From Public Relations to Corporate Public Diplomacy

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Abstract:

This paper illustrates several factors that make corporate public diplomacy a fundamentally different approach to activities that aim at legitimacy alone. A case study of a suspended Chinese hydropower project (i.e., the Myitsone Dam) in northern Myanmar is presented to address the functional differences and their implications for corporate practice. In particular, it illustrates how public resistance can prevent the success of direct foreign investments despite favorable agreements with host governments; also, it shows that corporate public diplomacy can be used to develop sustainable win-win solutions supported by the general public. While existing research suggests that an important function of public relations is to create a perception of legitimacy and that the hope of economic and commercial public diplomacy is to create a perception of attractiveness among the public in foreign countries, this paper suggests that the concept of corporate public diplomacy – that is, collaboration with the general public in a host country through negotiations directly with civic society – should be considered a supplement to other forms of corporate diplomacy.

Keywords:

Corporate public diplomacy; legitimacy; transnational corporations; grassroots movements; Myitsone Dam; Chinese direct foreign investment.

Highlights

Distinction between concepts aiming at legitimacy, attraction and collaboration

Public controversy between a grassroots movement and a transnational corporation

China’s problems with public diplomacy in Southeast Asia exemplified

Conflict between global and local values in justification process analyzed

Illustrate need for new corporate approach towards host country publics
1. Introduction

As international trade and direct foreign investments have grown rapidly since the mid-twentieth century, new forms of business-related communication have been developed, including public outreach activities linked to economic, commercial and corporate diplomacy. Scholars have discussed how to distinguish between these inter-related concepts (Asquer, 2012; L’Etang, 2009; Macnamara, 2012; Ordeix-Rigo, Enric & Duarte, 2009; Ruël, 2013a; Westermann-behaylo, Rehbein, & Fort, 2015; White, 2015). While existing research suggests that public relations is used by corporations partly in an effort to pursue and maintain legitimacy (Ruler & Dejan, 2005; Vos, 2011), economic and commercial public diplomacy promote their interests transnationally, and corporate public diplomacy implies an engagement directly with the public in host countries as well as transnationally.

Taking a suspended hydropower project (i.e., the Myitsone Dam in northern Myanmar) as a case study, this article aims to address the theoretical difference between old-school public relations and new-school corporate public diplomacy and its implications for practice. In recent decades, many CEOs have been baffled and shocked when they were faced with public outrage despite their efforts to do everything that the ‘old school’ described as good practice (Henisz, 2014). This confusion was expressed by President Lu Qizhou of the state-owned China Power Investment (CPI) when the Myanmar Government suspended the Myitsone Dam in which CPI is main investor. Talking to the Financial Times (Robinson & Hook, 2012), he said:

“After we did everything legally, why did we end up in a situation like this? We have been reflecting on this. As we go overseas, our central state-owned enterprises are not used to dealing with NGOs and with local people.”
From their experience in Myanmar, CPI noted that in the future they would have to “work more closely with non-governmental organizations and local residents in its projects abroad” (Robinson & Hook, 2012).

Considering the economic bargaining power that transnational corporations have when they invest in countries with a weaker economy (Bucheli & Aguilera, 2010; Ciepley, 2013; Palmer, 2016; Sikka, 2011; Strange, 1992), transnational corporations may reach favorable agreements with governments, but there is no guarantee that these can be implemented (Chan, 2016). As CPI and other transnational corporations have learned from past failures, democratic-minded governments do not want to enforce unpopular projects, and public resistance can be costly for corporations. As a logical consequence, if transnational corporations want long-term investments to succeed in such countries, then they must ensure acceptance from the public—this is where a corporate public diplomacy approach becomes useful. The public outreach may include negotiations and collaboration directly with the public in host countries, typically through civil society. Such activities are aspects of corporate diplomacy in line with other activities, including negotiations with governments, business representatives and international organizations (Asquer, 2012; Filatotchev & Stahl, 2015; White, 2015).

2. Methodology

This article will be divided into three main sections. First, central concepts are discussed, primarily from a functional perspective (Knudsen, 2010; Luhmann, 1979) and in a corporate rather than public administration context. This conceptual part of the paper is based on a cross-disciplinary literature review drawing on theories and insights from public relations, international communication, journalism, international relations, sociology, political science, and business studies. Second, corporate communication related to the suspended Chinese-Myanmar joint venture (i.e., the Myitsone Dam) will be discussed in light of these concepts. While the focus is on
published communication, this analysis is supported by insight from several fieldtrips to the area in 2015, including interviews with opinion leaders and visits to the villages in which people affected by the project have been resettled. The third and final section contains a discussion of lessons learned from the problems faced by the investors in the Myitsone Dam project.

