literature has identified, refined, and tested four dimensions of public relations strategies based on Grunig and colleagues' (e.g., L. Grunig, J. Grunig, & Dozier, 2002; Huang, 2001) *excellence theory*. These dimensions reflect an organization's efforts in seeking various communication channels to involve its publics in sense making, decision making, benefit seeking, and relationship building. *Two-way* public relations practice refers to the extent to which organizations engage in a dialogue with and research in the publics so as to understand what those publics have in mind (L. Grunig, et al. 2002). *Symmetrical/ethical* public relations practice refers to balancing the interests and outcomes of both an organization and its publics (Sha, 2004). The other two variables involve the modes of communication, ranging from *mediated communication* to *interpersonal communication* (L. Grunig, et al. 2002). Whereas stakeholder engagement indicates conceptually *what* an organization should do to relate to its stakeholders, the four PR dimensions dictate more concretely *how* such stakeholder engagement can be done. The following paragraphs link stakeholder engagement with the four dimensions.

Stakeholder engagement and two-way communication. In the process of stakeholder engagement, dialogue and discussion are differentiated. As compared with discussion, dialogue is more open, involving the "breaking down entrenched positions

and the loosening of assumptions” (Burchell & Cook, 2008, p. 36). Openness and willingness to consider alternative viewpoints are critical in stakeholder dialogue where “the intention is not to advocate but to inquire, not to argue but to explore, not to convince but to discover” (p. 37). Such dialogues, reflecting the key principle of two-way communication as a public relations strategy, can be used to transcend the traditional process of communication in stakeholder engagement to reach understanding (Burchell & Cook, 2006).

Stakeholder engagement and symmetrical communication. Major challenges in stakeholder engagement include skepticism and lack of representativeness and influence among stakeholders in the dialogue (Burchell & Cook, 2008; O’Dwyer, 2005). In particular, skepticism arises because stakeholder engagement is sometimes used to merely offset negative publicity (such as a media campaign), endorse products or legitimize companies’ corporate social responsibility practices (Burchell & Cook, 2008). Lack of representativeness and influence in stakeholder engagement introduces another major problem. Corus and Ozanne (2012) pointed out that citizen consent sometimes does not have value because many subsistence markets consist of mainly powerful social networks including cultural elite, business groups, and government, and exclude poor communities. Scholars suggested potential solutions to enhance representativeness and influence from less advantaged groups, such as a “polyvocal citizenship conception of social accounting” (O’Dwyer, 2005, p. 33), which requires that the stakeholders control the agenda for discussion and potentially change the core organizational values, essentially becoming “co-creators of corporate policies” (Corus & Ozanne, 2012, p. 1729). O’Dwyer (2005) advocated for improving information flows to stakeholders, so they are knowledgeable or have the means to become knowledgeable to engage with the organizations.

Therefore, symmetry in the engagement process is critical in addressing diversified publics’ and their skepticism and reach concurrent decision-making. Corus and Ozanne (2012) identified deliberative democracy as a conceptual structure for stakeholder engagement, which invites stakeholders to participate in more effective information exchanges, deep reflection, and constructive problem solving.

Stakeholder engagement and ethics. Ethics is considered key to stakeholder engagement. Given the skepticism toward stakeholder engagement, organizations are obligated to ascertain that they engage with stakeholders not just to “greenwash” themselves or as a mere publicity effort. At the same time, consistent with the symmetrical public relations strategy, it is not appropriate to completely separate ethics from considering the organization’s own interests.

When arguing whether being ethical and being strategic are mutually exclusive, Noland and Phillips (2010) pointed out two major trends in stakeholder engagement, those of Habermasians and those of ethical strategists. The first trend argues that ethical engagement needs to have specific conditions of communication to prevent the process from being influenced by power differences and strategic motivations (Noland & Phillips, 2010). The second trend, on the other hand, argues that engagement of stakeholders

must be conceptualized as a central part of a firm's strategy to ensure its effectiveness. A preferred strategy does not simply denote an action of a firm, but more importantly, considers the consequent relationships it brings the firm with stakeholders, because the very purpose of the firm and the capitalist system is the creation of value for all stakeholders (Noland & Phillips, 2010).

