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Organizational Communication and Political Change within Developing Nations

The problems of political change are global and local, interpersonal as well as international. With the increasing influence of multi-national organizations in international affairs, political change has also become an interest of organizational theorists. Some have approached the question of whether economic engagement leads to progressive political practices in developing nations with repressive political regimes. Such analysis has been related to national trade policies designed to encourage more liberal democratic policies. Often these policies have resulted in embargoes and other trade restrictions with nations ruled by governments with oppressive human rights practices such as in Cuba, Iraq, and South Africa. The USA, however, has extended Most Favored Nation status to China, allowing considerable liberality in trade. This has been justified by the argument that such trade will influence China's governance structures favorably.

Economic engagement, of course, requires communication. This was aptly demonstrated by George Cheney in the context of the decisions facing the Mondragon cooperatives in Spain in their efforts to adapt to the new economic challenges posed by the European Union.

Though the market may appear to be wholly a matter of economic, material forces, further analysis reveals a huge component of human persuasion. The market depends on a high degree of trust and confidence simply to operate, as the 1990s roller coaster of stock prices in a number of exchanges around the world demonstrated well. As I have emphasized, discourse plays a

shaping role in economic policy and therefore in bringing into being not only economic but social outcomes (Cheney 1999, 128).

It is, indeed, the human persuasion element of economic transactions that concerns us here. The part organizational communication plays in the attempt to encourage progressive political change has not been carefully considered. Pertinent questions include:

- (1) How does organizational communication function in economic engagement with developing countries?
- (2) Does the nature of organizational governance, and related organizational communication practices alter the potential for progressive political change?

China and Most Favored Nation Status

Sociologist Doug Guthrie has argued that China's political system has become more progressive specifically because of engagement with Western corporations.¹ He suggests that new regulations, company policies and procedural changes, and conversations with Chinese managers all point to the idea that the Chinese are becoming more conscious of human rights and "that changes they have set in place are in direct response to pressure from their Western partners" (Guthrie 1999b, 5P).

Guthrie's analysis is detailed. He points first to the legal changes in China designed to ensure human rights. Specifically, the 1994 Labor Law initiates procedures for worker grievances. Another 1994 law extends

¹ The term "Western" will be used to refer to the so-called Western trading bloc of nations throughout this paper. The political and human rights concerns discussed here originated in and are championed in the West (North America and Europe), and although the term is fraught with ambiguities, there may be no better English term to describe the political conventions we wish to reference. Here the term "Western" will refer to developed nations with liberal-democratic traditions, including Japan.

human rights to prisoners. A 1995 law allows individuals who have been wronged by the government to sue for just compensation.

Guthrie (1999a) is convinced that the bureaucracy required to engage in global economic affairs will stem from rationality, the rules and procedures, required of the bureaucratic organizational type. Economic engagement itself will lead to the required value shift and political change. Gradually, “our norms – the norms of the international community – will become China’s norms” (Guthrie 1999b). Guthrie’s (1997, 1998) work in China has also questioned the assumption that friendship networks (*guanxi*) will remain a significant non-rational element in Chinese business dealings, and that flat economic growth is adequate evidence of a lack of serious change in Chinese business reforms. He urges that research looking at decisions made at the organizational level provides a quite different view of the extent of Chinese political change at the institutional level.

Organizational Governance

The problem is likely more complex than it is represented in the current debate about Most Favored Nation status for China. It seems that one piece missing from the analysis is a recognition of the range of governance and communication systems represented within both the firms of developing countries and those of their Western trading partners. Surely, if the norms of international commerce are to be transferred to oppressive regimes, or to any developing countries, it happens in the communication between trading partners. If this is so, would not the governance systems of the organizations themselves, and the way in which these organizations communicate with relevant stakeholders, be more salient to the political change that eventuates than the governance systems of the Western nations

which charter these organizations? If so, we should carefully consider organizational governance.

