

# Cross-national Conflict Shifting: expanding a theory of global public relations management through quantitative content analysis

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**ABSTRACT** *Cross-national conflict shifting was introduced to the public relations academic community by Molleda and Connolly-Ahern (2002). They derived this concept from German scholars of international management. Molleda and Quinn (2003, 2004) expanded the theory with a series of presuppositions, some of which this study tests through a content analysis of news coverage of a bribery scandal that occurred in the southern African nation of Lesotho, which diffused worldwide because of the transnational nature of the parties involved.*

**KEY WORDS:** *Communication Management, Cross-National Conflict, Global Public Relations, Media Content Analysis, Theory Building, Transnational Corporations*

## Introduction

Instant communication and growing concerns about the interdependence of the world economic, social, and political systems make studies of global public relations relevant. This is the process of globalization, which is defined by Yergin and Stanislaw:

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In a more narrow sense, it represents an accelerating integration and interweaving of national economies through the growing flows of trade, investment, and capital across historical borders. More broadly, those flows include technology, skills and culture, ideas, news, information, and entertainment—and, of course, people. (2002, p. 383)

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Transnational organizations are coming to the realization that they are no longer able to conduct business practices unilaterally and without the oversight of major global players such as nongovernmental organizations (NGOs), media conglomerates, governments, and multilateral or supranational courts and organizations. However, a theoretical frame-

work for studying these transnational processes is still lacking, which makes the case for a more research-based global practice and education in the field of public relations. Specifically, as Taylor (2001) points out, “[t]he research path that examines presuppositions underlying public relations theory and practice is an important step toward articulating useful theories of public relations” (p. 636).

In terms of theory development, intelligence preparation of the marketplace comes first. That is, basic research is conducted to define the players and contextual variables. With regard to cross-national conflict shifting, these contextual variables have been identified by Molleda and Connolly-Ahern (2002) and Molleda and Quinn (2003, 2004).

The second phase of theory development includes the examination of communication plans and outcomes. This phase includes interviews with key players, as well studies of media content to assess the impact of local–national–global media relations.

Morley explains in the preface of the revised edition of his book about global corporate reputation management that significant changes

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have reshaped the world in which we live and the techniques we use to communicate: the Internet, religious fundamentalism, global terrorism, increasingly strident NGOs seeking to de-rail globalization, the concentration of power into new communications conglomerates, the boom and bust of the "new economy" along with the rapid deployment of the Internet in a 24/7 mobile and continuously connected society. (2002, p. vii)

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It is in this rapidly changing environment that public relations practitioners must work to achieve goals in the most ethical and productive manner possible. Clearly, a theoretical framework is necessary to help practitioners anticipate and manage transnational situations. The purpose of this study is to test and further illustrate the development of the theory of "cross-national conflict shifting" as it relates to global public relations management and corporate citizenship through a quantitative content analysis of media related to a specific case.

### **Cross-national Conflict Shifting: a review of the literature**

The conceptualization of cross-national conflict shifting was first introduced to the US academic community by Molleda and Connolly-Ahern at the 2002 Association for Education in Journalism and Mass Communication's annual convention in Miami. The authors drew this theoretical concept from German international management scholars Martin Welge, Dirk Holtbrügge, and Nicola Berg of the University of Dortmund.<sup>1</sup> Molleda and Connolly-Ahern explain:

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There are organizational decisions, actions and operations that affect publics in one country and have an impact internationally. This impact seems to be greater at the home country of the organization or organizations involved, which could be explained by the relevance and proximity of organization for the home publics. Domestic conflicts are increasingly shifting worldwide because of the growth of international transactions, transportation and communication, especially information technology. (2002, p. 4)

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Media outlets and their audiences have access to information about conflicts that occur in

every corner of the planet. When the conflict involves a transnational corporation, the interest in the incident increases, especially in countries where the organization has its main headquarters or greater visibility. For instance, German automobile manufacturer BMW and French tire manufacturer Michelin have their main offices in Europe and both corporations have large-scale plants in Greenville-Spartanburg, South Carolina, USA. When either transnational corporation is involved in a significant positive or negative development or news story in any part of the world, this development or news will rapidly reach both the European headquarters and the South Carolinian operations. In response, either corporation will most likely produce internal and external corporate communications: news stories for the use of French, German and southern US media outlets, or possibly national and international news outlets if the story is deemed important enough; inquiries from shareholders at the various locations; and issues or crisis management programs to track the evolution and assess possible impact on the operations and reputations of the two transnational corporations.

Welge and Holtbrügge (1998) first introduced in Germany the concept of cross-national conflict shifting, which was expanded in the second edition of their book *International Management* (2001). They explain that "multinational corporations are not just confronted anymore with national, but increasingly globally active interest groups, which not only observe the behavior of single subsidiaries in the respective host nations, but also the behavior of multinationals as a whole" (2001, p. 323). Being a global citizen has its advantages (i.e., market expansion, business diversification, vertical integration) as well as its challenges (i.e., greater interdependence, risk, complexity). Today, open market or market protectionism has increased the focus on key players, that is transnational businesses, which are seen either as heroes or villains by domestic and international watchdog groups. It is becoming more difficult for transnational organizations to operate with impunity because "interest groups in one country condemn multinational corporations for what they are doing in other countries" (Berg and Holtbrügge, 2001, p. 112).