Noland and Phillips (2010) maintained that the mutual exclusiveness between ethics and strategy in stakeholder engagement arises from the misunderstanding of businesses as monolithic entities and forgetting that individuals make up these businesses and are themselves important stakeholders. Every such individual is "a social self with vast webs of relationships that shape their identities and provide purposes over, above, and beyond those of the firm" (Noland & Phillips, 2010, p. 47). Ethical stakeholder engagement takes stakeholders as "human being with names, faces, and families" (McVea & Freeman, 2005, p. 67). If a firm does not engage stakeholders, it can be taken as a clear sign of disengaging its mission and vision from its identity. Therefore, leaders of a firm need to be aware that ethical behavior in stakeholder engagement ought to be part of firms' strategies, because it is necessarily in their self-interest (L. Grunig, et al., 2012; Noland & Phillips, 2010).

Stakeholder engagement and communication modes. Finally, to engage stakeholders of diverse backgrounds, it is necessary to employ various communication channels. The use and effectiveness of different channels vary by purpose and the nature of communication (Hallahan, 2010). Interpersonal communication involves certain degree of personal touch (e.g., face-to-face, telephone, megaphone, etc.) and can be more effective when in-depth information, interaction, and negotiation is needed. On the other hand, mediated communication (e.g., pamphlets, brochures, TV, radio, internet, etc.) is more effective when a large number of audience needs to be reached within a short amount of time.

To summarize, ethical stakeholder engagement and the four public relations dimensions discussed in excellence theory complement each other. Both argue conceptually that organizations and their audiences should communicate and grow together. The four public relations dimensions specify the ways to realize stakeholder engagement. Although stakeholders, especially less powerful ones, often hold skepticism towards organizations' communication with them, consistent ethical stakeholder engagement over long term may change the stakeholders' mindset and lead to trust. Such trust may further bring stakeholders' psychological change towards the organization. Sloan and Oliver's (2013) study empirically demonstrated stakeholders' cognitive and emotive change because of the organization's engagement strategies.

Sloan and Oliver (2013) examined trust building in multi-stakeholder partnerships. The authors distinguished between cognitive and emotive trust, with the former associated more with information and rational thinking, and the latter, more with perceived connection and feelings. Sloan and Oliver (2013) found that obstacles to trust included partner stereotypes, different languages, values, cultures, history of relationships, and power imbalances. However, emotion-bonding engagement practices such as asking

provocative questions, offering sensitive disclosures, opening the agenda to pursue spontaneous ideas, and valuing the other in attitudes and acts, can transform negative emotions into positive ones. Sloan and Oliver (2013) also concluded that engagement practices establish trust between stakeholders and organizations on an interpersonal level by changing stakeholders' cognitive and emotive perceptions towards the organization.

Built on Sloan and Oliver's (2013) suggestion, the following section uses Gudykunst's (2005) anxiety and uncertainty management (AUM) to discuss how stakeholder engagement can affect stakeholders' mentality. This theory is chosen because it was founded in intercultural communication contexts (Gudykunst & Hammer, 1988) and supported in linking public relations practice with the publics' psychological perceptions (e.g., Ni & Wang, 2011).

Stakeholder Engagement and Anxiety and Uncertainty Management (AUM)

In a nutshell, AUM states that, in an intercultural setting, personal frame of reference formed through enculturation and communication between a stranger of a culture (labeled as *stranger*) and a host of the culture work together to influence the communicators' levels of uncertainty and anxiety, which in turn influences the effectiveness of communication and the stranger's adaptation to the culture. *Uncertainty* refers to the lack of confidence in making attributions or predictions about others or the environment (Gudykunst & Hammer, 1988). Different from uncertainty that is cognitive, *anxiety* is mostly affective and refers to the apprehension of possible negative outcomes (Gudykunst & Hammer, 1988). Ni and Wang (2011) developed and tested an intercultural public relations management model in a university setting. Relationship cultivation strategies such as access, positivity, openness, assurance of legitimacy, networking, and sharing of tasks were all found to contribute positively to the management of anxiety and uncertainty, which in turn contributed positively to stakeholders' perceptions of OPR. That study found that the effect of relationship cultivation strategies on OPR was mostly mediated through AUM.

