ACTIONS SPEAK LOUDER THAN WORDS:

A HIERARCHY OF PARTICIPATORY STAKEHOLDER ENGAGEMENT

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ABSTRACT

Scholars of stakeholder engagement and corporate social responsibility have long grappled with the question of how to strategically engage stakeholders to obtain the strategic benefits of cooperation and reduce conflict with stakeholders. We integrate insights from literatures on impression and organizational perception management with those of civic participation and participatory development to provide empirical insight into this question. We evaluate, within the same analysis, the impact on stakeholder cooperation and conflict of verbal engagement (e.g., announcements) and material engagement which we further divide into meetings, payments, in-kind contributions and other material activities. We find that announcements have a modest positive effect on enhancing cooperation and reducing conflict, whereas material cooperation and, in particular, meetings, payments and in-kind contributions have a more substantive effect. These findings expand the scope of inquiry of impression and organization perception management to include more substantive rather than merely symbolic actions. Our context is an original dataset of roughly 52,000 media-reported stakeholder events that we use to capture the form of dyadic engagement among stakeholders and firms associated with 19 gold mining companies operating 26 mines in 20 countries.

Key words: Stakeholder Engagement, Corporate Social Responsibility

Stakeholder engagement—defined as the actions and statements through which firms and their stakeholders interact—is a key determinant of a firm's reputation, and, in particular, of the degree of cooperation for the firm from political and social actors. Prior research has shown such reputation or stakeholder disposition to be a key driver of market valuation (Henisz, Dorobantu, & Nartey, 2014; Pollock & Rindova, 2003), access to capital (Cheng, Ioannou, & Serafeim, 2014), and analyst forecasts for future financial performance (Ioannou & Serafeim, 2015). Nonetheless, scholars and practitioners of corporate social responsibility (CSR) and stakeholder engagement continue to grapple with the question of how best to engage with stakeholders to enhance reputation or build cooperative relationships so as to achieve these material benefits (Pedersen, 2006). The "best" engagement may not simply mean "more" engagement by the firm (Garcia-Castro & Francoeur, 2016; Greenwood, 2007) but rather "better" engagement.

We seek to integrate the impression management (Bolino, Kacmar, Turnley, & Gilstrap, 2008; Elsbach & Sutton, 1992) and organizational perception management literatures (Elsbach, 2006) with those on civic participation and participatory development (c.f., Arnstein, 1969; Choguill, 1996). These latter literatures explore the drivers of better relations between citizens and their governments calling attention to the importance not only of mechanisms for voice but deeper and costlier actions that confer power to citizens. We link these literatures to construct a typology that includes both symbolic and substantive stakeholder engagement actions available to private sector organizations and empirically explore the relative impact of meetings, payments, in-kind contributions on subsequent stakeholder-level cooperation and conflict.

Although much scholarship touts the benefits of stakeholder engagement, the question of *how to engage* is rarely assessed in empirical analysis other than case studies. Early work considered a firm's corporate social responsibility activities as the best means to engage stakeholders. Indeed, Carroll (1991:43) states "there is a natural fit between the idea of corporate social responsibility and an organization's stakeholders," and more recently, Greenwood (2007, :315) highlighted that "stakeholder engagement is traditionally seen as corporate social responsibility in action." Extensive literature on corporate social performance argues that firms practicing CSR (with stakeholders) gain competitive advantages (Brammer & Millington, 2008). Firms practicing CSR are shown to obtain reputational benefits (Fombrun & Shanley, 1990; Lankoski, 2008; Orlitzky, Schmidt, & Rynes, 2003; cf. Roberts & Dowling, 2002) and enjoy a greater degree of social legitimacy (Cummings & Doh, 2000). These, in turn, can aid in the mitigation of political (and social) risk (Baron, 2001; Detomasi, 2008; Dorobantu, Henisz, & Nartey, 2016a; Shiu & Yang, 2015), and generate higher market valuation from investors (Henisz, Dorobantu & Nartey, 2014), financiers (Cheng et al., 2014) and analysts (Ioannou & Serafeim, 2015). Additional competitive advantages are derived from better management (Alexander & Buchholz, 1978) as socially conscious managers who perceive their organizations as more embedded in society (Crilly & Sloan, 2012) are more cognizant of stakeholder needs and manage their stakeholder relations more efficiently (Waddock & Graves, 1997).