The result is that the repercussions of wrongdoing or unpredictable accidents in a developing nation are also felt in the home country where the transnational corporation is headquartered because “conflicts are not fought anymore in the country in which they originated, but in the country in which the interest groups can best push through their position” (Welge and Holtbrügge, 2001, p. 324). The power and influence of interest groups seems to be positively correlated to the impact their actions could exert in a given moment over a sensitive issue. Interest groups are aware that national governments are becoming mindful that how the corporations represent their nation’s flag can positively or negatively impact their countries’ image perceptions worldwide, especially in the main centers of political and economic power. Additionally, interest groups also seem to know that national governments are increasingly holding their transnational corporations accountable for their actions and behaviors outside their countries’ borders. National governments must follow rules and regulations dictated by supranational bodies such as the World Trade Organization, or face consequences. This fact may be used by international NGOs or activist groups to exert pressure to a misbehaved transnational corporation.

Despite the fact that the greatest activist pressure appears to be concentrated where a transnational corporation is headquartered or runs a significant operation, the global public relations function would be more efficient by empowering its counterparts or units worldwide with human and technological resources, information and, in general, capacity to respond to the local interest groups and any other involved or affected publics, including government agencies, employees, shareholders, community and news media. Welge and Holtbrügge elaborate:

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[T]hose conflicts will have impacts on the activities in other countries because of numerous interdependencies... Due to those dangers a centralized and worldwide standardized public affairs [or public relations] management is not able to recognize and nurture in time nationally different corporate affairs and their relationships to the predominant socio-political interest groups. The responsibility for public affairs management has to be delegated for

that reason to the respective corporate units, which—given proper selection and training—can execute these tasks more effectively due to their regional proximity and personal contacts. (2001, p. 325)

Most transnational corporations have their headquarters in developed nations where NGOs are most likely to coordinate their anti-corporate campaigns and far-reaching media outlets diffuse their latest controversial international news through a multiplicity of channels. Yet it appears that organizations are behind in coordinating and controlling communication strategies and information management among their subsidiaries worldwide.

Public relations scholars who have reported global crises have highlighted the cross-national nature of conflicts. For instance, Taylor (2000) summarized and used cultural dimensions to explain the Coca-Cola scare in Europe. She observed that corporations from the United States, Europe and Asia are crossing their own borders more than ever before. That is, European companies are further expanding their reach to Asia and North America, while US and Asian corporations are conducting business in all the markets. “Globalization means that what happens to an organization in one part of the world will affect the organization in other parts of the world” (Taylor, 2000, p. 278).

Organizations facing conflicts or issues in one nation will have to deal with a variety of publics at various geographical levels. A cross-national conflict shift includes host, home, and transnational publics (e.g., NGOs and activist groups, global media outlets, shareholders), which indicates the complexity and magnitude of the interactions amongst the players. Molleda and Quinn (2003, 2004), after summarizing a set of cross-national conflict shifts, further developed the theory through the following propositions.

*Proposition 1.* Cross-national conflict shifting is mainly related to corporate social performance issues and negative economic consequences of globalization.

*Proposition 2.* The magnitude of a cross-national conflict shifting *will increase* when it starts in an emergent or developing economy because of the greater pressure the transnational

corporation will face in the host country and from the international activist community.

*Proposition 3.* Conflicts that occur in developed nations usually have a *shorter life* and do not cross borders *as often as* conflicts that start in developing nations or emergent economies.

*Proposition 4.* A greater number of involved parties will characterize a cross-national conflict shift in which a developed nation's transnational corporation is the principal participant of the crisis.

*Proposition 5.* A lower number of involved parties will characterize a cross-national conflict shift in which a developing nation or emergent economy corporation is the principal participant of the conflict.

*Proposition 6.* Transnational corporations that produce or commercialize tangible, boycottable products are more likely to receive attention than those who produce and commercialize intangible services.

*Proposition 7.* Transnational corporations headquartered in developed nations that produce or are part of a national conflict outside their home country will attract significant attention from global NGOs, international regulatory bodies, national governments, organized citizen groups, and international news agencies and global media outlets.

*Proposition 8.* The direct involvement of a transnational corporation in a cross-national conflict shift will produce greater consequences and demand a more comprehensive set of responses than a transnational corporation that is indirectly related to the issue.

*Proposition 9.* National conflicts shift to the international arena when (*primarily*) global NGOs or media report on the situation to audiences or publics in different parts of the world. However, there will be occasions in which the transnational corporation itself alerts authorities in its home country about improper actions or behaviors the transnational corporation is involved in overseas.

An example will serve to illustrate the kind of cross-national conflict shift described by the latter half of proposition 9. The US Department of Justice and Indonesian Corruption Eradication Commission, created in December 2003 in response to demands from the International

Monetary Fund, began an investigation into allegations that Monsanto Company (PT Monsanto Kimia in Indonesia) authorized an improper \$50,000 payment to an Indonesian government official two years ago (Mapes, 2004). This cross-national conflict started, according to Mapes, when the transnational corporation denounced to US regulators in late 2002 financial irregularities at its Indonesian operation—Transparency International ranks Indonesia among the most corrupt countries in the world. Not only has Monsanto alerted officials and cooperated with authorities at its “home country,” but also has taken drastic actions at the “host country” level, such as firing some Indonesian employees. The penalties in the United States (home country) are greater than the fines in Indonesia (host country). Mapes (2004) reports that in the United States, Monsanto may be fined up to \$2 million and its American employees up to five years’ imprisonment (stipulated under the US Foreign Corrupt Practices Act) and additionally the corporation may be fined by the US Securities and Exchange Commission, while in Indonesia the fine is estimated in about \$100,000 in state damages. The anticorruption commission in Indonesia is requesting information from the US Department of Justice and is planning to prosecute the government official who allegedly received the bribe. From this example four distinctive publics are clearly identified: US government regulators, Indonesian regulators, an international NGO, and a US-based media outlet with international reach. Moreover, information about the involvement of Monsanto in the bribery case may be processed and sought by shareholders, employees and community groups involved or affected by the transnational corporation’s actions, also demanding proactive public relations strategies.