As discussed earlier, one of the major benefits of stakeholder engagement is learning through dialogue and gaining understanding. Through stakeholder dialogue, "perceived relationships between self and others change as new learning occurs" (Payne & Calton, 2002, p. 133). Burchell and Cook (2008) discovered that such understanding as a result of learning does not necessarily bring about more agreement, a conclusion shared by J. Grunig (2000, 2006) and Kent and Taylor (2002). However, it does assist with the negotiation and interaction between the two parties (Burchell & Cook, 2008). Similarly, the role of persuasion, or the desire to make the public agree with an organization, is not the essence of two-way and symmetrical communication. Both parties should sit down and exchange information rather than try to persuade or indoctrinate the other with one's own ideology. The effort to empower each other with knowledge may facilitate collaborative decision-making processes (J. Grunig, 2000, 2006) and increase trust (Sloan & Oliver, 2013). The focus on increasing communication and empowering each other may reduce stakeholders' anxiety and uncertainty and help build a solid foundation to enhance the likelihood of a positive organization-stakeholder relationship.

OPR as an Outcome of Stakeholder Engagement

Organization-public relationships (OPRs), a key construct in the current public relations literature, can be considered a major outcome of stakeholder engagement. Although stakeholder engagement helps establish trust and change relationships (Burchell & Cook, 2008), effective relationships do not mean that different parties must agree with each other on everything. Examples include those relationships in which NGOs could engage as “critical friends” (Burchell & Cook, 2008). Trust, considered the central spine around other outcomes, can have an indirect long-term effect on the way organizations and NGOs approach joint problems or campaigns. It is noted that during the interaction between organizations and stakeholders, facts on their own do not always convince anyone; it is the people that stakeholders trust that convince them.

Wang, Ni, and de la Flor (2014) found that control mutuality and trust are two crucial OPR qualities. *Trust* refers to the confidence in and willingness to be open to the other party (Hon & J. Grunig, 1999). *Control mutuality* is the “degree to which partners agree about which of them should decide relationship goals and behavioral routines” (Stafford & Canary, 1991, p. 224). Engagement strategies are likely to affect OPR through AUM (Huang, 2001; Ni & Wang, 2011). Meanwhile, engagement strategies influence stakeholders’ relationship with the organization directly as well (Sloan & Oliver, 2013). Therefore, a theoretical model that contains both direct and indirect causal paths from stakeholder engagement strategies to organization-public relationships is proposed through the following hypotheses:

HYPOTHESES

H1: The increased use of each of the four public relations strategies (two-way communication, symmetrical/ethical communication, interpersonal communication, and mediated communication) leads to reduced anxiety and uncertainty.

H2: Reduced uncertainty and reduced anxiety both lead to increased control mutuality and trust.

H3: The increased use of each of the four public relations strategies leads to increased control mutuality and trust.

METHOD

Research Setting

Located in the northern highlands of Peru, Cajamarca province is situated approximately at 8,900 feet above sea level and has a population of about 316,000 (Censo INEI, 2014). The province is comprised of 12 districts. Cajamarca has great value in the history of Peru. This region has historically been the setting of the encounter between the culture of Spain and the Andean world. Cajamarca has remained a scenario of frequent social conflicts due to local community opposition to the

exploration and exploitation of mining projects in the region (Oposición a Inversión Minera haría Retroceder a Cajamarca, 2012). In 2013, mining investment in the region fell to 55% due to social conflicts (La Inversión Minera en Cajamarca Cayó 55%, 2014).

Adding to the conflict, the Peruvian Government perceives extractive companies as strategic allies that can bring more revenue to the country through taxes and social investment programs, and thus, help to alleviate poverty. With the government of Ollanta Humala, Peru offers greater legal stability and confidence, and therefore has opened its doors to foreign investment ("Perú tiene estabilidad jurídica, genera confianza y abre sus Puertas a las Inversiones, 2012). However, although in many cases, multinational companies were able to obtain the necessary licenses given by the government officials, they do not always have a "social license" to operate or gain support from the community to extract their natural resources. In the process of gaining legitimacy, MNCs need to establish and cultivate quality relationships based on trust through ethical stakeholder engagement.

Recruitment and Participants

Participants were recruited from two of the 12 districts in Cajamarca, District of Baños del Inca and District of Cajamarca. Both districts are located in the Northern side of Peru. A local research consultant and several research assistants were hired to help with the recruitment. Cluster sampling was used to recruit participants (Babbie, 2010). To define the sample, the geographical map of the districts of Baños del Inca and Cajamarca was divided into clusters, assuring that all of the areas within these two districts were covered. These clusters consisted of a maximum of 100 houses. A total of 30 clusters were identified, each of which represented the routes that were followed by the researchers.

To recruit the houses, the random walk method (Conducting the Field Work, 2012) was used. The random walk method includes two separate steps. The first is to choose a starting point and the second is to select the households from that point onward. In the random walk method, field workers are instructed to begin the survey process from some geographic point and follow a specified path of travel to select the households to interview. It may entail either selecting every n^{th} household. For this study, the starting point represented the intersection of two major streets or avenues and we selected one in every three households.