3. Concepts: From PR to CPD

The twentieth century witnessed an exponential growth in international trade and foreign direct investments. It is possible to identify three distinct phases in the growth of international trade, each of which was accompanied by the emergence of new strategic approaches to business communication:

1. The first half of the twentieth century, in which the vast majority of trade was domestic, and international trade grew very slowly (UN, 1962). This period also consisted of decades where public relations as an approach was gradually adopted by the corporate world (Cutlip, Center, & Broom, 2000; Goodman & Hirsch, 2010; Stoker & Rawlins, 2005; Vos, 2011). As discussed in section 3.1., a key concept is legitimacy.

2. The years of 1960 to 1990, in which international trade gained speed. This development was linked to an increase in state sponsored economic and commercial diplomacy, including business related public diplomacy activities. A key concept in this context is attraction (J. S. J. Nye, 2014; Ordeix-Rigo, Enric & Duarte, 2009).

3. The millennium years of 1990 to 2010, in which international trade more than tripled (OECD Stat Extracts 2014). Transnational corporations emerged as powerful actors who could engage in diplomatic activities in host countries independently of any home country diplomacy (Westermann-behaylo et al., 2015). A key concept that has emerged in relation to corporate diplomacy is collaboration (Asquer, 2012).

11 The Myitsone Dam construction area itself was not accessible.
The concepts are not mutually exclusive, so an act can simultaneously contribute to perceived legitimacy, attraction and collaboration.

3.1 Claiming and maintaining legitimacy

Asquer (2012) writes that public relations activities, among several tasks, are “focused on tackling a particular issue arising from opportunities or threats from the environment, using either a proactive or reactive stance.” While modern public relations embrace many different activities (Turk, Valin & Paluszek, 2014), an important function is to create, maintain and (if needed) repair a public perception of legitimacy and trust that is a foundation for a license from society to operate.

Patriotta, Gond and Schultz (2011) suggest that legitimacy is created, maintained and repaired through an ongoing process in which an actor such as a corporation is scrutinized by multiple stakeholders in a public arena, and therefore that actor manipulates logic in order to justify its activities. In this process, stakeholders can draw on the orders of worth described by Boltanski and Thévenot (2006). Including a later extension, these orders are market, industrial, civic, domestic, inspired, fame and green (Patriotta et al., 2011). In relation to the Myitsone Dam test of legitimacy, four orders of worth are especially prevailing: the industrial (technical efficiency and engineering expertise), civic (collective welfare and fundamental rights), domestic (heritage and locale) and green (environmental friendliness and natural habitat). Press coverage has been used as empirical data in analyzes of public controversies because it allowed the researchers to study the rationales of stakeholders (Gond, Barin Cruz, Raufflet, & Charron, 2015; Patriotta et al., 2011).

From a liberal perspective, an independent press is perceived as a fundamental element in a working democracy (OSCE, 2017). The press as a whole is expected to function as a public sphere, where, for example, the legitimacy of actors in power is tested through investigative reporting and journalists are active participants in such scrutinizing (Gardener, Csikszentmihalyi & Damon, 2001;
Kroeger, 2012; Protess et al., 1991). Other stakeholders participating in the mediated scrutiny process of corporations include NGOs, politicians and experts (Patriotta et al., 2011). In practice, there is not only one mediated public arena, but there are many (Athique, 2016; Gond et al., 2015; Jenkins, Ford & Green, 2013).

The mediated public arena in which the legitimacy test takes place is referred to as the “court of public opinion” in the public relations history literature (Vos, 2011). Public relations practitioners have traditionally represented the special interests of businesses and other clients (L’Etang, 2009; Schönhagen & Meißner, 2016; Stoker & Rawlins, 2005; Vos, 2011). Due to their power, large corporations can to some extent “deny the reality of test of worth that threaten their power” (Gond et al., 2015), for example, by denying access to relevant data or by manipulating public attention to focus on other issues (Stoker & Rawlins, 2005). Journalists often find that public relations departments in transnational corporations hamper rather than support their efforts to serve democracy with trustworthy reports (Furlan, 2012; Mogensen & Nordfors, 2010; Vercic & Colic, 2016). The lack of trust is mutual (Schönhagen & Meißner, 2016).