*Proposition 10.* National conflicts with a great human-interest focus are likely to be shifted to the international arena.

The remainder of this article begins to illustrate the media results of a cross-national conflict shift. Some of the above propositions will be identified in the context of the case. After the case is introduced, research questions and hypotheses are presented to further describe

the conflict with the reporting and interpretation of the results of a content analysis of news media articles concerning Lesotho's bribery scandal which involved a Canadian company found guilty of bribery charges in southern Africa [propositions 1, ethical issues affecting corporate social performance]. After an unprecedented trial, the corporation was found guilty and its director in Lesotho was sentenced to 18 years in prison for paying bribes in connection with a multi-billion dollar dam project.

### **Bribery in Lesotho Reaches the World**

The Lesotho case began with the decision to undertake a large development project in a small, underdeveloped southern African nation, and was exacerbated by incremental pressure from multiple players attempting to fight bribery and corruption [proposition 2, the conflict starts in a developing nation and attracts great attention from a multiplicity of players]. The Lesotho Highlands Water Project (LHWP) is a series of dams and tunnels that move water from Lesotho to Johannesburg, South Africa, providing \$20 million in annual royalties, approximately one-fourth Lesotho's total exports (Grunwald, 2002). The project has provided more than 7000 jobs and all of Lesotho's electricity.

Lesotho, formerly known as Basutoland, gained its independence from Britain in 1966 (Government of Lesotho, n.d.). It is a small and mountainous country, approximately the size of Maryland or Wales, surrounded on all sides by South Africa. Most of the country's 1.9 million people are poor with one-fourth living in extreme poverty and one-third have HIV (Grunwald, 2002). Water, called "Lesotho's White Gold," is the country's major natural resource (Squires, 1999). While Lesotho is not ranked on Transparency International's corruption index because it lacks the three sources necessary for ranking, it is ranked 118 with a score of 3.50 and categorized as mostly unfree on the 2004 *Index of Economic Freedom* (Miles et al., 2004). It is also noted that "political instability and corruption discourage foreign investment." Government positions in Lesotho, as in many undeveloped countries, are coveted. According to "a re-

spected political pundit" in Lesotho, "the private sector is still small . . . Anyone who wants to get on has to set his or her sights on public office" (Squires, 1999). It would follow that people in those coveted positions would be under some measure of scrutiny.

Lesotho's press freedom environment is fairly well developed. *Freedom of the Press 2003*, a report from the international civil liberties group Freedom House, described the country as "partly free," indicating that "the government generally respects freedom of speech and the press, which is provided for in the constitution" (2003, p. 105). The report also noted a developing watchdog role for Lesotho's independent press.

In the words of Monyane Moleleki, Lesotho's Minister of Natural Resources, "The problem started when we realised Mr. Sole appeared to be living beyond his means" (*BBC News*, 2002). Moleleki was referring to Ephraim Masupha Sole, former Chief Executive of the Lesotho Highlands Water Authority (LHDA) who was dismissed in 1995 following a management audit and sued in civil court by the LHDA. It did not stop there. In the course of a four-year investigation that followed, Swiss bank accounts were uncovered that were traced to construction companies involved in the Highlands Water Project. Criminal charges of bribery and corruption were then filed against Sole and senior officials of several international construction companies (Stoppard, 2000).

The Lesotho bribery trials represent a landmark in the fight against corruption, whose serious beginnings can be traced to the US 1977 Foreign Corrupt Practices Act and the 1997 Organization for Economic Cooperation and Development (OECD) Anti-Bribery Convention. According to the Asian Development Bank, corruption in poor countries can comprise as much as 17 percent of the Gross National Product.

According to Swiss giant ABB's General Counsel, Beat Hess, it became evident in 1995 that the issue of bribery was heading for criminalization. "There was pressure from the World Bank, the OECD, the NGOs, media, investors, analysts, business partners and not least from our own younger employees, who

started asking us about business ethics—a question that was unthinkable 10 years ago,” said Hess (Thomas and Theil, 2002, p. 42) [propositions 7 and 8].

The public relations implications are clear and succinctly voiced by Peter Eigen, Chairman of Transparency International: “You cannot unleash this monster of corruption outside your borders and expect it to not come back and eat at society at home” (Thomas and Theil, 2002, p. 42). This is a sentiment perhaps being pondered by the 12 target companies from Britain, Canada, Germany, France, Italy, and Switzerland. As Thomas and Theil noted, the companies of the top industrial countries that “dominate the most bribe-riddled industries: defense, civilian aircraft, telecommunications systems, oil and gas and heavy construction would be well advised to heed Eigen’s warning” (2002, p. 42). It appears likely, given the number of quotes by Transparency International, that they were instrumental in raising the level of the case to include the bribers as well as the bribee. Consider the fact that Peter Eigen was “a World Bank official with experience in Africa and Latin America, who had argued unsuccessfully that the Bank start to address the problem in its programmes” (Transparency International, n.d.). The following is a condensed version of a news release posted on Transparency International’s website:

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The involvement of more than a dozen leading European and North American construction companies in a large-scale corruption scandal in South Africa and Lesotho illustrates the urgency of swift implementation of the landmark OECD Convention against international corruption, Transparency International (TI) has urged. All the implicated companies are from countries that have recently signed the OECD Convention which makes it a crime to bribe public officials abroad. . . . While the official in question has been charged by the Lesotho government on 29 July on 14 counts of bribery and fraud, Transparency International explains that for too long there has been a tendency to focus solely on the recipient of bribes. “Both bribe payer and recipient are defrauding the public, wasting resources and hindering development,” noted TI Chairman Dr Peter Eigen. “There is no doubt that the international firms involved deserve censure,” continued Eigen. The international anti-corruption organisation urges the authorities in Southern Africa to seek the co-operation of the judicial authorities in Europe and North America in prose-

cuting the companies involved. Dr Eigen stressed “We are also pleased that the South African government intends to accede to the OECD Convention so that it can play a significant role in extending the scope of the Convention and help protect itself and other countries in Africa and elsewhere from similar incidents. (Transparency International, 1999)

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The cast of players fall into four main groups: the citizens of the Republic of Lesotho; the major financiers; the major transnational construction companies; and not-for-profit organizations. Relationships within each grouping are dynamic, as are the relationships between the groups. The players in the Lesotho case are categorized according to their geographical origin and from the transnational organization’s perspective; that is, host publics, home publics, and transnational publics.

The host publics include first the government of Lesotho represented by individuals including Fine Maema, Lesotho Attorney General; Mele-fetsane Lepele, General Manager of LHWP; Mahlape Mothepu, LHWP project official; and Monyane Moleleki, Lesotho Minister of Natural Resources; second, local activist groups such as the Transformation Resource Center (human rights group); third, the displaced population; fourth, dam workers; and fifth, a contractor from Lesotho, Associated Consultants and Project Managers.

The home publics are the governments and media outlets of the transnational corporation involved in the bribery case. Charges have been brought against individual companies and against companies as members of two consortiums, the Lesotho Highlands Project Contractors and the Highlands Water Venture. Not only does the case have implications for each of the companies, but their governments as well.

As a result of the investigation and conviction of Masupha Sole, the former chief executive of the Lesotho Dam Project, Lesotho’s Attorney General, Fine Maema, also charged the companies involved (McGreal, 2002). The World Bank provided financial support to Lesotho’s investigation (Barrow, 1999). The companies charged by the Lesotho court span two continents with headquarters in Canada (ACRES International), France (Coyne it Bellier, Sogreah, Spie Battignolles, Dumez International), Germany

(ABB, Lahmeyer International), Sweden (ABB), Panama (Universal Development Corporation), and Britain (Gibb Ltd., formerly Sir Alexander Gibb and Partners).

Transnational publics are also part of this cross-national conflict, including the World Bank, the OECD, and the World Commission on Dams. Similarly, NGOs are part of the transnational publics, such as the World Conservation Union, American Rivers (often represented by Patrick Bond of the University of the Witwatersrand), Transparency International (often represented by Peter Eigen, Chairman, and Jeremy Pope), and the Environmental Monitoring Group.

This story illustrates the active role some national governments of developing nations and emergent economies are beginning to play in responding to the challenges posed by globalization. Big infrastructure projects and industry operations create long audit trails with a multiplicity of players that produce a corresponding number of opportunities for conflict, crisis and vulnerability. Public relations professionals practicing in more than one country are challenged by conflicts that impact their organizations' or clients' activities and reputation in more than one location at the same time.

The Lesotho case has been extensively covered by media outlets from South Africa, Europe, and North America, especially Canadian media [proposition 9]. The following section introduces research questions and hypotheses with the aim of describing the participation of news media outlets in the global diffusion of a national conflict involving transnational corporations and other transnational parties.

### **Research Question, Hypotheses and Methodology**

The Lesotho bribery scandals caught the attention of the researchers because it allowed a very small nation of southern Africa to leap onto the world scene with its efforts to reveal the sometimes-corrupt practices of its own government officials, as well as those of representatives of transnational corporations mostly from developed nations. The involvement of corporations from South Africa, Europe and Canada makes

this a complex case of cross-national conflict shifting. To understand the broad implications of this case on the practice of global public relations, the researchers undertook a content analysis of media related to the case, guided by the following research question and hypotheses:

- R1. What are the characteristics of the media coverage of Lesotho's bribery scandal? In particular, the thoroughness of the coverage is expected to be higher in stories focused on parties involved from the country of origin of the news media outlet.
- H1. News media outlets will publish stories about international conflicts in greater length when the story focuses on corporate players from the news media's country of origin.

The conviction of the former Chief Executive of the Lesotho Highlands Water Authority in 1995 and the four years of investigation that followed resulted in the prosecution and conviction of the representative of a Canadian corporation involved in the large-scale construction project. Therefore, it is hypothesized that

- H2. The news coverage of the Lesotho case will be characterized by the use of more sources and quotes in the North American (Canada–United States) news coverage than in the European and African coverage.

Since the conviction of the Canadian executive, the prosecutors from Lesotho have focused their legal efforts on European companies involved in the bribery scandal. Therefore, the next hypothesis states:

- H3. The news coverage of the Lesotho case will be more extensive (i.e., number of sources and number of quotes) in Europe than Africa, yet less intensive than in North America (Canada–United States).

### *Methodology*

To answer the stated research question and hypotheses, a content analysis was conducted of news materials gathered from Lexis-Nexis™

Academic Source list, specifically using the advanced search option to identify only the stories published by specific publications rather than reported by news agencies. The intention was to work with the stories that would have had the potential to reach home, host and transnational publics. Local or national media outlets could have either picked up or not used stories reported by international news agencies.