Once the households were determined, the researchers asked the person who opened the door about the number of people who lived at the house and these residents' birth dates. The person who has had the most recent birthday was selected to be the participant. Up to two subsequent visits were conducted in order to enroll at least one person in each house. Once the person was identified, he or she was asked to complete the questionnaire.

Participants were 300 Peruvians from the District of Cajamarca ($n = 250$; 83.3%) and the District of Baños del Inca ($n = 50$; 16.7%). The district of Baños del Inca is located 6 kilometers east from the city of Cajamarca and has a population of 34,749 inhabitants.

Of this total, 35% live in the metropolitan area and 65% in rural areas. The District of Cajamarca has a population of 188,363, of which 78% live in urban areas, while 20% live in rural area. According to the last Census INEI (2014), the population of Peru is over 27 million of people, thus, the province of Cajamarca represents approximately 1% of the population of Peru.

The ages of the sample varied between 18 and 60 ($M = 36.60$, $SD = 12.17$; Median = 35.00). One hundred and fifty-three (51.0%) were female and 147 (49.0%) were male. All participants reported speaking Spanish at home. Most identified themselves as Mestizos ($n = 209$; 69.7%), followed by White ($n = 78$; 26.0%), Asian ($n = 3$; 1.0%), Amazon ($n = 1$; 0.3%), and Quechua ($n = 1$; 0.3%). Eight (2.7%) identified their ethnicities as "other." Like other Latin-American countries, Peru is characterized by a great ethnic diversity. Indigenous people account for an estimated 45% of the population, "Mestizos" or people of mixed ethnic heritage (mainly indigenous and Spanish ancestry) represent roughly 37% of the population, an estimated 15% is of European descent and there are small black and Asian minorities (Census INEI, 2014).

The most reported highest degree earned was university completed ($n = 74$; 24.7%), followed by secondary school completed ($n = 67$; 22.3%), university uncompleted ($n = 47$; 15.7%), and technical education ($n = 35$; 11.7%). Secondary school uncompleted and below added up to 18.3%. Four (1.3%) completed postgraduate and four (1.3%) checked the "no education" category. Fourteen (4.7%) did not respond. It is important to note that in general, the level of education in the province of Cajamarca is low: Only 6.8% of the population has completed university studies, 39% has primary school and almost 16 % of the population does not have education at all (INEI, 2014).

Regarding the monthly household income, most reported 600-999 soles or \$215-\$358 ($n = 86$; 28.7%) and 1000-2499 soles or \$358.4 – \$895.7 ($n = 74$; 24.7%). Others reported 300-599 soles or \$107.5 - \$214.7 ($n = 30$; 10.0%), less than 200 soles or \$71.7 ($n = 29$; 9.7%), 2500-7999 soles or \$896 - \$2867 ($n = 20$; 6.7%), and 8000 soles or \$2867.4 and more ($n = 1$; 0.3%). Sixty participants (20.0%) did not respond to this question. The current currency exchange of US dollars to Peruvian soles is 1:2.79. According to APEIM (2013), Peru socioeconomic status is broken into five categories, in which E is the lowest while A the highest. Average monthly earning for E, D, C, B, and A are around US \$340, US\$659, US\$955, US\$1080, and US\$2026 respectively. Among the 80% who reported income in this study, around half (48.4%) belonged to the E category, about a quarter (24.7%) were the middle class, and 7% were the upper class.

The average length of community residence was over 22 years (M [units in month] = 267.08, $SD = 173.93$; Median = 249.00), with a range of 3 months to 727 months. The average length of knowing at least one of the extraction companies was over 15 years (M [units in month] = 190.27, $SD = 98.00$; Median = 190.00), with a range of 10 months to 600 months.

Measurements

The measurements as described below all used a 5-point Likert scale, where 1 = strongly disagree and 5 = strongly agree. Higher scores indicated higher levels on intended variables. A full-model structural equation modeling that included both conceptual and measurement models were run to test the proposed model, following Kline's (2010) suggestion. Cronbach's alpha was used to assess each measurement's internal consistency. Measurement items and factor loadings are reported in Tables 1 and 2.

The participants were asked to rate the public relations practices and organization-public relationships of a company. In the questionnaire, they were instructed to think of the "company" in all questions as one major foreign extractive company that operates in or near their community.