*Business diplomacy* is, according to Ruël & Wolters (2016), a business-driven approach where the focus is on “foreign governments and non-governmental stakeholders, it involves establishing and sustaining long-term positive relationships, and its ultimate goal is to create legitimacy in a foreign business environment”. Many transnational corporations subscribe to *corporate social responsible* (CSR) standards, such as the UN Global Compact (Filatotchev & Stahl, 2015; Jensen, 2017). CSR is linked to moral legitimacy as perceived by external observers (Gond et al., 2015). In some corporations, CSR is limited to special showcases, and in others, the commitment to behave responsibly transcends corporate policy at all levels. However, throughout this continuum, CSR is considered essential for the perception of corporate legitimacy, especially if it is reported to the public (Feldner & Berg, 2014; Filatotchev & Stahl, 2015; Frankental, 2001).
There is a fundamental difference between being part of a controversy-based process that tests the legitimacy of corporations as public relations practitioners and the diplomatic approach that aims to solve conflicts through negotiations and long-term relationship building (Asquer, 2012; Macnamara, 2012), and consequently, diplomacy can hardly replace the need for actors involved in legitimacy testing. If journalists, intellectuals and other representatives of the public are prevented from fulfilling their democratic role as providers of trustworthy information, then people may find other, less rational ways to apply legitimacy (Boltanski & Thévenot, 2006; Johnson, 2017).

3.2 Being attractive to the world

Asquer (2012) suggests that the role of the actors in economic and commercial diplomacy is that of “professional ‘salesmanship.’”

According to Ruël (2013b) economic diplomacy is “concerned with general economic policy issues and trade agreements”. As the world recovered from WW2, theories proposing a link between democracy, interdependence between states, prosperity and peace “resurfaced” (Waltz, 2008). As an example, the Global Think Tank Diplomatic Council (Athauda, 2017) writes that “economic diplomacy provides a solid foundation for international understanding and a more peaceful interaction amongst nations. A thriving economy bringing prosperity to mankind is one of the best guarantors of peace.” From this perspective, much energy has been invested in creating the international structures that aimed at providing peace and prosperity, including Association of Southeast Asian Nations (ASEAN) of which Myanmar is a member. Additionally, public diplomacy has long been employed to win hearts and minds over to various ideologies (Cull, 2009).

While economic diplomacy involves negotiations of international trade agreements, commercial diplomacy describes the “predominately government-driven approach […] to promote home country business abroad using diplomatic channels and processes” (Ruël, 2013b). Commercial
diplomats work with representatives of foreign governments as well as business representatives (Asquer, 2012; Ruël, 2013b; White, 2015) to create favorable conditions for their businesses and economic development. Commercial diplomacy is supported by public diplomacy because an attractive image of a nation is assumed to create competitive advantages for their national businesses, trade and investments (British Council, 2013) and increase their soft power.

Nye (2014) writes that “soft power rests on the ability to shape the preferences of others”. The means are “attraction and persuasion”. Yun & Toth (2009) write that soft power implies an ability to “create mutual trust in constant interaction and negotiation”. The assumption is that public diplomacy will eventually make it is easier for companies to operate internationally because foreigners trust people from the country in question (British Council, 2012, 2013). Many factors contribute to international trust (Mogensen, 2015), but in the China–Myanmar case, trust or lack thereof may be linked to local people’s perception of the investor’s ability, benevolence and integrity (Mayer, Davis, & Schoorman, 1995), display of cultural characteristics with which they are familiar from their own society (Zucker, 1986) and power (Bachmann, 2001).

Public diplomacy may contribute to governments’ combined activities to influence the decisions and behavior of foreign states, but despite new public diplomacy’s focus on dialogue and relation building (W. Kiehl, 2012; Pamment, 2013; Seip, 2016), public diplomacy does not allow foreigners to participate in the process of national policy formulations and decision-making (Ordeix-Rigo, Enric & Duarte, 2009). Such an influence by foreigners is not acceptable if we perceive the international society as consisting of sovereign states, where national governments get their “moral authority from the will of individual peoples” (L’Etang, 2009). It is, however, possible for transnational corporations to get involved in genuine negotiations with the public in host countries, because as transnationals their status is different from both genuine national and foreign actors.
3.3 Creating sustainable solutions

The concept corporate diplomacy is often used interchangeably with business diplomacy (Rüel & Wolters, 2016), however it implies a different strategic approach which is open to transnational corporations. Business diplomacy is an appropriate concept for activities that aim at creating legitimacy for a firm’s activities in a foreign environment, e.g. the long-term diplomatic activities of China Power Investment in relation to Myanmar’s government, business partners and international organizations.