Trading partners are unlikely to be moved away from oligarchical structures if their experience is with other successful oligarchical structures. They are less likely to extend rights to employees and other stakeholder groups (i.e., customers, community members, and minor investors) if they are modeling their behavior on organizations that do not extend such rights. With due consideration to earlier attempts to define organizational democracy (e.g., Bernstein 1976), Cheney emphasizes:

[...] a system of governance which truly values individual goals and feelings (e.g., equitable remuneration, the pursuit of enriching work and the right to express oneself) as well as typically organizational objectives (e.g., effectiveness and efficiency, reflectively conceived), which fosters the connection between those two sets of concerns by encouraging individual contributions to important organizational choices, and which allows for the ongoing modification of the organization's activities and policies by the group (Cheney 1995, 170-171).

Note particularly the organizational communication concerns embedded in this definition. In order to value "individual goals and feelings" and to involve employees in decision-making, opportunities for employee voice must exist (Hegstrom 1990, 1999). Among worker rights that might be conferred by partner organizations in developing countries, the right to speak up without fear of retaliation from management must be of foremost concern. Again, if it is presumed that Western norms are assimilated by trading partners, it would seem important that the right to voice objections and make suggestions would be evident first in the Western organizations themselves. Thus, the extent of stakeholder voice in the organizations involved in such trade becomes an important question in this study.

Interviews with those Involved in Trade in Developing Nations

To better understand the way that organizational communication works in economic engagement to influence political change, and in order to study the extent of stakeholder voice in evidence, my students and I interviewed fifty-four American residents who have been involved in trade with developing countries. The information from each interview provided a separate case for analysis. Guthrie (1999a, 214) suggests that research on Chinese trade “must be grounded in empirical research and the observations of business people who are experiencing this rapidly changing world firsthand.” It seemed reasonable to expand the focus to trade with any nations which are developing economically and may be experiencing political change in order to adapt to the new globalism. Since we wanted to talk to people with extensive experience in international trade, we sought interviews only with those who had worked for several years for a Western firm that conducted business in a developing nation and had traveled abroad to visit with the trading partner. Interviews were tape-recorded and were at least an hour in length. In about half the cases, the interviews were conducted in more than one session. A few of the interviews were conducted by telephone, but most were conducted face-to-face in California’s Silicon Valley.

A Model of Organizational Communication and Political Change

To best illustrate the provisional conclusions drawn from these interviews, elemental concerns that seem to explain this role of organizational communication are organized as a model of organizational communication and political change. It specifically models the

organizational communication between agents of organizations involved in trade, so it is simultaneously interpersonal and organizational in nature. It is here presented as preliminary and must be considered tentative and assumed to be not comprehensive of all relevant elements. A summary of the model is given below in Table 1. An explanation of each element in the model is developed in the remainder of this paper. First, the range of possible political outcomes of economic engagement are specified. Next, antecedent communication conditions that seem to affect political change are indicated.

Table 1: Model of Organizational Communication and Political Change

Range of Consequences

Progressive Political Change

Negligible Political Change

Oppressive Political Change

Antecedent Conditions

Concern for Quality of Communication with Stakeholder Groups

**Management Discussion and Explanation of Expectations Regarding
Stakeholder Rights**

Consultations to Assess Progress with Stakeholder Rights

Difficulty of the Rhetorical Challenge

Range of Consequences of Economic Engagement

Increased economic engagement can lead to a wide range of political changes, some of which might be grouped as progressive, some as negligible, and some as oppressive. Our interviews reveal the full range of possible outcomes. Many of these suggest progressive political changes. One of our informants, for example, represented a company interested in investing in cattle, a cement business, and possibly building a dam with World Bank support in Madagascar. He remembers that “the president of the country adopted a policy of ‘No Bribes.’ If any of the local officials or people asked for kickbacks or bribes, it was to be reported to the government and would be punished. This created a very friendly investor environment.” We also found instances where firms changed their practices to conform to international norms such as an Indian software company’s Human Resources programs involving an open door policy, monthly meetings designed to elicit employee feedback, suggestion boxes, a monthly “personal uplifting program,” and employee training in interpersonal communication skills and presentational speaking. Most of these ideas were modeled on Western Human Resources practices and served to encourage employee voice. Many of the firms seemed justifiably pleased with the differences they have made in developing countries.