A four-year date range option was selected because the first news report surfaced in 1999. Headline and lead paragraph were searched using two terms—Lesotho, bribery—to identify all available news reports about the case from Africa, Europe and North America. A total of 155 stories were found, thus a census was used as sampling technique, which included 96 stories (54 stories were excluded from the analysis because they did not specifically address the bribery cases of the construction project object of the study and five were excluded for being duplicates of valid cases). The unit of analysis of the study was the full article.

#### *Coding sheet construction*

A coding sheet was designed to facilitate the content analysis of news stories concerning the Lesotho bribery case (see coding instrument in the Appendix for a detailed description of the variables). The research instrument includes elements that have been described in the theory of cross-national conflict shifting, such as the nature of the conflict and the publics involved or affected. The coding sheet included an identification number and year of publication for each news story. To measure the intensity or completeness of the news stories, three continuous variables are included (i.e., word count, number of sources and number of quotations included).

The remaining variables are nominal (i.e., “0” is no and “1” is yes). The first set focuses on the words used on the headline and reports the inclusion of a company name, Lesotho, the African continent or any variation of the noun “bribery.” The second set enquires if the article focuses on a corporation from the same country as the news media outlet that published the story or on the legal case of bribery. The next

two sets list a series of players that could be used as sources or from whom quotes were drawn, such as international and national NGOs, government officials, company representatives, international analysts, other experts, Lesotho’s citizens, multilateral organizations, and others.

Inter-coder reliability analysis was used to test the internal consistency of the instrument. Ten percent of the stories were randomly selected and coded by the three researchers separately. The consistency and inconsistency of the coding decisions were assessed. Using Holsti’s formula (1969), the inter-coder reliability coefficient was 0.90, which confirms a high level of agreement among the coders regarding coding decision and therefore the high internal validity of the instrument.

#### *Statistical analysis*

Data collected through the content analysis were analyzed using SPSS 11.5 for Windows. Frequencies and descriptive statistics were run, followed by a series of analyses of variance (ANOVA) to study the association between nominal and continuous variables. Mean plots were constructed to graphically illustrate the ANOVA results. Cross-tabulations were used to explore the relationship between nominal variables and Pearson Product Moment correlations to study the interactions between continuous variables.

### **Media Coverage of Lesotho’s Bribery Scandal: findings**

The question that guided the study was: what are the characteristics of the media coverage of Lesotho’s bribery scandal? African news media outlets were represented in the sample with 29 stories (30 percent), Europe with 45 stories (47 percent), and North America with 22 stories (23 percent) of which Canada had 17 news stories. Lesotho was mentioned in a little bit more than a third of the story headlines (34 percent), and bribery was mentioned 49 percent of the time. European and North American media outlets mentioned “bribery” in their headlines significantly more often than African media ( $\chi^2(2, 96) = 10.45, p = 0.005$ ). Transnational corpo-

rations from the same origin as the news media were the focus of 66 percent of the news stories and 79 percent totally focused on the bribery case.

Regarding the number of sources used and quotes cited in the news stories, the sources most used in the news stories were government officials (46 percent), company representatives (39 percent), and international NGOs (20 percent). Quotes were included mostly from government officials (35 percent) and company representatives (30 percent), followed by international NGOs (15 percent). The median of number of sources was two, of quotes one, and of word count 510. The median was used instead of the mean because of the presence of extreme values in each of these variables (box plots were used to identify outliers). Figures 1 and 2 illustrate these findings.

Further exploring the data, the association between coverage and story length was studied by running *t*-tests and Pearson Product Moment correlations. Significant results indicate that the greater the lengths the more the sources ( $r = 0.487, p < 0.000$ , a definite but small relationship; Guilford, 1956) and quotes ( $r = 0.609, p < 0.000$ , a moderate relationship) used in the story. Similarly, the greater the sources cited the more the number of quotes included in the news story ( $r = 0.809, p < 0.000$ ).

The origin of the news media was cross-tabulated with the types of sources used in the stories. A significant association was found between news media's origin (i.e., Africa, Europe and North America) and the use of national NGOs as sources ( $\chi^2(2, 96) = 10.58, p = 0.005$ )— North American news media used national NGOs most. Significant relationships were found also between the origin of the news media and the use of government officials ( $\chi^2(2, 96) = 7.02, p = 0.030$ ), company representatives ( $\chi^2(2, 96) = 20.63, p = 0.000$ ), and other experts ( $\chi^2(2, 96) = 10.18, p = 0.006$ ) as news sources. European and North American news media used more government officials, company representatives and other experts as sources than African news media.

The news media origin was also cross-tabulated with the sources quoted. Pearson chi-square coefficients were significant for the relationship between news media origin and quotes from international NGOs ( $\chi^2(2, 96) = 7.29, p = 0.026$ )— European news media quoted this source the most; national NGOs ( $\chi^2(2, 96) = 10.58, p = 0.005$ )— North American news media included quotes from national NGOs the most; government officials ( $\chi^2(2, 96) = 18.39, p = 0.000$ ) and company representatives ( $\chi^2(2, 96) = 19.17, p = 0.000$ )— European and North American news media quoting them the most.