Corporate diplomacy, on the other hand, is a relevant concept for activities which transnational corporations engage in, when they perceive an opportunity or a problem in a host country and try to develop a sustainable solution in collaboration with relevant stakeholders at all levels, including civil society. Asquer (2012) writes that the role of actors in corporate diplomacy is that of “entrepreneurial brokers”, where “she or he performs a function of mediation between parties that can potentially gain from collaboration”. As Ordeix-Rigo and Duarte (2009) argue, successful corporations understand that their “presence in society is sustainable if and only if they are able to satisfy expectations from multiple stakeholders.” Transnational corporations thus become important actors in policy formulation and development in countries in which they invest: “When investing in corporate diplomacy, corporations are looking to take new roles in society […] roles that have been generally associated with governments”. Clearly, such a leadership position may also increase their power (Ordeix-Rigo, Enric & Duarte, 2009).

The context for development of corporate diplomacy is that foreign direct investments have increased sharply since the turn of the century (World Bank, 2016). Some of the larger corporations perceive themselves as truly international with no specific homelands and therefore no longer perceive themselves as operating in foreign countries (Hall, Svansø, & Karner, 2013; Jones, 2014); instead, they insist on having a stake in all countries in which they operate (Ordeix-Rigo, Enric &
Duarte, 2009). Their “stateless income” (Kleinbard, 2014) can be difficult for an individual nation to tax, and because of their economic power, countries find it difficult to prosecute them in criminal cases (Summers, 2013). In mainstream media, corporations are now perceived as controlling both soft power (Stone, 2014) and hard cash (Time, 2014; Jones, 2014). In the study of international relations, while the so-called political realists focus on the affairs of states, the liberals have a broader agenda, which Jones writes “often rests on the claim that current levels of cross-border transactions and their impact on the lives of ordinary people are unprecedented.”

This shift in perception – from a world in which states and their political leaders governed to a world in which transnational corporations and organizations are perceived as independent actors in world affairs – has been underway for some decades (J. S. Nye & Keohane, 1971). Barron (1995) wrote that it was easier for business people to solve many of the world’s problems than to wait for politicians to do it. More recently, Westermann-Behaylo et al. (2015) wrote that “corporations can take on global governance privately and act as independent political agents, not representing any state and solely pursuing their self-interest”. Self-interest for a corporation may be to create solutions that are sustainable because they have been developed in collaboration with relevant stakeholders, including civil society. This may imply long-term relationships with multiple stakeholders, trust building, network communication, public involvement in decision-making processes and an effort to balance corporate interests with society’s values (Henisz, 2014; Ordeix-Rigo, Enric & Duarte, 2009).

4. Case study: the Myitsone Dam

The Himalayan Mountains form a border between China to the north and Myanmar to the south. The mountains in this area reach approximately 6 km high, and water from their glaciers is carried south by rivers in Myanmar’s most northern state: Kachin. Before they reach Kachin’s capital, the rivers N’Mai and Mali meet and form the all-important Ayeyarwady River (also called the
Irrawaddy), which runs through Myanmar from Kachin in the north to the Andaman Sea in the south. Millions of people downstream depend on the river for their livelihood (e.g., fishing, farming, transportation).

Kachin State is home to many ethnic groups, including six tribes who consider themselves Kachin, are mostly Christians and claim to have relatives on the Chinese side of the border. The Kachin Hills contain vast resources (e.g., gold, jade, ruby, teak), and for decades, the Kachin Independent Army (KIA, formed 1961) has been fighting Myanmar’s military, which makes large parts of the state inaccessible to foreigners. To some Kachin people, the confluence where the rivers N’Mai and Mali meet – also called Myitsone – is a sacred place and the birthplace of Kachin culture (KIO, 2011) and is also valued by nature lovers as a very beautiful place in which to picnic.

Along the three rivers, a number of hydroelectric plants have been planned, the largest of which is in the confluence area. The Myitsone Dam is planned to be approximately 1.3 km long and 140m high (Mena Report, 2014), and it will flood an area of approximately 450 km², displacing more than 10,000 villagers. Over the last decade, people in Kachin have protested against the plans for the Myitsone Dam (Southeast Asian Affairs, 2012). Despite the protests, construction started in 2009, but Myanmar President Thein Sein suspended it in 2011, and since then, no final decision about the future of the project has been made.