These studies rely, however, on aggregate- or corporate-level indices of CSR outcomes rather than more micro-level information on the engagement strategies of the firm. Yet, it is these engagement strategies that alter stakeholders' reputations of the firm and, as a result, firm-level outcomes (Dorobantu, Henisz, & Nartey, 2016b; Hooghiemstra, 2000; Scott & Lane, 2000). If we seek to better understand the process by which firms invest in the valuable intangible resource of reputation (Deephouse, 2000; Fombrun, 1996a, 1996b, 2001; Rindova & Fombrun, 1999), further strategic analysis of these engagement strategies is required. Specifically, the existing literature needs to expand the scope of its inquiry beyond reactive and proactive communications based strategies (i.e., symbolic engagement) to include tangible behaviors (i.e., substantive engagement) which can also alter stakeholder reputations of the firm.

The communications strategies used to alter reputations are examined, within the management field, in the literatures on impression management (Bolino et al., 2008; Elsbach & Sutton, 1992) or organizational perception management (Elsbach, 2006). While early work in this domain focused largely on reactions to stakeholder challenges or negative events (Elsbach, 1994), subsequent scholarship highlighted the possibility of engaging stakeholders in anticipation of future challenges (Elsbach, Sutton,

& Principe, 1998). The primary focus of that literature remained, however, on different types of public statements designed to explain (Clapham & Schwenk, 1991; Staw, McKechnie, & Puffer, 1983; Zajac & Westphal, 1995), rebut (Lamin & Zaheer, 2012; Wang, Wezel, & Forgues, 2015), confuse (Graffin, Carpenter, & Boivie, 2011), signal accommodation (Lamin & Zaheer, 2012; Marcus & Goodman, 1991) or admit responsibility for (Hearit, 1995) past or forthcoming events. By contrast, this literature has paid less attention to the relative role of these various statements in comparison to reported actions of the firm of interest to stakeholders which also influence reputation and performance (Bansal & Kistruck, 2006; Hart & Ahuja, 1996; King & Lenox, 2001; Philippe & Durand, 2011; Russo & Fouts, 1997; Zavyalova, Pfarrer, Reger, & Shapiro, 2012). In addition to comparing the efficacy of symbolic and substantive engagement strategies, we also seek to unpack the relative importance of two common actions that firms take that are outside the scope of the organizational perception management or impression management literatures: meeting with stakeholders and providing material resources to those stakeholders in cash or kind.

We use the context of the global gold mining industry to unpack further the relationship between different kinds of corporate social responsibility and stakeholder engagement activities and the degree of stakeholder cooperation and conflict. We focus specifically on the relationship between firms and their external stakeholders – that is, the political, social and economic actors who have a stake in the operations of these firms, including members of the community in which the mine is situated, governments, and actors from civil society such as nongovernmental organizations, multilateral agencies, legal practitioners, environmentalists, and development specialists – as they represent the "targets" of corporate political and social activities.

We build our theoretical arguments by combining the literatures on issues management and organizational perception management with the literatures examining civic participation and participatory development, which have theorized and analyzed a broad scope of activities that impact citizens' relationships with their governments. We believe that by drawing parallels between citizen participation and stakeholder engagement, we can offer insights into the relationships of a broader set of stakeholders with firms and analyze what type of activities assist the firm in strengthening the cooperativeness of its relationships with its external stakeholders. We thus allow for a broader range of strategic behavior to be considered and compared with regard to its efficacy in shifting stakeholder perceptions and actions.

We explore four specific types of engagement and the underlying mechanisms by which they may increase cooperation and decrease conflict with stakeholders. These engagement actions include: (1) announcements (i.e., a specific form of one-way verbal communication or information flow or what firms and stakeholders say to and about each other); (2) the broad class of material or non-verbal engagement (i.e., what firms and stakeholders do together beyond talking and giving); and, within this broad class of material activities we separate out, (3) meetings (i.e., events that allow for two-way dialogue between the firm and its stakeholders); and (4) payments (i.e., resource exchange or what firms give to stakeholders). For each of these actions we present theoretical arguments for a link to the subsequent degree of cooperative or conflictual behavior by stakeholders and then empirically test for such a link.