These individuals have witnessed exactly the kind of progressive political change that Guthrie observed in China.

Others did not have this experience. Numerous respondents reported no change or even negative influence from economic engagement in these nations. The familiar sins of the past, exploitation of cheap labor, exploitation of natural resources, paying bribes and kickbacks, are much in evidence in our contemporary global world of commerce. These practices often serve to corrupt local firms and governments. One small businessman

operating in the Philippines adds ten percent to his budget for bribes to accommodate local officials who can give him the permits he needs to operate. This is usually justified by disparaging the local people. One representative of an oil and gas steel piping firm said, "We like to deal with each country as little as possible [referring chiefly to the Middle East]. All of the countries are totally corrupt and everything they have to say is a lie. They work harder and faster if you offer them bribes. They do not have the same ethics as Americans do..." Activist Harry Wu has warned about the hypocrisy of American businesses in China (Lii 1999, 4P). It is especially evident in those cases throughout the developing world where American business agents engage in the very activities they condemn in others. This seems to feed a cycle of corruption.

This cycle obtains in situations involving the exploitation of cheap labor as well. If American workers will not work for the low wages that some companies are willing to pay, factories are moved off shore in search of cheaper employees. If wages are raised in these countries, even cheaper labor is sought. This has apparently occurred in Malaysia, according to a general manager for an engineering services firm.

In Indonesia the workers' unions don't achieve as much as they do in Malaysia. For example, in Malaysia there is a shortage of unskilled labor. Unskilled labor is any type of manufacturing work that a person can train to do in a week or two. For those types of jobs in Malaysia we have to go out and get special permits and bring people in from Bangladesh, Nepal, Sri Lanka, and Indonesia. The reason for this is because the people in Malaysia have the option of working in an American chip making company or a hard-drive building plant like Seagate. So, they can go get those jobs.

As long as a supply of workers can be found to work for lower wages, it seems they will be used. The concept of a "fair wage" or "living wage" seems a very "foreign" concept in these places, and, to some extent, in the United States. Nearly 200 foreign companies, chiefly from Japan and Europe have established manufacturing facilities in South Carolina to take

advantage of cheaper labor (Eisenberg & Goodall 1997, 5). The weakening effect of globalism on the ability of labor to be responsive to workers' welfare is widely understood. The great danger is that without adequate representation from unions, labor will be exploited. With respect to China, Guthrie (1999a, 211) discounts the motivation of cheap labor. He suggests that the real motive for a Western business presence is to sell to the expanding domestic market in China. For centuries, however, the exploitation of labor in various nations in the world has been a motive of business, and continues to be so today.

Perhaps most of the time economic engagement has not been as oppressive as it is simply negligible in its effect on trading partners. A representative of a memory module manufacturer opined that China was not becoming more democratic and open to employee communication. She allowed the conclusion that Western companies had some influence in making business communication more open, but suggested that the culture was basically resistant to change. Repeatedly, our informants would insist that their own companies had progressive programs to encourage stakeholder voice, but that these were not duplicated by their trading partners. In each case, they seem to be insisting that the culture resists the economy. The fact that it is difficult to predict whether trade will lead to progressive political change should not be surprising. There is, after all, a parallel dispute after years of academic research in political science assessing whether trade leads to friendlier relations among nation states (Hirschman 1945, 1980; Mitrany 1946; Deutsch et al. 1957; Haas 1958, 1964). Liberal theorists generally argue that trade leads to interdependence which fosters cooperation, although neo-Marxists argue that these relationships are one-sided, that less powerful nations will make unfavorable concessions resulting in their exploitation. Apparently, however, that which familiarity breeds is much in dispute. Waltz (1979)