Behind the project is a joint venture, Upstream Ayeyarwady Confluence Basin Hydropower Company (ACHC), in which the Chinese state-owned corporation CPI Yunnan International Power Investment Company (CPIYN) holds 80% of shares; the Myanmar Ministry of Electric Power and the Myanmar Asia World Company also hold 15% and 5% of shares, respectively. Despite being state-owned, CPI has some freedom to “independently carry out foreign trade, international
cooperation, and overseas project contracting and labor cooperation” (CPI, 2017). Asia World is one of Myanmar’s largest conglomerates and was founded by an ethnic Chinese family.

The suspension of the construction was announced in a letter from the president to the Assembly of the Union on September 30, 2011. The president wrote: “As our government is elected by the people, it is to respect the people’s will,” and he listed what he considered to be the most serious concerns related to the construction: natural beauties would disappear from sight; national races would lose their livelihood; commercial rubber and teak plantations would be destroyed; there was risk of “devastating effect on the Ayeyarwady River” and “melting ice from snow-capped mountains at the far north triggered by climate change, torrential rains or severe earthquakes may destroy Myitsone dam, claiming lives and property of the people in the towns and villages at the downstream of the dam” (Sein, 2011).

CPI President Lu Qizhou learned about the suspension from the media and was shocked. In an answer published in China Daily, he said: “I was totally astonished. Before this, the Myanmar side never communicated with us in any way about the ‘suspension’” (China Daily, 2011). The Chinese investors have continued to ask the government to respect their rights to the property (Gruber, 2014). According to The Myanmar Times, in 2015, CPIYN calculated its spending to date to be approximately $800 million, and Myanmar’s government is contractually obliged to compensate CPI for the loss if the project is permanently cancelled (Lwin, 2015; Sun, 2012a). Leading politicians in China and Myanmar regularly discuss how to find an economic solution (Hazarika, 2016) (Chellaney, 2016; Sun, 2012b). A government commission started investigations of the dam projects in the fall of 2016 (ACHC, 2016).

Scholars have pointed to several factors that may have contributed to the government’s decision to suspend the project. These can be categorized into five groups:
1) A general anti-Chinese attitude in Myanmar, which is based on a fear of Chinese influence on society and a perception that Chinese investors are greedy, exploitative and unethical (Chachavalpongpun, 2012; Zin, 2012). After the suspension of the Myitsone Dam, China invested in public relations campaigns and CSR activities in Myanmar in an effort to improve its image (Sun, 2012b).

2) Tactical value: suspending the project has been perceived by some to be a strategic ploy to win the goodwill of western governments and neighboring ASEAN countries (Dossi, 2015) (Chachavalpongpun, 2012; Sun, 2012b; Sun, 2012a) and to help the government to gain domestic legitimacy during regime change (Dossi, 2015). It has also been suggested that the suspension would be perceived positively by segments of both the military and opponents of the military leadership (Zin, 2012) and that the Chinese investor could be used as a scapegoat by the government (Dossi, 2015; Kirchherr, J. Charles, & Walton, 2017).

3) Public diplomacy assessment indicating that China lacks soft power in relation to the people of Myanmar: Chinese investors are perceived as over-reliant on hard power and have (at least previously) underestimated the impact of public resentment (Zin, 2012; Yin & Rihan, 2016; Sun, 2012a). Sun (2012a) writes that CPI relied on “‘government relations’ to smooth obstacles such as public opposition to the Myitsone Dam.” However, based on the lessons learned from Kachin, China has made an effort to improve relations with local communities, including public relations, CSR and public diplomacy activities (Kirchherr et al., 2017; Mon & Hammond, 2015; Sun, 2012b).

4) No willingness to negotiate: according to Sun (2012a), Myanmar’s government repeatedly asked China to reconsider the project, but “China brushed off such messages, believing the government was effectively ‘silenced’.” Furthermore, Kachin individuals, grassroots organizations and Kachin Independence Organization (KIO) requested negotiations but apparently received no answer (KIO,
2011; Southeast Asian Affairs, 2012); however, after the suspension, China suggested negotiations (Kirchherr et al., 2017; Sun, 2012a).

5) **A lack of engagement with the local population:** project management did not include participatory decision-making processes or other forms of two-way engagement with the local public. According to Sun (2012a), China has a “historical suspicion of the pro-West, Christian, Kachin population,” and the mutual distrust has been confirmed in the last decade. Gruber (2014) states that much of the public resistance to the Myitsone Dam was a result of a failure to involve the local population: “The feeling of being sidelined was particularly acute for the Kachin,” she writes. Following the suspension, China has called for enhanced “mutual strategic trust” – which, according to Sun (2012b), “only happens when there is a bankruptcy of such trust.”