Our empirical analysis uses a novel database of 51,754 media-reported stakeholder events among stakeholders of the population of 26 gold mines operated by 19 mining firms listed on the Toronto Stock Exchanges in 20 largely emerging markets. We find that, in this context, announcements (particularly by the firm) have a modest positive effect on enhancing cooperation and reducing conflict whereas material cooperation and, in particular, meetings and payments (particularly in-kind payments) have a more substantive effect.

THEORY

Citizen Participation, Participatory Development and Stakeholder Engagement

Citizen participation—simply defined as the "participation of the governed in their government" (Arnstein, 1969: 216)—refers to the degree to which citizens are allowed, encouraged, and empowered to participate in the decision-making process that governs the (re)distribution of "the benefits of the affluent society." Traditional calls for increasing citizen participation are typically based on ethical concerns and a moral purpose (Hart, 1984). For example, Arnstein (1969: 216) explains that "Citizen participation is a categorical term for citizen power. It is the redistribution of power that enables the have-not citizens, presently excluded from the political and economic process, to be deliberately included in the future. It is the strategy by which the have-nots join in determining how information is shared, goals and policies are set, tax resources are allocated, programs are operated, and benefits like contracts and patronage are parceled out."

The normative aspect of citizen participation is the *right* of citizens to be involved in their own governance and development (Roberts, 2004; Roberts, 1991), and resonates closely with the normative justifications of stakeholder theory which focuses on how managers should behave towards their stakeholders (Carroll, 1989; Kuhn & Shriver, 1991). Here, normative justifications for stakeholder engagement are based on the rights of stakeholders to be protected from, and compensated for, the adverse externalities imposed on them by the firm's operations. Further, by allowing firms to own, transform and sell property in a manner that generates shareholder rents, stakeholders have the right to have an active voice in that transformation. As Evan and Freeman stress: "… stakeholders have some inalienable rights to participate in decisions that substantially affect their welfare or involve their being used as a means to another's ends" (Evan and Freeman, 1988: 102).

True citizen participation affords citizens not only a "voice" in but also the power to implement, plan and made decisions (Arnstein, 1969). Such active and empowered participation is argued to improve plans, decisions, and services delivered (Benz, 1975; Rossi, 1969) leading to better policy outcomes (Munro-Clark, 1992; Steelman & Asher, 1997) and improved relations and rapport between actors (Buchy & Race, 2001). As a result cooperation increases and conflict decreases with stakeholders. Critically, for advocates of participation, an implicit assumption of participation is that substantive as opposed to merely symbolic participation or engagement will lead to better outcomes (Munro-Clark, 1992; Steelman & Asher, 1997) and improved relations and rapport between actors (Buchy & Race, 2001). These arguments influenced practice not only in communities in advanced democracies but also in the emerging markets particularly around questions of development.

However, a growing body of empirical evidence highlighted the downsides of participation. These included (1) increased time for project or policy implementation, (2) seeking broad participation allows “opposition” to the project or policy to develop, (3) raising the expectations of citizens, (4) the dissemination of wrong or biased information when citizens share freely their view points, and (5) group dynamics that lead to biased or unrepresentative processes and outcomes (for example, citizens with more time and those with more money may be more likely to attend meetings and air their viewpoints) (Buchy & Race, 2001; Irvin & Stansbury, 2004). In the development arena, Mansuri and Rao (2004) draw attention to the fact that the theoretical benefits of participation may only materialize when that participation develops organically rather than is induced by a third party. In particular, in many emerging market political contexts, local participation leads to the articulation of grievances directed at elites who often fail to recognize or support the process of participation. Another challenge arises due to the long-term process of capacity building that is required for local participation to accurately represent its own collective interests and successfully negotiate with national elites or foreign businesses. The time horizon and resources required for such capacity building often far exceed the patience and resources available to the funders or inducers of the process.