argued that interdependence does not necessarily lead to cooperation, and that it provides greater opportunities for various kinds of conflict. Also, similar to the human rights debate about the impact of trade is the question of whether the sources of conflict are economic or cultural in nature (Crawford 1998).² Recent research in this debate has sought to understand the conditions and exigencies through which trade is likely to lead to either cooperation or conflict (Forbes 1997). It seems that in the discussion of political change, of governance and human rights, similar distinctions can be made.

Perhaps we can begin to specify the communication conditions under which economic engagement is likely to lead to progressive political change. We would submit four antecedent organizational communication conditions that might be associated with political change regarding human rights and fair treatment:

- (1) concern for the quality of communication maintained by the organization with its various stakeholder groups (employees, customers, investors, community members, and so forth),
- (2) the existence of management discussion and explanation of expectations regarding stakeholder rights,
- (3) the presence of ongoing consultations to assess progress with stakeholder rights, and
- (4) the level of difficulty of the rhetorical challenge.

² Of recent import in this context is the growing evidence that the solutions to Middle East terrorism are not an attack on economic blight. The terrorists on both the Arab and Israeli sides are more economically successful and better educated than their countrymen (Krueger & Maleckova 2002). Polling results show more support for suicide bombers among the relatively well-off than from the poor. Ideological resistance to Western values and culture may be as important as economics in the struggle for territory.

Concern for Quality of Communication with Stakeholder Groups

The first of these antecedent conditions might be the extent of concern for the quality of communication with stakeholder groups. The partner firms are often in a position to observe whether the Western firm shows concern and to decide whether to be concerned themselves. Corporate practices are often imitated. Firms which do not have a commitment to the rights and welfare of stakeholder groups might be imitated, just as those who do have such concerns might be. From an organizational communication standpoint, to be effective politically in developing countries, Western firms must first be concerned about the quality of their communication with employees and citizens, both at home and abroad. As shown above, our respondents reported the full range of political change possibilities even when engaged with Western firms committed to progressive communication practices, but when human rights are not a concern of the Western firm, such concern cannot be imitated by partner firms. Some of the Western firms are more effective at exploitation than at modeling corporate citizenship. Fortunately, many firms have had a progressive political influence.

A pharmaceutical company operating in Malaysia structured a monthly meeting in order to encourage employee voice. In time, the Malaysians learned to imitate the discussional habits of Western employees. Our informant indicated that he had attended some of these meetings.

We would see it on their [electronic] bulletin boards and sometimes we were there in the country during them [the meetings]. It was evident that the programs that were done in America were moving out to their location... The videotapes you couldn't ask questions to, but in the meetings, there were questions. Even in the countries where there was fear, there were questions. The organizations in other countries would see these tapes and would get the feel for how "give and take" our management was. They could see that the CEO would actually take grief from me, and that he

would answer it and come back with the same kind of grief... People would definitely open up more.

A representative of a multi-national oil conglomerate insists that local subsidiaries “deviated very little from, if any, the practices of the mother company.” If there has been some imitation of practices designed to encourage employee voice, this is even truer with programs designed to encourage customer voice. Because customer satisfaction is integral to the quality movement in manufacturing, it is probably a higher priority for corporations than employee satisfaction.

Most important among stakeholder concerns is undoubtedly concern for positive public relations. Some companies, like Agilent, see themselves as good corporate citizens.

We have had as a corporate objective to be a model corporate citizen and in terms of the community, we want to give back what they have given us in terms of supporting our growth. So if you look at our history, you will see we are always at the top in terms of civic duty. For example, in Asia we have been voted in the category of best employer, and in many of the countries we have been voted the best employer to work for.