### 4.1. Analyses of corporate communication

Since the suspension, ACHC has used commercial and trade diplomacy, public relations and CSR tools in an effort to convince the Myanmar Government to allow the construction to proceed, while the grassroots opposition has employed many forms of public communication in an attempt to persuade decision makers to permanently cancel the project. In the following analysis, communications from the grassroots opposition will be presented as a context for the corporate communication; subsequently, the ACHC will be analyzed as an example of corporate communication.

#### 4.1.1. Grassroots opposition

The grassroots opposition constructs itself as having deep roots in the physical location: the ancestral land with its fields, plants and animals; the river with its fishes and seaweed and the tribes with their historical traditions, spirituality, colorful costumes and distinct culture. In 2015, under the leadership of Kachin Culture and Literature Society, Kachin people raised a plinth next to the
confluence, where there is also a small open-air museum; according to legend, the first Kachin family settled here around 2000 BC.

Thousands of people have contributed to public opposition against the dam, including Myint Zaw, a Burmese journalist and activist who used photographs and art to organize protests and received the Asia 2015 Goldman Prize for this work (Giggacher, 2015; Gonzáles, 2015); Buddhist monks, who helped to organize the NGO meeting that was “formative in ‘Save the Irrawaddy’ […] the first mobilization of civil society that affected political decisions,” according to (Perrière, 2015) Perrière (2015); the Eleven Media Group, led by CEO Dr. Than Htut Aung; dissident writers U Ludu Sein Win and U Aung Din; veteran environmentalist U Ohn; journalist Maung Wuntha; actor Kyaw Thu and cartoonist Aw Pi Kyeh (Zin, 2012; The International Herald Tribune, 2011).

Many different mediums are used by the “Save the Irrawaddy” movement, including social media; newspaper and magazine articles; press photos; public meetings and exhibitions; cartoons, poems and songs; petitions; public statements and open letters; religious sermons; music performances; interviews and scientific reports. In many party offices, hotels and private homes in Kachin, an elongated image of the Myitsone is prominently shown. This poster is a symbol of the resistance movement.

In many of the movement’s publications, two major themes emerge, according to Zin (2012): “(a) ‘The Irrawaddy’ is being betrayed, and (b) ‘The Irrawaddy’ is crying all the way from its source, the Myitsone”. It is interesting that these two themes cast the river – not the Kachin people – as the victim. This is strategically important because the river is essential to the survival of millions of people in central Myanmar, and its potential destruction is much more relevant to the majority of people in Myanmar than the wellbeing of a few thousand indigenous mountain people in the hardly accessible north. Furthermore, the beloved river is described as a being with human-like feelings
rather than a chemical resource used for hydropower. Indeed, in the opposition media, the survival of the Myanmar people is linked to the fate of the river, as in U Maung Sein Win’s poem, “Dead River”: “Not so far in the future, Myanmar’s people may disappear, did we drink our own blood?” (The International Herald Tribune, 2011).

In informal conversations, stakeholders in Kachin express fear of the dam being used as a weapon of mass destruction, saying that a disaster could result not only from technical failures but also from terrorism or war activities and that the potential of such a manmade disaster could be used to threaten Myanmar people, which could limit Myanmar’s sovereignty. Commenting on the interview with CPI President Lu Qizhou in China Daily (2011), one reader wrote: “This dam looks like a bomb on the head of Myanmar”.

The opposition constructs an image of the Kachin as the people to whom the land rightfully belongs, and the investors as unlawful invaders who are ready to kill if necessary in order to access the values of the land and the power of the rivers. Key frames here are ancestral lands, history and culture, while the discourse is overwhelmingly emotional and spiritual. Most of the arguments fall within the civic, domestic and green orders of worth (Patriotta et al., 2011).

4.1.2. ACHC corporate communication

A corporation’s website can be analyzed as a self-constructed profile of how it prefers to be perceived by its stakeholders. The ACHC website (ACHC, 2015) situates itself as part of the transnational community of global corporations, NGOs and international organizations – and, more specifically, a transnational business engaged in solving the world’s major problems in a socially and environmentally friendly way. Their slogan is “Powering our future - providing electricity for Myanmar.” The website is in English and Myanmar, and the implied users are both the transnational community and the highest stratum of Myanmar society. Five elements are used to
create the image: 1) the “About Us” tab; 2) performance standards; 3) published meeting records; 4) purpose and 5) construction of lower stratum as culturally and socially “other”. These five elements are explored below.