Public relations practices. Measures for two-way, symmetrical/ ethical (ethical henceforward), interpersonal, and mediated public relations were adapted from previous studies (L. Grunig, J. Grunig, & Dozier, 2002; Huang, 2001, 2004; Kim, 2007; Sha, 2004; Wang et al., 2014; Yun, 2006). All four public relations measures had high reliability: two-way ($M = 2.86$, $SD = 1.10$; $\alpha = .85$), symmetrical/ethical ($M = 2.61$, $SD = 1.05$; $\alpha = .88$), interpersonal ($M = 2.66$, $SD = 0.99$; $\alpha = .84$), and mediated ($M = 3.21$, $SD = 1.09$; $\alpha = .84$).

Uncertainty and anxiety. Gudykunst and Nishida's (1986) attributional confidence measure was originally developed to inversely reflect uncertainty people experience when interacting with strangers. This measure indicated high reliability and validity in cross-cultural contexts (e.g., Gudykunst & Nishida, 1986, 2001). Stephan and Stephan's (1985) emotional assessment of intergroup anxiety was originally developed to measure anxiety level experienced in intercultural encounters. This measure's reliability and validity in intergroup communication contexts have been widely acknowledged (e.g., Gao & Gudykunst, 1991; Plant & Devine, 2003; Turner, Hewstone, & Voci, 2007). Wang et al.'s (2014) study shortened these two measures and the adapted versions indicated high reliability and unidimensionality. In the current study, five best performing items from uncertainty and anxiety each were extracted (Table 2). Both measures indicated high reliability: uncertainty ($M = 2.47$, $SD = 1.13$; $\alpha = .91$) and anxiety ($M = 2.39$, $SD = 0.96$; $\alpha = .87$).

Table 1:
Measurement Model Statistics for Public Relation Practices

Measurement Model	Standardized Loadings
<i>Two-Way Communication</i>	
1. Before starting public relations activities, the companies researched and tried to understand the position of local community with respect to their companies or toward a given issue.	.76**
2. After completion of public relations activities, the companies conducted an evaluation.	.85**
3. During the interactions with community members, the companies tried to understand the opinions and suggestions of local community.	.81**
<i>Symmetrical/ Ethical Communication</i>	
1. The companies consulted those community members who were influenced by their organizational policies during decision making.	.75**
2. During communication, the companies took into account the possible negative impact on the community members.	.75**
3. The companies considered both their and the community's opinions and positions during communication.	.88**
4. The companies considered how their public relations influenced the community members.	.84**
<i>Interpersonal Communication</i>	
1. The companies contacted community members in person.	.82**
2. The companies contacted community members by telephone.	.73**
3. The companies organized community forums or town hall meetings to communicate with local community members face to face.	.80**
4. The companies contacted community members by using local radio or megaphone.	.67**
<i>Mediated Communication</i>	
1. In communicating with the local community, the companies sent out press releases and held press conferences.	.74**
2. In communicating with the local community, the companies used mass media—for example, TV, radio, newspaper, magazines, and so on.	.82**
3. The companies sent out organizational publications, brochures, and pamphlets.	.83**

Note. ** $p < .01$.

Table 2:
Measurement Model Statistics for Uncertainty, Anxiety, Control Mutuality, and Trust

Measurement Model	Standardized Loadings
<i>Uncertainty*</i>	
1. I'm accurate in interpreting the companies' missions.	.78**
2. I'm accurate at understanding the companies' general policies.	.90**
3. I can understand the companies' cultures.	.89**
4. I can put myself into the companies' positions.	.84**
5. I know the company very well	.64**
<i>Anxiety</i>	
When I communicate with the companies, I often feel:	
1. Awkward.	.78**
2. Impatient.	.82**
3. Defensive.	.64**
4. Suspicious.	.70**
5. Under stress.	.78**
<i>Control Mutuality</i>	
1. Generally, the companies and I are both satisfied with the decision-making process.	.82**
2. In most cases, during decision making, the companies and I have equal influence.	.86**
3. Both the companies and I agree on what we can expect from each other.	.86**
4. The companies and I are cooperative with each other.	.83**
<i>Trust</i>	
1. I am confident that the companies have the ability to accomplish what they say they will do.	.86**
2. Members of the companies' leadership are truthful with me.	.88**
3. The companies treat me fairly and justly, compared to other similar local organizations.	.81**
4. The companies keep their promises.	.84**

Note 1. *The items measured attributional confidence. The scores were reversed to reflect the levels of uncertainty.