This respondent has identified very closely with his employer and seems personally committed to his firm’s public declarations of support for employee rights and political progress. Other respondents are more sanguine. They simply want to avoid bad press. One representative of a firm providing computing services notes that no change or action was implemented until the press hounded them. This has been the case, too, with Nike and its partner factories in Mexico and China (Thompson 2001). One of Guthrie’s (1999a, 209) informants who is actually engaged in promoting change at the institutional level was quite candid on this point when he said, “Believe me, we have our own interest in this. The last thing we want is the public relations disaster of allegations that our products are manufactured by a factory that violates human rights.” It seems that

concern for public relations induces concern for employee relations. Concern for public relations likely stems, in part, from concern for investor and customer relations. Such concern can soon result in discussions with partner firms.

Management Discussion and Explanation of Expectations Regarding Stakeholder Rights

In his discussion of organizational democracy in the Mondragon cooperatives, Cheney (1999, 139) emphasizes the importance of members themselves negotiating the meaning of organizational democracy. Similarly, it is important for managers of organizations committed to stakeholder rights to discuss that commitment among themselves and with agents of partner organizations. Expectations must be shared. Good practices might be imitated without an attempt to influence, but such change is more likely to occur where these discussions occur. Such discussion seems to be the second organizational communication antecedent condition affecting political change.

Apparently, this injunction is not as obvious as it may seem. A representative of a small business involved in designing products manufactured in China explains it this way:

We did not encourage the workers to express their complaints/voice to us. We did not try to express our complaints to them. They were working hard for the money that our American firm would provide them. The involvement in their rights as employees or their interaction with their management was not of much concern to us.

Even when Western firms are concerned about stakeholder rights, they are somewhat reluctant to discuss it with partner firms. Such overt attempts

at influence are sometimes resented. The marketing director of a company producing interactive corporate television networks with manufacturing facilities in Singapore and Kuala Lumpur talked to us about the conflict between the hope for a better institutional system and the resentment of foreign companies having to deal with forced American standards. This reluctance also results from a desire not to intrude upon the values and norms of local cultures. In fact, many Western companies have made such non-interference policies explicit, and these are sometimes interpreted by their managers as proscribing attempts to bolster stakeholder rights. A representative of an American company making electronic wire and cable for Local Area Networks working with small to medium sized companies in China said simply, "We exert no influence on how our distributors run their business." And a third respondent representing a much larger company said:

The locals are not going to tell me if there are any problems. I'm not there during the day-to-day operations and that's where some problems might come about... What IBM tries to do is in every country you have to do business the way the country does it. We don't take the model we have in the United States and replicate it exactly in other countries because it may not work. If that's not what the locals do, it's not going to work.

Such "no influence attempts" policies and practices extend to customer voice as well as employee voice. A representative of a small consumer electronics business puts it this way: "We do respect [...] the customs and traditions of our partners in Mexico. We do not try to enforce or impose our practices among them. If they are influenced by our organization, then it is completely on their own."

Sometimes the failure to encourage upward communication with these employees costs the businesses dearly.

Over a million dollars was being stolen. The way it was caught was when someone who worked for the guy called us over here in the U.S. In that part

of the world, there is ethnic prejudice. There are Malaysians, Chinese, Indians, Filipinos. All these ethnic groups have animosity in some cases. So, when the call came in, the first reaction of management was that it was just some Malaysian guy who is talking nonsense. They dismissed it without investigating. This went on for a while until he called back again. And then they sent me over there to investigate... So, when we walked in there, the guy ran!

A key point in unraveling this narrative is that no attempts were in place to encourage employee voice.

It was difficult for me to get management to accept any programs of that nature. There may have been other reasons why too. Why do we want to know about these things? Everything is OK. There's a lot of "kill the messenger" in the world. There have been several times when people have said to me, "Why do you bring these things up?" There is a lot of head in the sand domestically and internationally.