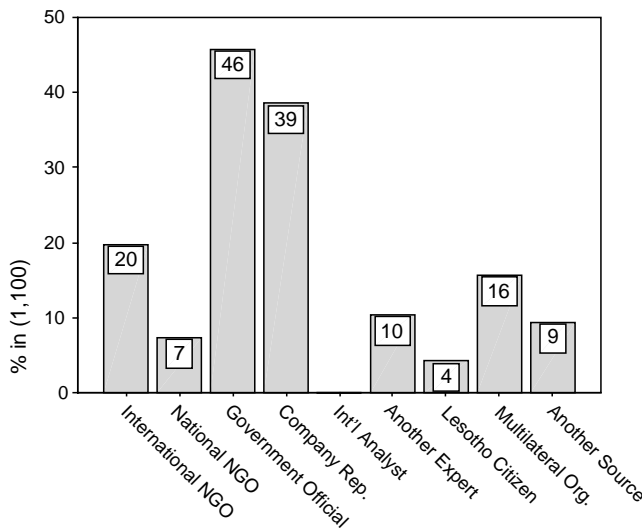


Figure 1. Type and number of sources used.

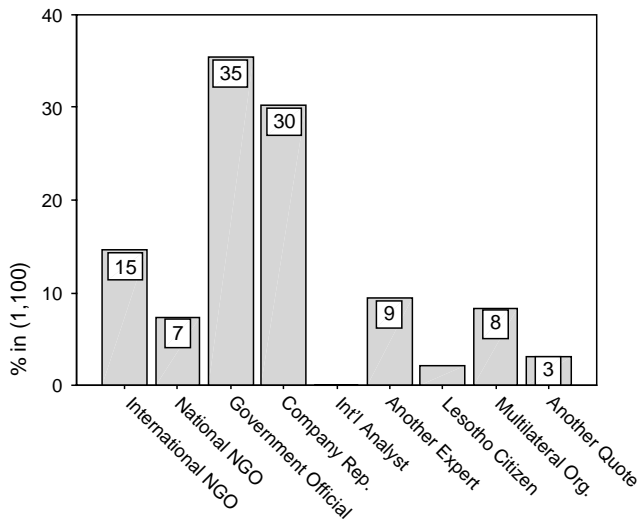


Figure 2. Sources and number of quotes cited.

The associations between media origin and other experts ( $\chi^2(2, 96) = 11.68, p = 0.003$ ), and media origin and Lesotho citizens ( $\chi^2(2, 96) = 6.87, p = 0.032$ ) as sources quoted were also significant. The North American news media were the only ones to quote Lesotho's citizens in some stories. They quoted other experts on more occasions than the European and African news media.

The five years of coverage (1999–2003) were cross-tabulated with news media origin. The association between these two variables was significant ( $\chi^2(8, 96) = 51.68, p = 0.000$ ). Interestingly, in 1999 when the transnational companies were charged of bribery and Lesotho's government official charged with corruption, the most stories were published in Africa (21). In 2000, European news media reported the most stories (15). In 2002, most stories were published both in Europe (20) and North America (17). This was the year when the government official was convicted and ACRES International, the Canadian firm, found guilty. As of March 2003, when data were collected for this content analysis, only African and European news media had published stories about Lesotho's bribery case.

ANOVA was used to test the first hypothesis, H1: News media outlets will publish stories about international conflicts in greater length when the story focuses on corporate players from the news media's country of origin. This

hypothesis was supported at the  $p \leq 0.05$  level. The ANOVA test between articles focused on transnational corporations involved in the bribery scandal and published in their home news media with the length of the stories was significant and showed the expected direction ( $df = 1/94, F = 5.30, p = 0.024$ ).

H2 and H3 were also tested through ANOVA. H2 predicted that the news stories would use more sources and quotes in the North American (Canada–United States) news coverage than in the European and African coverage. It was supported at the  $p \leq 0.05$  level. The association between news media origin and number of sources used was significant and shows the hypothesized direction ( $df = 2/93, F = 11.01, p = 0.000$ ). Finally, H3 predicted that the news coverage would be more extensive (i.e., number of sources and number of quotes) in Europe than Africa, yet less intensive than in North America (Canada–United States). This hypothesis was also supported ( $df = 2/93, F = 16.39, p = 0.000$ ) (see Figures 3 and 4).

## Discussion

This study supports the predicted prominence of government officials, transnational corporation representatives and international NGOs as the main sources used by the news media to report on conflicts that cross borders. Surpris-

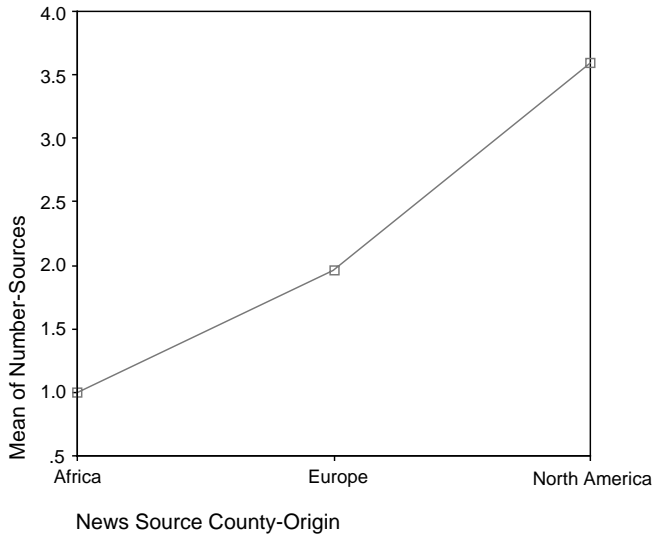


Figure 3. Continents and number of sources.

ingly, perhaps, it illustrates the dominance of governmental views in news coverage of this cross-national conflict shift, which dealt with a legal question, and therefore engendered high levels of government involvement. Public relations professionals should be aware of the voices competing for attention and how important is to make their corporate viewpoints available at the home, host and transnational levels. Coordination and control of the public

relations function would be essential for the success of a global strategy of cross-national conflict shifting management. Involved transnational corporations are advised to develop a unified corporate position, yet always with a local angle.