Note 2. ** $p < .01$.

OPR outcomes. Measures of control mutuality (four items) and trust (four items) were adapted from Huang (2001), Ki and Hon (2007a), and Wang et al. (2014). Both measures indicated high reliability: control mutuality ($M = 2.47$, $SD = 1.05$; $\alpha = .91$) and trust ($M = 2.40$, $SD = 1.09$; $\alpha = .91$).

Translation Procedure

To ensure translation accuracy, back translation and decentering translation procedures (Van de Vijver & Leung, 1997) were used. First, one Spanish-English bilingual author translated the questionnaire into Spanish. The words and phrases in the English version that did not have equivalences in Spanish or that did not apply to the context were modified. This author then invited two bilingual public relations experts that worked as industry consultants to compare the two versions and provide feedback. Then the Spanish version was translated back into English for an equivalence check. The bilingual author and the two bilingual practitioners discussed inconsistencies between the English versions, and resolved inconsistencies. The modified Spanish version was used in the finalized survey.

RESULTS

Model Assessment

Structural equation modeling using IBM Amos 22 (IBM SPSS, 2014) was performed to evaluate the entire model and assess the hypotheses. The criteria of $RMSEA \leq .06$, $SRMR \leq .08$, and $CFI \geq .95$ that Hu and Bentler (1999) suggested were used to assess the model fit. The 32 measurement items (3 for two-way public relations, 4 for symmetrical/ ethical public relations, 4 for interpersonal public relations, 3 for mediated public relations, 5 for uncertainty, 5 for anxiety, 4 for control mutuality, and 4 for trust) were entered under their respective latent factors composing the measurement models. The conceptual relations based on the three hypotheses were drawn in the conceptual model. In general, the model was sustainable, $\chi^2(438, N = 300) = 1013.46$, $p < .01$; $\chi^2/df = 2.31$; $CFI = .97$, $SRMR = .05$, and $RMSEA = .06$. The measurement model indicated high sustainability. The conceptual relations were not all supported. Figure 1 depicts all hypothesized standardized regression coefficients based on conceptual relations; Table 3 reports these coefficients again for readers who prefer tabled results. Table 4 reports factor correlations. Conceptual relations are discussed in the following hypothesis testing section.

Table 3:
Standardized Regression Coefficients Based on the Hypothesized Model

	Two- Way	Ethical	Interpersonal	Mediated	Uncertainty	Anxiety
Uncertainty	-.03	-.25*	-.42**	-.09		
Anxiety	.09	-.36**	-.17	-.12		
Mutuality	.37**	.31**	-.09	-.01	-.41**	-.01
Trust	.27**	.32**	-.04	.07	-.32**	-.05

Note. * $p < .05$, ** $p < .01$.

Figure 1. Conceptual model of public relations practices, anxiety and uncertainty management, and OPR outcomes. The significant structural relations (based on hypothesis testing) between the latent variables are depicted in concrete lines; the non-significant relations are depicted in dotted lines. Standardized regression coefficients are reported. η_i = error terms ($i = 1$ to 4); * $p < .05$, ** $p < .01$.