While the same logic and argumentation regarding the potential benefits to a participatory model have been made within the corporate social responsibility literature (Morsing & Schultz, 2006), and in the mining industry, in particular (Kemp, 2010), this literature has not addressed the more critical arguments that such engagement may elicit not only cooperation but also conflict. On the one hand, participation of individuals and groups with diverse backgrounds in the planning and decision process is likely to increase the diversity and quality of information resources available to the firm, and lead to a “cross-fertilization of ideas” (Damanpour, 1991). It is also likely to increase the degree of stakeholder identification with the firm, and therefore their commitment to the success of its projects, which can facilitate access to resources or lower costs of specific inputs. At the same time, however, the increased participation of diverse stakeholders also implies that a broader set of (potentially conflicting) interests must be attended to and reconciled in the planning and decision process, which almost inevitably leads to delays and increased demand for management time devoted to stakeholder issues. It may also shift the priors of stakeholders regarding unobserved behaviors in a negative light (Cho, Guidry, Hageman, & Patten, 2012) and generate both work-specific and cultural-conflict (Ramarajan, Bezrukova, Jehn, & Euwema, 2011). Thus, while from a normative perspective, a higher degree of stakeholder engagement is desirable, it is an empirical question whether the current stakeholder engagement activities of firms elicit greater cooperation or conflict as well as the relative contribution to that ratio of more symbolic vs. substantive engagement strategies.

To address this question, we seek to evaluate the benefit of different types of stakeholder engagement activities by examining their effect on the degree of subsequent stakeholder-level cooperation. To this end, we build upon Arnstein's (1969) "Ladder of Citizen Participation," which represents a cornerstone of the civic participation literature and, subsequently, that on participatory development. Arnstein's "ladder" defines citizen participation along a hierarchy ranging from ignoring stakeholders to informing them, then consulting with them, seeking to placate them and, finally, ceding power to them. Insights from this hierarchy suggest that engagement activities offering stakeholders genuine voice and the resources needed to achieve their objectives will achieve greatest participation. We argue that firms increasing participation with stakeholders should also benefit in the form of greater cooperation.

Factors and Mechanisms of Participation

Our challenge lies in identifying those firm-stakeholder actions that (1) link to the underlying theoretical construct of participation and, in particular, to different levels of Arnstein's hierarchy; (2) for which theoretical mechanisms suggest a link to stakeholder cooperation and conflict; and (3) are empirically observable. With these constraints in mind, we surveyed the practitioner literature on stakeholder engagement for concrete observable actions that relate to stakeholder participation and for which organizational research has found evidence of behavioral or attitudinal shifts in cooperation or conflict. These factors include: (1) announcements (i.e., a specific form of one-way verbal communication or information flow or what firms and stakeholders say to and about each other); (2) the broad class of material or non-verbal engagement (i.e., what firms and stakeholders do together beyond talking and giving); and, within this broad class of material activities we separate out, (3) meetings (i.e., events that allow for two-way dialogue between the firm and its stakeholders); and (4) payments (i.e., resource exchange or what firms give to stakeholders). For each of these four factors, we next summarize the extant research suggesting a link to cooperative or conflictual behavior and then present our hypotheses.

Announcements: Public announcements—press releases or public statements issued by the firm to communicate its actions, intentions, or position on a specific issue—influence opinion formation and impression management as what the firm says impacts what stakeholders believe and, how stakeholders understand, accept and view the firm. These opinions or beliefs by stakeholders are key drivers of a firm's ability to secure resources and shift public policy both of which influence their financial performance. (King & Walker, 2014).

Extensive prior research has shown that announcements by firms in the form of letters to shareholders, the text of annual reports and press releases can influence opinions or behaviors above and beyond the provision of quantitative or objectively observable content regarding corporate performance, executive compensation, or strategic change (Fiss & Zajac, 2006; Gioia & Chittipeddi, 1991; Graffin et al., 2011; Guillamon-Saorin, Osma, & Jones, 2012; Staw et al., 1983; Wade, Porac, & Pollock, 1997; Zajac & Westphal, 1995). While most of this research focuses on traditional drivers of financial performance and the explanations thereof (Clapham & Schwenk, 1991; Staw et al., 1983; Zajac & Westphal, 1995), Bansal and Clelland (2004) demonstrate the ability of expressions of commitment to the environment to reduce the unsystematic risk of a company's share price particularly for firms with low levels of perceived legitimacy with respect to their performance on the natural environment. Philippe and Durand (2011) how that communication regarding environmental behavior that is consistent with stakeholder beliefs contributes to an improved reputation amongst those stakeholders. In periods of contestation such as when targeted by a threatening boycott, organizations are particularly likely to make announcements likely to be viewed favorably by stakeholders in order to avoid reputational harm (McDonnell & King, 2013). More broadly, transparency (i.e., the provision of more high quality intentionally shared information) is widely perceived to be a critical factor driving stakeholder perceptions of an organization (Schnackenberg & Tomlinson, 2014).