1. The “About us” tab
The website’s cover picture shows 19 men in black suits and ties at a signing ceremony. This reflects the uniform of men in the transnational community as well as distinctly differing from the longyis worn by Myanmar men at all levels. A bar on the website provides email and fax addresses, but the website contains neither information on the physical location of offices nor the names of CEOs and board members. This lack of connection to physical space and specific human beings creates a sense of the corporation belonging to a community above the everyday world of people on the land. Names and addresses can be found on some of the publications on the website, but this information is older and may no longer be valid.

2. Performance standards
The corporation refers to performance standards developed by international organizations; for example, a CSR report covering the years of 2010 to 2012 is said to have been compiled using guidelines provided by UN Global Compact (COP), Global Reporting Initiative (GRI) and the International Organization for Standardization (ISO). ACHC also refers to 11 operational and safeguard policies of the World Bank and links to a report called Sustainable Business and Investment in the Global Context from a conference with other transnational actors. The overall impression is that ACHC acts responsibly and in accordance with international standards in every possible aspect of the hydropower project. The justification reflects the industrial order of worth (Patriotta et al., 2011)

3. Published meeting records
The corporation is proud to publish its participation in meetings with actors in the transnational world. For example, in late 2015, it participated in the “first roundtable for Myanmar hydropower enterprise”, organized by “the International Finance Corporation (IFC) subordinated to the World Bank” as well as in a donation ceremony organized by Global Environmental Institute (GEI) concerning a “Demonstration Project for Protection of Burmese Forests Based on Application of Clean Energy Technology.”

4. Purpose
The corporation stresses its willingness to contribute to the goals put forward by international organizations. For example, it writes that, in 2010, the World Bank urged developing countries to accelerate their hydropower development.

5. Construction of lower stratum as culturally and socially “other”
The overall image of the relationship between the corporation and the local population in Kachin is that of the patron–client: “Our plans will bring jobs and prosperity to an area of Kachin State that desperately deserves them. For them to enjoy this secure future, they need ACHC to succeed.” ACHC controls vast economic resources and belongs to an international elite with influence and access to world-class knowledge. Their mission is to help people to access electricity that will improve their lives. In the process, villagers are moved to new two-story brick and timber houses with televisions, a constant water supply and free rice. The new villages have roads; churches and Buddhist temples; meeting houses; health facilities; kindergartens and primary and middle schools.

In various documents accessible from the website, the people affected by the project – and other people in Kachin – are constructed as disadvantaged and deprived of many opportunities. Before resettlement, the website states, most of them lived in thatched cottages, and the parents paid little attention to their children’s education; since resettlement, their situation has improved, and they are
grateful for donations. They are “unsophisticated mountainous villagers”; they demonstrate “superstition about priests”; they believe in lies, such as the risk of the dam bursting and they involve themselves in bargaining in order to squeeze as much as possible out of investors.

According to the CSR report, ACHC has taken the initiative to communicate with stakeholders to exchange ideas and has “paid attention to their suggestions and appeals”. With resettlement communities, this has included questionnaire surveys, meetings, information sharing and ceremonies. They asked people their opinions on the types of housing to be built (e.g., including courtyards), and they conducted interviews with local religious leaders and elders. However, little information is presented on the ACHC website about the meetings with local stakeholders, and public opposition to the Myitsone Dam project is barely mentioned.

4.2. Communication challenges

ACHC apparently strives to earn legitimacy from international organizations; it addresses their norms, values and standards for best practices, including impressive CSR programs for people affected by the project as well as references to international goals for clean energy production, high technical standards and scientific evaluation of the environmental impact of the dam. CPI was also successful in dealing with Myanmar’s dictators.

However, there is little evidence of an effort to earn legitimacy from the people living on the land in Kachin and their grassroots supporters elsewhere. When the grassroots opposition’s norms, values and standards are addressed at all, they are categorized as lack of understanding; ulterior motives (China Daily, 2011); superstition; manipulation and lies (Yin and Rihan, 2016). The building of new villages for people affected by the project is given as a concrete example of miscommunication. From a western viewpoint, the new homes and village facilities appear to be of
a much better quality than is found in typical villages in the area. However, the people do not like the new houses and want their ancestral fields back.