This same informant was able to establish effective programs at another firm and describes how they were emphasized with Malay employees:

One of the things we would do on a quarterly basis is have a teleconference to all locations telling what was going on in the company and announcing new programs. If you were overseas, you would get a videotape and you could play it at the international office. Many of the programs that were discussed were those that would bring back communication [...] like whistleblower stuff. Maybe three-fourths of it would deal with new products and stuff and what was coming out, and human resources issues, and then it would be, "and by the way, we have 800 numbers in every country that you can call."

Other respondents emphasize the need to supplement these electronic forms of communication with on-site visits, face-to-face, in the native language of stakeholders (especially employees). The representative of a manufacturer of cable modems for the telecommunications industry describes changing an organizational culture from one in which employees were not allowed to talk and not empowered to help with a development process into one in which employee voice was part of the standard operating procedures. She said, "We requested the presence of these people

in the meetings. We no longer wanted our request to be passed down, but wanted participation for everyone. They had to be there. There was no one representing them. With these people now present at the meetings, questions could be posed directly to any particular department.” Each of these respondents demonstrate that stakeholder voice is fostered in situations in which Western firms actually participate in discussions with their partners about programs and procedures that will foster such voice. Not surprisingly, these discussions can be fruitfully supplemented by carrying out plans to follow up.

Consultations to Assess Progress with Stakeholder Rights

The existence of consultations with trading partners to assess progress will improve the chances of success in institutional political change. Assessment is a communication activity. Minimally, assessment provides feedback for managers to use in decision-making. More fully, it provides a venue for negotiating the meaning of such topics as human rights, stakeholder voice, and organizational democracy as they will be practiced with partner organizations. Once in place, the effectiveness of these mechanisms can be assured by assessment procedures.

A range of assessment procedures are used. Some of them are modeled on programs in Western organizations. For example, surveys of employee and customer satisfaction are becoming more prevalent. Nortel relies heavily on employee and customer surveys and requires the same at its subsidiary in China. A representative working with test engineers when asked about employee voice, said, “Yes. Since they are trying to imitate the western concept of doing business, they want the employees to participate by conducting a survey. This survey is conducted quarterly and whenever

an issue was found to be unsatisfactory for the employees, the management will act upon it.” Similar procedures are used to assess customer satisfaction.

Assessment processes, to be effective, require a great deal of time and commitment. At times, they also require on-site inspections.

Inspections are even more intense and intrusive. In addition to an array of attempts to assess employee and customer voice, one of our informants described what his company refers to as an audit.

We were dealing with a supplier, and the supplier was struggling, and we even had thoughts of dropping the supplier. We went over [to Singapore] and performed an audit. An audit [in this case] means we went through all of their processes, from receiving products all the way through manufacturing, accounts receivable, accounts payable, and we found seventeen different areas that needed improving. Over a year and a half time frame we worked with that supplier, and as a result, we were told two years later that the audit had helped them become a better company.

Guthrie’s (1999a, 208) informant, mentioned earlier, was involved just as intensely in factory inspections in China. Guthrie writes that this company, in the interest of effective public relations, has been conducting inspections since 1995 to assure fair and humane treatment of workers. It seems that there are many ways to assess stakeholder voice. These can stand alone or be incorporated into larger inspections of business practices when required. The timing of assessment procedures can be an important business decision.

Perhaps the first assessment would be a pre-assessment of potential partners. One of our Agilent informants, for example, maintained that “It’s important that we choose our suppliers and production partners carefully to ensure they share our commitment to quality, safety, and environmental protection.” The Western organization that wants to attend to issues of stakeholder voice will apparently observe partners carefully for potential problems while a contract is being negotiated. Implicit in the triumvirate of

issues mentioned by the informant are key concerns of four different stakeholders, the customer (quality), the employee (safety), and the local citizen (environmental degradation). The stakeholder not mentioned is the one who puts up the initial stake, the investor. The concern for optimizing profits is the reason for international arrangements to start with. In a global world, the international press has needed to follow all of these issues. Effective organizational communication is needed to track concerns for all of these, both internally and externally, by attending to stakeholder voice. There are frequent failures. An American representative for a Japanese company offered this contrast.