Based on these arguments, we posit that announcements positively impact firm-stakeholder cooperation.

H1: Announcements by firms to stakeholders increase cooperation and decrease conflict between firms and its stakeholders.

***Material Engagement*:** The actions and behavior of a firm are visible outward demonstrations of the firm's beliefs in, attitudes towards and commitment towards stakeholders, that is, "corporations are what they do" (Post, Preston, & Sachs, 2002). Engagement that is material rather than merely verbal typically comes at a higher cost and thus provides a more powerful signal regarding the identity or nature of the firm undertaking the action (Staw & Epstein, 2000; Suchman, 1995). By engaging more deeply with stakeholders firms can also develop the benefits of social capital, a concept widely associated with trust (Putnam, 1993). Congruence between words and actions should notably improve a firm's reputation with stakeholders (Berrone, Gelabert, & Fosfuri, 2009). Limited research that considers both dimensions finds actions more important than words (Kim, Bach, & Clelland, 2000) for at least some stakeholders (Bansal & Kistruck, 2006). Furthermore, a gap between the external facing announcements or statements and the more costly internal changes to policy or practice can actually undermine stakeholder cooperation, engender conflict and destroy firm value (Hawn & Ioannou, 2016; Philippe & Durand, 2011; Rhee & Haunschild, 2006).

The theoretical logic and empirical evidence that substantive firm-level actions and behaviors influence stakeholder opinions is most developed in the area of regulatory and legal compliance where violations of environmental regulations and criminal activity harm corporate reputations (Williams & Barrett, 2000) and stronger environmental performance enhances it (Hart & Ahuja, 1996; Russo & Fouts, 1997) though the empirical evidence suggests the presence of important contingencies or moderating effects (Gilley, Worrell, Davidson, & El–Jelly, 2000; King & Lenox, 2001). Other studies demonstrating an impact for concrete actions have shown the negative reputational impact of corporate downsizing (Karake, 1998; Love & Kraatz, 2009), industrial accidents ((Zyglidopoulos, 2001) and safety recalls (Zavyalova et al., 2012).

H2: Material engagement increases cooperation and decreases conflict between firms and stakeholders relative to verbal engagement.

Meetings: Meetings are a form of material engagement that offer a clear opportunity for voice. Participants can discuss or exchange ideas and information as well as learn about each other's objectives and thought processes. Through their participation, they can also change their perceptions regarding the appropriateness or legitimacy of the procedure that generated a given outcome. As a result, participants may change or influence counterparties opinions or positions and generate novel outcomes. These outcomes may actually be pareto improving but unrealizable in the absence of information exchange, learning and buy-in.

A key factor of effective stakeholder engagement is information exchange between actors (Glass, 1979; Rowe & Frewer, 2005). Strategic conversations with stakeholders support organizational learning about the context of operations (Miles, Munilla, & Darroch, 2006). Through information exchange stakeholders are afforded a "voice" to express their concerns and these stakeholders are "listened to." Furthermore, through communication managers and stakeholders come to understand each other's mental models of each other which link their experiences, data, meaning, assumptions, conclusions, beliefs and action (Brønn & Brønn, 2003). Absent such a common understanding, the same data or experiences may lead to vastly different perceptions regarding necessary actions and a frustration by counterparties regarding the seemingly irrational positions of their peers. Burby (2003) posits that the goal of participation and inclusion of stakeholders is to increase the public understanding of issues and provide a forum for persuasion.