Other voices were less heard in the coverage of the conflict. NGOs constituted less than 20 percent of the sources and quotations. The people directly affected by the conflict—the

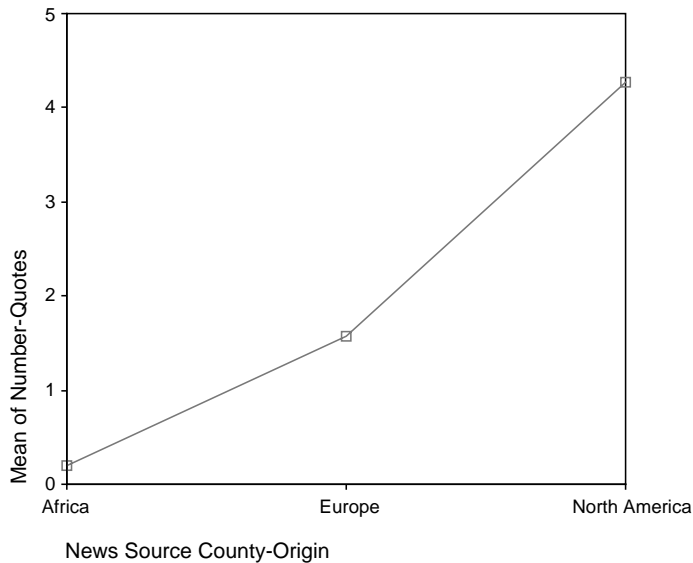


Figure 4. Continents and number of quotes.

citizens of Lesotho—were rarely heard at all, although their governmental officials were well represented in the coverage. Governments and transnational corporations involved in a cross-national conflict should proactively communicate with national and international NGOs despite their low presence in or even absence from the news coverage.

The North American and European news media included more sources and quotes from a variety of parties involved in the cross-national conflict. This finding makes the monitoring of the coverage essential for the organizations, so they can offer timely follow-ups, including clarifications, expansions or reconsideration of their positions. More importantly, from a corporate standpoint, this study underscores the value of building consistent and long-term relationships with other involved parties, particularly government officials and activist spokespersons most likely to be interviewed, and who could be influenced in their responses and viewpoints regarding the involvement of a given organization in a cross-national conflict.

According to the findings that support H2, cross-national conflict shifts are intensively reported by home news media because of the impact and local nature of the story covered. Even though several companies are involved in the Lesotho bribery scandal, more coverage of the case was observed in Canada, because a Canadian national was the first corporate representative to be found guilty of corruption charges. This is evidence of the great impact that conflicts that occur in one nation could have great impact in the nation where the party involved has its main operations or is headquartered. Additionally, North American and European news media appear to be more sophisticated than African news media when covering the Lesotho conflict, employing more sources and quotations in their coverage of the event, despite the fact that the event was directly related to the national interests of South Africa. European and North American media outlets also appear to be more aggressive in passing judgment on companies involved in the conflict, specifically using the word “bribery” in their headlines. This heightens the gravity of the accusations against transnational companies,

which in this case resulted in the conviction of a Canadian construction corporation on corruption charges. This may signal a trend toward a close scrutiny of business transactions globally from an ethical and legal perspective in North America and Europe.

### Conclusion, Limitations and Further Studies

Propositions are introduced here to build the theoretical foundation for future qualitative and quantitative studies. The working theory demonstrates the complexity of managing issues or conflicts as they acquire transnational status and demand systematic coordination and control mechanisms as well as a balanced integration and localization or national responsiveness efforts. From a practitioner’s standpoint, it indicates a decreased likelihood of corporate voices being heard, both at home and transnationally, in the face of a cross-national conflict shift that directly involves a governmental function, in this case a legal proceeding. This indicates that corporate practitioners must take pre-emptive steps to ensure their voices are heard in cross-national conflicts, particularly through the cultivation of relevant media representatives, both at home and in host countries.

The LHWP bribery case illustrates the complexity and magnitude of a cross-national conflict shift with a dazzling array of host, home and transnational publics. The study also adds a new underpinning to the theory—each country is geopolitically oriented toward their cultural neighborhood. In other words, place is important. As well, it is a showcase that highlights the relationship construct and reflects the growing importance of social responsibility (corporate and governmental) and a respect for sovereignty in a globalizing world.

Reporting of the bribery scandal was started by the African news media in 1999. After two years of legal procedures, a transnational corporation from Canada and Lesotho’s government official were found guilty of corruption. It was at that moment when European and North American news media (overwhelming Canadian newspapers) extensively reported on the case. This definitely shifted the national conflict to the international scenario with a greater incidence in

the home countries of the transnational players involved (e.g., companies and international NGOs). The chronologic evolution of the news coverage of Lesotho's bribery scandal has implications for global public relations scholars and practitioners. First, the systematic expansion of the conflict from a national to an international context allows for the strategic management of organizational actions and responses. Second, the longer the conflict lasts and the more countries and news media involved, the greater the likelihood of additional players (e.g., activists groups and multilateral or supranational organizations) to express their views and actively participate in the conflict. As a consequence, the complexity of the cross-national conflict shift increases, which could result in greater damage to the reputation and operation of the organizations responsible for causing the problem.

In summary, cross-national conflict shifting involves a transnational organization whose headquarters is located in one country (home), but it does business in another (host). In the process of doing business abroad, the transnational corporation runs into some sort of conflict or dispute that has the potential to affect its business in its home country or around the world where the organization also operates (transnational locations). Because of the nature of our global environment, the entire world may be made aware of the organization's wrongdoings, and the organization must respond to the crisis in many geographical locations.