Our company here in the US acts swiftly when it comes to dealing with complaints. Right off the bat they will have meetings, conferences, visit our customers or have HR talk to our employees. We are always immediately dealing with the issues if you have to have a town hall meeting with the President to discuss issues we do it. [...] So we address every issue immediately. [...] [In Latin America] issues are never addressed. [...] They don't respond to them. They have to struggle just to get hold of them. So, I believe there is a lack of response time in dealing with issues. If it's not deemed important then they won't deal with it, or management isn't well informed or tuned to what's going on with its own company.

Such problems can be addressed by improved organizational communication systems, but that means intensive, even intrusive, management of partners, both suppliers and distributors.

Tompkins, in his analysis of organizational communication at NASA, introduced the organizational communication "penetration" which, for the great rocket scientist Von Braun, involved having a NASA employee on-site at each supplier to work with that company in understanding and solving engineering project issues. Tompkins suggested that the failure of NASA in the Challenger era could be partly explained by organizational forgetting and the abandonment of penetration as a cost-saving measure. It would appear that the Western organizations which have been most

successful in developing successful partnerships that attend to all the work of the organization, including assuring stakeholder rights, have used the principle of penetration by creating various kinds of assessment mechanisms. The ability to do this effectively depends on the degree of influence the Western organization is able to bring to bear on the situation. This may be within the purview of rhetoric.

Difficulty of the Rhetorical Challenge

A concern for stakeholder rights in partner organizations might be considered a rhetorical purpose, the discussions with stakeholders, the rhetorical occasion. Given this purpose and occasion, the organizational rhetor may have varying degrees of success in influencing stakeholder rights in countries that are not democratized. This likelihood of influence is the difficulty of the rhetorical challenge. There are both economic and cultural exigencies.

The most important of these is probably the financial clout that the Western organization brings to the situation. In China, for example, the government, and the Chinese people themselves, desire economic development and are interested in the jobs that economic engagement brings with it. As long as they have so much to gain in this respect from their Western partners, they will likely be somewhat amenable to influence. One of our informants who spent years in China, with reference to response to complaints said, "it is on the basis of the importance of the customer. The importance is not purely [which] country [the customer is from]. It is the size of the customer, the size of the order involved and whether the customer is an important, strategic one. It is purely business practice." For this reason, Chinese firms are more apt to attend to complaints from

international firms than from their own domestic customers and suppliers. Western influence has led to the change in Chinese law mentioned earlier and the willingness to adapt their methods.

Financial clout can put a Western firm in a position to influence, but the economic disparities can also play havoc with the fidelity of communication. This is explained by a company auditor who has worked in Malaysia.

They're afraid to tell you about poor or corrupt business practices. There is a lot of defensiveness around the international realm because of tax havens. For the first five years, the revenue will not be taxed by that country. There is a good incentive to be there during those five years. When the haven expires, the only incentive to stay there is if the company is run well. It's a low cost provider of the service. It's more based on business practices and not on tax issues. So to have poor business practices brought to light would be a very bad thing for the local organization because the [Western firm] might walk away from it. However, sometimes the [Western] firm has a huge stake in the company, sometimes 100%. It depends.

So, the financial incentives to make changes can also impair communication channels unless there is ownership by the Western firm.

If the firm is a wholly owned subsidiary, the potential for influence is very large, impeded only by the parent firm's ability to adapt to the new culture. Partnering is another matter. The extent of penetration must be negotiated and will depend on the importance of the Western partner. Sometimes the Western firm will be advised to increase its influence, thus reducing the rhetorical challenge, by an acquisition or sizeable investment in the partner. On the other hand, if the Western firm is fairly inconsequential to its partners financially, it cannot be expected to have much influence on stakeholder rights issues because the rhetorical challenge would be insurmountable. Thus care and ability in this type of inter-organizational communication becomes most important when the

level of financial influence is not obvious, or when it is neither very high nor very low.