As interactions continue and deepen, external stakeholders may take on active involvement in planning and decision-making as well as opportunities for supplemental decision-making and representational input. Such active participation can improve plans, decisions and service delivery in the public (Benz, 1975; Rossi, 1969) or private sectors enabling the identification of win-win scenarios across complex multidimensional preference landscapes (Tantalo & Priem, 2016). Even in the absence of the identification of such “stakeholder synergies”, involving citizens (or stakeholders) in such planning increases their trust in the government (or firms) and also increases the acquiescence of the community to outcomes (Crenson, 1974; Dal Bo, Foster, & Putterman, 2008). Empirical evidence in the project management literature is broadly supportive of the benefits of this participatory approach whether drawing on large-n surveys (Gransberg, Dillon, Reynolds, & Boyd, 1999; Sarkar, Aulakh, & Cavusgil, 1998) and qualitative case studies of projects such as the Terminal 5 of Heathrow Airport (Gil, 2009), the Taralga wind farm in New South Wales Australia (Gross, 2007) and the Ohio River Bridges Project (Bailey et al., 2007). At the firm-level, similar results obtain from studies of the impact of interactions with or pressure from stakeholder groups and firm-level environmental plans and performance (Álvarez-Gil, Berrone, Husillos, & Lado, 2007; Delmas & Toffel, 2008; Eesley & Lenox, 2006; Henriques & Sadorsky, 1999; Kassinis & Vafeas, 2002, 2006).

Building on these logics related to information exchange and active participation, we argue that meetings with stakeholders are an important means to increase cooperation and decrease conflict.

H3: *Meetings between firms and stakeholders increase cooperation and decrease conflict between firms and stakeholders.*

Payments**:** Through the transfer of monetary or in-kind resources from the firm to its stakeholders firms engaging in CSR have visible and immediate impacts on communities (such as building hospitals, schools, churches). Such payments also facilitate real connections and respectful relations with communities which can transform the way communities perceive and relate to the firm resulting in positive organizational performance (Frynas, 2005; Rettab, Brik, & Mellahi, 2008). Empirical work has demonstrated a strong link between corporate philanthropy and reputation among stakeholders (Brammer & Millington, 2005). Furthermore, such positive reputational benefits are argued to improve corporate financial performance and revenue (Lev, Petrovits, & Radhakrishnan, 2010) though this relationship may be contingent (Lev et al., 2010; Wang & Qian, 2011) and is not necessarily monotonic (Wang, Choi, & Li, 2008). Survey evidence reinforces the underlying logic that such donations are increasingly seen by corporate giving managers as mechanisms to improve a firm's overall performance (Saiia, Carroll, & Buchholtz, 2003).

H4a: *Payments to stakeholders increase cooperation and decrease conflict between firms and stakeholders.*

In their CSR engagement activities, firms commit both financial (cash) and in-kind donations to the benefit of stakeholders to demonstrate their commitment to stakeholders and thereby increase stakeholder cooperation and decrease conflict. Important however is the distinction between the giving of money and the giving of items (or in-kind donations). While both types of CSR may have the same financial value, these types of CSR may have different social and relational value. Extant empirical and theoretical research within the social psychology literature has shown that monetary resources (because they are a medium of exchange) and nonmonetary resources (which derive their value in use) have significant and different impacts on the perceived fairness during resource allocation (DeVoe & Iyengar, 2010), with egalitarian distribution of nonmonetary resources being perceived and accepted by individuals as being fairer than the egalitarian distribution of monetary resources. Note that fairness is inherently subjective and thus difficult to obtain as each stakeholder perceives distinctive criteria that the firm, particularly if foreign, is unlikely to appreciate. For example, questions of fairness facing firms in the extractive industries include: should the traditional elder or chief get more money because of status; should every animal be compensated equally; should every family be relocated according to size of family, size of property, size of house or status? Further, monetary resources elicit different social and cognitive responses in individuals than nonmonetary resources (Vohs, Mead, & Goode, 2006), where with nonmonetary resources actors demonstrate less cooperation and less social or communal behavior, and undermine reciprocity (Heyman & Ariely, 2004).