Lesotho's case is a prime example of cross-national conflict shifting. Many transnational firms were involved in the construction of the Lesotho Highlands Water Project, but the Canadian-based construction firm was found guilty of bribery in a Lesotho court of law. This act, although the firm maintains its innocence, calls into question all of the organization's operations around the world. The elements of a cross-national conflict shifting are clear. The consequences for the Canadian organization are grave—disbarment from the World Bank and an inability to operate/prohibition from operating in other developing nations. Meanwhile, the firm must continue to fight at home, internationally, and in Lesotho. The transnational firm must somehow prove its innocence or it

risks losing many things—not just the profits from the Lesotho dams and other future business projects, but also its reputation and credibility among its multiple publics in Canada and throughout the world business community.

### *Limitations*

The content analysis was limited by the available sampling frame, namely those articles available to the authors through Lexis-Nexis™. The authors acknowledge that the nature of the international media available through Lexis-Nexis™ (i.e., prestigious, traditional daily newspapers, dominated by English-language media outlets) may serve to give greater weight to traditional voices (government, corporations) than to less traditional voices (NGOs). Similarly, the inability of the researchers to gather or analyze data available in native African languages may have served to underestimate the impact of native Lesotho voices in the coverage.

### *Future Research*

From a public relations perspective, the case is far more than a study of communication. The case serves as a compelling demonstration of the importance of timely intelligence (collection and analysis of information that drives courses of action) as well as the fact that global public relations clearly demands political and diplomatic astuteness. In the future, the successful practitioner will need to master the art and practice of conducting negotiations between nation states through their powerful commercial and non-commercial actors.

Future studies in the area of cross-national conflict shifting will include content analyses of cases that do not directly involve a governmental function, to determine whether or not the frequency of use of government sources is determined by the type of cross-national conflict. Additionally, every effort will be made to include other media sources, including broadcast and the Internet, in future cross-national conflict shifting analyses. Finally, the authors plan to incorporate a wider range of language sources in future analyses, particularly in cases where the home or host country is not English-speaking.

## Note

- <sup>1</sup> For the original conceptualization of cross-national conflict shifting see Welge and Holtbrügge (1998, 2001) and Berg and Holtbrügge (2001).

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**Appendix: coding sheet**

Column record	Variable name	Variable label	Value labels
1–3	ID	Identification number	101–998
4		Blank	
5–8	YEAR	Story year	1999–2003
9	TYPE	News source type	1 = Newspaper 2 = Magazine 3 = Trade publication 4 = News agency
10	ORIGIN	News source continent of origin	1 = Africa 2 = Asia 3 = Europe 4 = Latin America 5 = North America 6 = Oceania 7 = Unidentifiable
11	MENTION1	Company mention—headline	0 = No 1 = Yes
12	MENTION2	Lesotho mention—headline	0 = No 1 = Yes
13	MENTION3	African continent mention—headline	0 = No 1 = Yes
14	MENTION4	Bribery mention—headline	0 = No 1 = Yes
15	FOCUS	Article focuses on company-media origin <sup>a</sup>	0 = No 1 = Yes
16	FOCUS1	Article focuses on bribery or bribery case	0 = No 1 = Yes
17–21	LENGTH	Length—words	0001–9998
22–23	SOURCES	Number of sources <sup>b</sup>	01–98
24	SOURCE1	International NGO	0 = No 1 = Yes
25	SOURCE2	National NGO	0 = No 1 = Yes
26	SOURCE3	Government official	0 = No 1 = Yes
27		Blank	
28	SOURCE4	Company representative (including consortium representative)	0 = No 1 = Yes
29	SOURCE5	International financial analyst	0 = No 1 = Yes
30	SOURCE6	Other expert (such as academics)	0 = No 1 = Yes
31	SOURCE7	Lesotho citizen	0 = No 1 = Yes
32	SOURCE8	Multilateral organization <sup>c</sup>	0 = No 1 = Yes
33	SOURCE9	Other source	0 = No 1 = Yes
34–35	QUOTES	Number of quotes <sup>d</sup>	01–98
36	QUOTE1	International NGO	0 = No 1 = Yes
37	QUOTE2	National NGO	0 = No 1 = Yes
38	QUOTE3	Government official	0 = No 1 = Yes
39	QUOTE4	Company representative	0 = No 1 = Yes
40	QUOTE5	International financial analyst	0 = No 1 = Yes
41	QUOTE6	Other expert (such as academics)	0 = No 1 = Yes

42	QUOTE7	Lesotho citizen	1 = Yes 0 = No
43	QUOTE8	Multilateral organization <sup>c</sup>	1 = Yes 0 = No
44	QUOTE9	Other quote	1 = Yes 0 = No 1 = Yes

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<sup>a</sup>That is, a European news media outlet will focus on the European corporation(s) involved; similarly, a Canadian media will focus on the Canadian company. Similarly, African news outlets will focus on the project itself, which will be considered a company or consortium.

<sup>b</sup>Specific information within the story must be attributed to people or anonymous sources. For instance, a general statement such as “critics” or “supporters” will be counted as a source.

<sup>c</sup>Organizations such as the World Bank or the International Monetary Fund.

<sup>d</sup>Quotes contained within the same paragraph from the same source, even if broken up by text, will be considered one quote. Similarly, a long quote from the same source that starts in one paragraph and continues in a second paragraph will also be considered as only one quote.

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