In addition to the financial exigencies, the range of cultural differences must be considered. Some cultures adapt more readily than others to the communication norms of the Western world. Many of our informants, cited above, characterized the cultural difficulties in communication. Some of them were quite chauvinistic in these characterizations, but this serves as further evidence of the kind of difficulties experienced. One of our informants was involved in creating distribution channels for financial software services in Eastern Europe. She noticed that at first complaints from developing countries, specifically Croatia, were easier to solve than those from Italy or France, which had higher expectations. In time, however, the Croatians became more vocal and suggested more improvements. They became more comfortable voicing concerns. Similarly, a firm developing software for manufacturing operations indicated that Filipino and Malaysian partners saw the interactions as a “learning experience.” They were very receptive to discussions about processes. “They are almost too good. There is no black or white, and in the United States everything is grey. But because they are so good following directions, the quality is very good.” Some cultural norms work in favor of the collaborations, some against them. Perhaps the greatest impediment to assuring stakeholder rights exists in those cultures in which there is a profound reluctance to speak up. Guarantees of stakeholder voice are ineffectual if not used. Our informants continually told us that there is a great deal of fear in many cultures: fear of superiors, fear of losing one’s job, fear because there are few legal protections. “There’s a lot of fear. They don’t have the job security or the legal system behind an employee.” Thus, even with financial clout, cultural differences might reduce an organization’s rhetorical effectiveness.

Further, it should not be assumed that the direction of influence is one way. Collaborations mean that both sides will be affected. An oil services company in Malaysia hired a “Bumiputra,” literally a “brown partner,” to help locally with tasks like leasing facilities. The partner lined his pockets by secretly sub-leasing the properties and vehicles owned by the company. When this was discovered, management looked the other way. In fact, they increased the Bumiputra’s salary on the theory that he wasn’t being paid as much as he thought he deserved. Ethical lapses were tolerated. One of our informants explained management’s quandary in this way:

You certainly influence each other’s practice and ideals – not just one way. The developed countries trade and work with companies in developing countries because of their competitive cost and quality labor. This means that it is to [Western] companies’ advantage to have their labor and environmental standards low. How wholeheartedly [labor and environmental standards are followed] depends on their shareholders, investors, and customers’ concern.

Perhaps the rhetorical challenge itself, that the organizations believe they are facing, will affect the level of concern they feel about upholding standards involving stakeholder rights in the first place. They may avoid doing so when the task appears too difficult and secondary is importance to their financial goals.

Summary

An adequate description of the impact of trade on institutional political change will include an analysis of the organizational communication involved. The nature of the relationship between trading partners is determined by the communication required. While trade can result in a wide range of political outcomes, from progressive to oppressive,

predicting the outcome is a chancy proposition. Communication between trading partners seems to mediate between the goals of economic engagement and the nature of the political outcomes. Stakeholder voice is among the most important of stakeholder rights because there can be little relief from oppressive circumstances if those who are oppressed do not speak up. Stakeholder rights, especially employee rights, are best secured under conditions in which institutions are becoming more democratic, including encouragement to exercise voice. When Western organizations model concern for stakeholder voice, partner organizations might achieve progress through imitation. The role of the press and the public relations function within organizations is especially important in encouraging concern for stakeholder rights. If the Western organization is willing to actually discuss expectations and assess these human rights issues, progress can be encouraged. Finally, the difficulty of the rhetorical situation faced by organizations with partners from developing countries varies dramatically from one of these partnerships to another. Economic and cultural exigencies help to define this challenge, but the degree of financial clout is paramount. Where minimal financial clout exists, the rhetorical challenge is difficult. Perhaps these factors constitute a minimal model of organizational communication and political change in a time when commercial organizations have tremendous influence in international relations.

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