Another insight from the social psychology literature on resource allocation is the link between the exchange structure (i.e., whether generalized across all individuals and communities) and direct exchange which is essentially between two actors in a dyad (Willer, Flynn, & Zak, 2012). Willer et. al (2012) find that when resources exchanged have high benefit to individuals, recipients feel a greater sense of identification and solidarity with the group, and engage in greater participation within the exchange. Resources exchanged via direct exchange between two actors have a lower impact on group identification and solidarity. The allocation of cash contributions not only negatively impacts feelings of fairness among the stakeholders themselves, but also, engages the direct exchange mechanism which is associated with lower group identification and lower group solidarity. Further, the use of cash donations elicits lower feelings of reciprocation and thus the firm is less likely to receive positive cooperation from these stakeholders. Conversely, the firm seeking to gain the reputational and relational benefits of engaging in CSR activities can increase these outcomes by offering in-kind donations which stakeholders have expressed a need for. Through the offering of in-kind donations stakeholders feel greater fairness of allocation. The firm can further increase the benefits of their CSR activities by focusing on group-level items which facilitate generalized exchange among stakeholders and which benefit the entire community (for example, the building of town halls, marketplaces etc.), as opposed to individual-level benefits such as providing bicycles for individual community members. Another relational aspect of cash versus in-kind donations is that cash donations may seem like financial payouts or payoffs whereas in-kind donations may be perceived by stakeholders as more caring or more thoughtful of the firm and therefore have a greater impact on increasing cooperation and decreasing conflict. Further, in-kind donations are often given in response to a stakeholder's expressed need or given in response to stakeholders requests and may thus be more greatly appreciated by the stakeholder than cash donations.

H4b: *In-kind payments to stakeholders increase cooperation and decrease conflict between firms and stakeholders, and they do so to a greater extent than cash payments.*

DATA AND METHODS

We test these arguments by evaluating the degree of stakeholder cooperation or conflict with the mining investments of small publicly traded firms on the Toronto Stock Exchange (TSX) with operations in emerging markets who vary in their stakeholder engagement strategies. The cooperation of stakeholders is critical in extractive industries such as gold mining. Up-front multi-billion dollar capital investments in challenging social and political environments take decades to pay back to investors and face multiple competing political, social and economic claims. Conflict with stakeholders can lead to regulatory proceedings and legal judgments whereas cooperation is often required to meet project development timelines, secure access to necessary factor inputs including those required for planned expansions of multi-phase projects. While this context is unique in many regards, there are also important similarities to other contexts of stakeholder engagement. A few examples include the ongoing debates over fracking operations in the U.S. and the U.K., oil drilling in the Arctic or offshore but close to pristine coasts, the location of nuclear facilities, wind farms, transmission lines and pipelines, and "not in my back yard" opposition more generally.

We restrict our analysis to the lifespan of the population of mines owned and operated by publicly-listed parent companies that have three or fewer gold mining projects that have reached the stage of a feasibility study, all of which are outside the United States, Canada and Australia. By limiting our sample in this way, we can study a sufficiently wide (yet still manageable from a manual coding perspective) set of companies interacting with a range of stakeholders defined by one similar issue – the development of a mine – from the first report in the media in 1993 up to 2010. Twenty-six mines owned by 19 gold mining companies in 20 countries constitute the population of firms that meet the criteria above.

Stakeholder cooperation and conflict vis-à-vis these firms' gold mining investments differ significantly across stakeholders, across firms and within stakeholder-firm dyads across time. This variation allows us to assess the impact of variation in the composition of stakeholder engagement activity between a mine and a given stakeholder over time on the cooperation or conflict exhibited by that stakeholder towards the mine holding constant all time invariant mine and stakeholder-level characteristics as well as controlling for plausibly relevant time varying factors.

Constructing a dataset of stakeholder events

To understand the impact of different forms of stakeholder engagement by mining companies on subsequent cooperation and conflict with those stakeholders, we constructed an original dataset of stakeholder events by manually coding, from a corpus of over 22,000 articles, *all* the actions and statements through which any stakeholder expresses conflict or cooperation towards one of the 19 mining companies in our sample or towards a different stakeholder, *and* all actions and statements through which the mining companies express conflict or cooperation towards their stakeholders. The set of articles represents the *full* corpus of English-language media articles stored in the Dow Jones Factiva database that mention the firms in our sample and their mining projects. The news reports start on March 5th, 1993, with the first media report mentioning Gold Reserve's Brisas mine in Venezuela published by Reuters News and end on July 8, 2010, when we completed the downloading of the corpus of articles for Gabriel Resources' Rosia Montana mine in Romania.