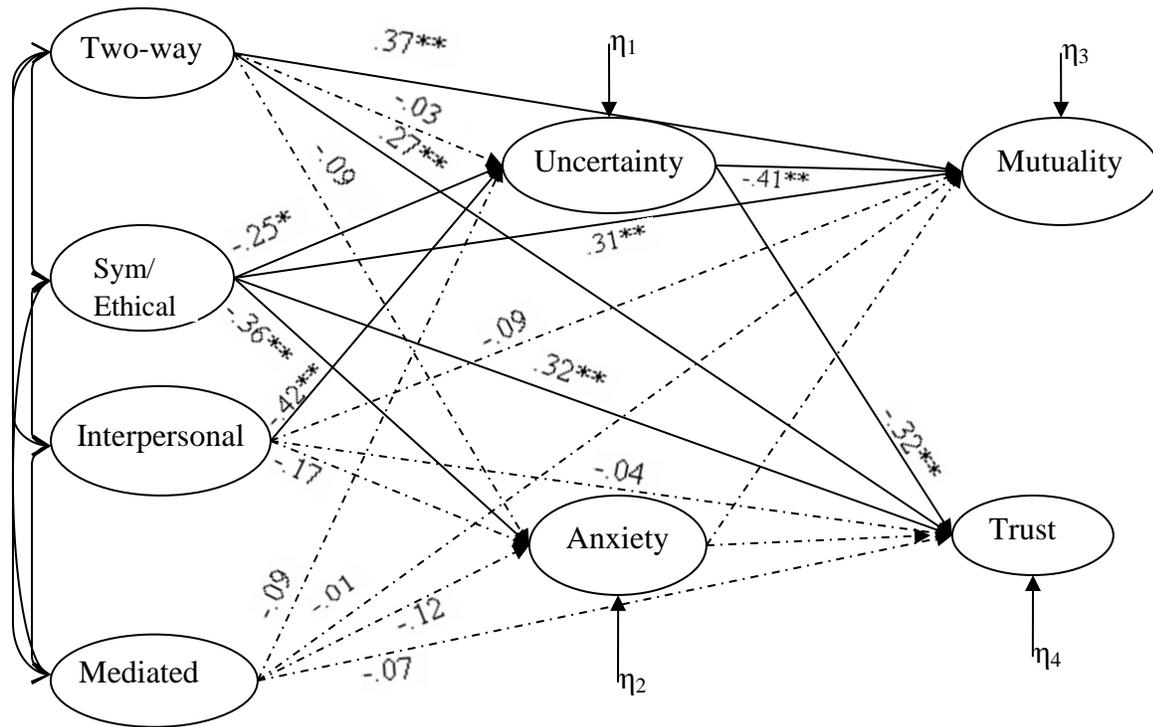


Table 4:
Variable Correlations in the Structural Model

	Two-Way	Ethical	Interpersonal	Mediated	Uncertainty	Anxiety	Mutuality
Ethical	.66**						
Interpersonal	.63**	.70**					
Mediated	.64**	.56**	.58**				
Uncertainty	-.34**	-.53**	-.55**	-.31**			
Anxiety	-.12	-.21**	-.16*	-.18*	-.08		
Mutuality	.58**	.61**	.54**	.48	-.62**	-.08	
Trust	.63**	.65**	.63**	.56	-.61**	-.09	.80**

Note. * $p < .05$, ** $p < .01$.

Hypotheses

H1 states that the increased use of each of the four public relations strategies (two-way communication, symmetrical/ethical communication, interpersonal communication, and mediated communication) would lead to reduced anxiety and uncertainty. As shown in the model, this hypothesis received partial support: Whereas symmetrical/ethical communication significantly reduced uncertainty and anxiety, two-way and mediated communication did not have effects on either uncertainty or anxiety. Interpersonal communication significantly reduced uncertainty, but not anxiety. Altogether, the four public relations exogenous variables explained 28% of variances in uncertainty reduction (multiple $R^2 = .28$), but only 8% in anxiety reduction (multiple $R^2 = .08$).

H2 stated that reduced uncertainty and anxiety both would lead to increased control mutuality and trust. Results indicated that uncertainty reduction significantly increased perceived control mutuality and trust, but anxiety did not have effects on these two outcomes. Therefore, H2 also received partial support.

H3 stated that the increased use of each of the four public relations strategies would lead to increased control mutuality and trust. Results indicated that both two-way and symmetrical/ethical communication had significant effects on control mutuality and trust, but interpersonal and mediated communication did not. Therefore, H3 received partial support. Altogether, the four public relations exogenous variables as well as the two mediating variables (uncertainty and anxiety reduction) explained 66% of variances in control mutuality (multiple $R^2 = .66$), and 71% in trust (multiple $R^2 = .71$).

DISCUSSION AND CONCLUSIONS

Stakeholder Engagement Strategies

This study examines stakeholder engagement strategies and impact on community stakeholders in the global environment. Results indicated that among the different engagement strategies, symmetrical/ethical communication was the most critical whereas mediated communication the least in increasing the effectiveness of stakeholder engagement for both stakeholders and organizations. Symmetrical/ethical communication strategy significantly reduced both uncertainty and anxiety of stakeholders, and also directly increased control mutuality and trust. These findings support the current literature that symmetrical/ethical communication is essential in promoting genuine (vs. superficial) stakeholder engagement (e.g., Corus & Ozanne, 2012, O'Dwyer, 2005). As a win-win strategy, it may enhance both organizational interest and organization-stakeholder relationship (Grunig, et al., 2012). Balanced and mutual give-and-take can be both realistic and effective.