Both the old military leaders and CPI largely overlooked societal opposition to the dam (Dossi, 2015) – despite its scope – until the project was suspended. Supposedly, CPI was not allowed to communicate directly with villagers before the suspension in 2011 because the contract was considered a government-to-government deal (Mon and Hammond, 2015). Statements from contractors resulted in public outrage (Zin, 2012; The International Herald Tribune, 2011), no doubt because they implied that hard power might be used to force people to accept the construction. In 2015, villagers in the area still felt that the local government and investors tried to manipulate them (Mon & Hammond, 2015) instead of taking their resistance seriously and helping to find a solution that was beneficial to both the public and the investors. Yin and Rihan (2016) write that the Myitsone project contains dilemmas typically encountered by Chinese enterprises when they invest globally:

“China absolutely has incontestable hard power in infrastructures and development, but lacks the corresponding layout of soft power such as media, religions and social organizations. Due to this imbalance between soft power and hard power, Chinese enterprises usually carry out the work with the insufficient understanding or even the misunderstanding of local society.”

Any meaningful communication between the conflicting parties is further complicated by their use of different frames and discourses and their lack of shared values of what constitutes truth, respect (or lack thereof) for human dignity and/or business investments, negative stereotypes and mutual distrust.

5. Lessons learned from the case study
The core problems faced by the Chinese investors in Kachin are fundamentally similar to challenges faced by hundreds of transnational corporations when their CEOs decide to invest in large-scale projects in faraway places with enormous consequences for people living on the lands chosen. This case therefore represents a useful site for analysis of the political context that can motivate transnational corporations to become involved in governance or, in other words, to shift from the traditional aim of seeking legitimacy to the much deeper involvement characterized by corporate public diplomacy. The following analysis uses Ordeix-Rigo and Duarte’s 2009 article as an underlying premise throughout.

Analysis of the communication between the conflicting parties reveals that the Chinese investors and the Kachin grassroots organizations agree that the relationship is not equal. ACHC constructs it as a patron–client relationship, while the opposition constructs it as invaders versus native people; but, both of these constructions mediate a situation in which the Chinese investors are perceived as resourceful and powerful, while the Kachin are perceived as poor and powerless. If the corporation wishes to synthesize values and create a win–win situation, the corporate communication professionals must first develop the means to overcome the barriers that this hierarchical difference presents to finding a common negotiation ground and mutual trust.

During the years of military government in Myanmar, China demonstrated excellent skills in government-to-government diplomacy. Through economic and commercial diplomacy, China succeeded in obtaining government support for its strategic plans involving Myanmar, and the Chinese Government negotiated favorable working conditions for their investments (Sun, 2012a; Sun, 2012b). These negotiations between the neighboring countries are ongoing, but a government can only legitimately negotiate on behalf of the public if the public trusts it, and a government is only trusted by its people if it appears to act in accordance with the values of its citizens. Dictators can suppress people by force, but this does not constitute negotiating on their behalf. If a
government is not prepared to use violence against its people to enforce unpopular decisions, then winning public opinion is required for a corporate project to succeed.

From a traditional perspective, corporations are concerned about public opinion because they recognize the importance of being perceived as legitimate and having license to operate. In Kachin, ACHC applied several approved methodologies from the very broad field of public relations, including extensive CSR programs; regular meetings with stakeholders; information campaigns; reference to international recognized standards and claim of scientific and technical expertise. However, the Myitsone Dam case demonstrates that people cannot be persuaded to support projects that they perceive as threats to their most fundamental values, such as their life, human dignity and cultural belonging. Corporations that try to enforce projects that are perceived to threaten such values will not be trusted.

Ordeix-Rigo and Duarte (2009) argue that corporate diplomacy involves participatory planning and decision-making processes in which values are synthesized. From this perspective, public opinion is just as important in the planning process as corporate interests. Like governments, corporations need to develop projects that are in the public’s interest because it constitutes good business, just as governments aim to make popular decisions because it constitutes good leadership. This was clearly demonstrated by President Thein Sein when he suspended the construction of the Myitsone Dam with reference to the public will; it was also later expressed by elected leader Aung San Suu Kyi, who said that it was vital for foreign investors in Myanmar to win public trust and confidence (Tun & Petty, 2015; Dinmore, 2015).

Democratic governments depend on public opinion; as a result, transnational corporations may choose to engage directly with the public, developing projects in direct negotiation with local communities rather than spending resources on convincing the host governments first and then
allowing the government to mediate. If the corporation first has public support for a project, then logically it should be easier to win the legislative support of the government. While this argumentation seems in line with the realist perspective (Jones, 2014) on public diplomacy as an indirect tool to influence the state, it differs from this traditional perspective and agrees with the liberal perspective that the state is not the “most important actor in world politics” (Yun and Toth, 2009). In the Myitsone conflict, grassroots organizations and corporations have proven to be just as important actors as the governments of Myanmar and China. In essence, then, transnational corporations should involve themselves in local governance, and for these activities, the concept of corporate public diplomacy seems relevant.

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