On the other hand, mediated communication had no effect on either uncertainty or anxiety, nor any outcome of engagement. This result might be specific to the particular research setting of this study: The local community members may not be used to messages sent through print and broadcast media, and thus appear immune to their effects.

Although current engagement literature highlights the importance of interpersonal interaction (e.g., Sloan & Oliver, 2013), interpersonal channels in this study had limited effects: It showed significant effect on uncertainty reduction, but not on anxiety reduction or either engagement outcome. These findings suggest that in this particular research setting, communication through interpersonal channels is limited to information learning and does not reduce the feeling of anxiety. Sloan and Oliver (2013) did reveal multiple stages of emotional development in stakeholder engagement. Therefore, interpersonal communication is now being used as a means of reaching cognitive confidence of stakeholders by gaining more understanding of the organizations and reducing uncertainty. It is possible that at a later, more mature stage of stakeholder engagement, interpersonal communication will play a more important role in emotional bonding with an organization.

Two-way communication as an engagement strategy also showed limited effects. Whereas it did not have effects on either uncertainty or anxiety, it increased control mutuality and trust. This means the effect of two-way communication on engagement outcomes is direct, not mediated by uncertainty and anxiety reduction. This result may be due to the measurement of the variable: All three items measured the efforts from organizations to understand the community members' perceptions, with no item measuring the efforts of community members to understand the organization. The lack of the measurement of the community stakeholders' research in MNCs may have led to uninfluenced anxiety and uncertainty of these members.

Stakeholder Engagement Process and Outcome

Findings suggest that in the process of stakeholder engagement, uncertainty reduction plays a more important role than anxiety reduction. Uncertainty reduction significantly increased perceived control mutuality and trust, but anxiety did not have an effect on either. This seems to be in agreement with the emphasis in current literature on reaching understanding and learning as a key to stakeholder engagement (Burchell & Cook, 2008; J. Grunig, 2006; Kent & Taylor, 2002; Payne & Calton, 2002). In particular, stakeholder engagement facilitates learning through dialogues such that stakeholders and their representative NGOs gain a better understanding of the pressure or constraints faced by companies and the rationale behind certain decision making process, thereby reducing uncertainty. However, such increased understanding does not always lead to affective changes, such as more acceptance of company's decisions, or leniency toward companies (Burchell & Cook, 2008).

Overall, the proposed model explained large variances in the stakeholder engagement outcomes: 66% of variance in control mutuality and 71% in trust. Therefore, the proposed engagement strategies and stakeholders' perceptions about engagement outcomes bear both statistically and substantively significant effects (Kline, 2010).

Implications for Public Relations Practice

These findings provide important implications for practitioners. First, an MNC should establish a clear ethical identity that unites its interest with local stakeholders'. Appropriate and effective actions should be taken to conduct research in the local

communities and their contexts (e.g., historical, economic, etc.). The MNC's identity should be based on such research and show its determination to grow together with the local communities. This identity can be demonstrated through its mission statement, goals, policies (especially those that support local recruitment and giving back), and the like. Second, the MNC should uncover effective communication channels to allow the intended symmetrical communication to actually happen. Instead of investing in print media, interpersonal channels should be used; NGOs are perhaps mutually trusted sources that help facilitate such interpersonal communication. A sincere stakeholder engagement intention carried through actions that allow community stakeholders to truly shape or refine organizational policies will do more to bring about effectiveness than passively using conventional public relations applied in MNCs' original countries.

Finally, the willingness to be flexible and adapt based on local communities' needs can help reduce skepticism and build trust in the long run. Although appearing ideal, ethical stakeholder engagement may be the most effective strategies to sustain an MNC in a foreign land full of historical and contemporary social conflicts. The bottom line is that MNCs' engagement with their local stakeholders is just another form of human interaction and "the recognition and respect of common humanity" (Noland & Phillips, 2010, p. 37) applies here as to all.

Limitations and Research Directions

This study has three main limitations. First, this study used translated questionnaires. Although we have used multiple steps to ensure the quality of translation and made adjustment based on comments made by bilingual researchers, it was possible that certain items might still be unclear or had different meanings for the participants. In addition, the outcomes of stakeholder engagement were measured only from one party: the community members. Future research may examine both parties (community and organization) at the same time to gain complementary perspectives.

Future research may use longitudinal design and test the dependent variables at a separate, later time than when the independent variables are tested. Although structural equation modeling allow the assessment of directional effects (Kline, 2010), temporal order can help examine long term organization-stakeholder relationship after the engagement strategies are implemented and work over time.

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