The news media as a source of information. Our study evaluates stakeholders' actions and expressed opinions towards the mining company as well as the mining company's stakeholder engagement strategies as reported in the media. We believe the use of media-reported events while necessarily incomplete offers a representative sample of the most important instances of stakeholder cooperation and conflict and firm engagement of stakeholders. Information about the viability of a mining company is transmitted through the media, which represents the most important channel for information diffusion in modern societies. What stakeholders and investors know about corporate organizations is to a large extent shaped by what the media reports about them (Deephouse, 2000; Petkova, Rindova, and Gupta, 2013; Pollock and Rindova, 2003; Westphal and Deephouse, 2011).

Nonetheless, we acknowledge that our use of formal news articles to capture stakeholder actions and statements raises several empirical issues. As noted by King and Soule (2007), one concern is selection bias (i.e., not all stakeholder or firm actions and statements are reported in the media) while another is description bias (i.e., the news article may not always accurately represent the actions or statements of stakeholders or the firm). We believe that our use of the full corpus of Factiva articles which includes over 28,000 news sources covering 157 countries including over 600 publications targeting the mining industry (e.g., Northern Miner, Mineweb and Metals Week) partially mitigates the risk that we are missing pertinent stakeholder or firm actions or statements. Our own dataset of events covers 22,229 articles from 436 sources in the Factiva database. Furthermore, the risk is further mitigated by the fact that the companies in our data average over $7.5b in market capitalization and their mines' expected lifetime revenue accounts, on average, for more than 40% of the host country's GDP, making their stakeholder interactions strong candidates for inclusion in the industry and national media.

However, it is possible that at the micro-level the selection bias might lead to a greater likelihood of inclusion of more important events and more prominent stakeholders. This is similar to the bias revealed by (Biggs, 2015) regarding the greater likelihood of media reporting on large protests, riots or strikes than small ones. On the one hand, such bias towards stakeholders and events the media judges to be relevant offers us the benefit of constituting an empirically tractable network of stakeholders relevant to the development of the mine with high confidence in data reliability. On the other hand, the bias against less important stakeholders highlights a limit to the generalizability of our empirical findings. Specifically, we should expect media-relevant stakeholders to be engaged by a firm and should not therefore necessarily generalize our findings to mass public opinion. Another concern could be that more conflictual, violent or intense events are more likely to be included than cooperative events (Snyder and Kelly, 1977). We have no way of knowing the true distribution of conflict and cooperation by stakeholders to our 26 gold mines but believe that we have a good distribution of cooperative (33,427), neutral (778) and conflictual (17,512) events. On average, we observe stakeholders taking actions or expressing sentiments that convey a level of cooperation of 1.066 on a scale from -9 to +10. We can only speculate that the economic materiality of cooperation as well as conflict in the highly contested gold mining market together with the incentives of firms and stakeholders to publicize both dampens the media’s overall tendency to select against less intensive cooperative events.

Finally, turning to description bias, we are aided by the breadth of Factiva sources described above. Any ideological or other biases that might lead to different reporting of actions or statements by one news source would likely be canceled out by another. Furthermore, the incentives, particularly of the international industry press to report economically relevant information dampen concerns regarding sensational or biased reporting as the readership prizes accuracy in reporting as a basis for large investment and other economic decisions. As a robustness check, we consider only international news sources omitting all national sources on the grounds that they are more likely to suffer from description bias.

Coding stakeholder events from news media articles. Our search using the company names and the mine names retrieved 22,229 articles in Factiva, representing the comprehensive media corpus for each mine from its first media mention until 2010. To code these articles, we proceeded as follows. First, we read these texts in their entirety to identify all sentences in which a stakeholder acts or speaks in a manner that denotes conflict or cooperation towards the target organization or towards a different stakeholder, and all sentences in which the corporate organizations act or speak in a manner that denotes conflict or cooperation towards their stakeholders. By reading the complete corpus of articles about each of the 26 mines, and identifying all sentences that reference stakeholders, we extracted the comprehensive set of stakeholders referenced in media reports about the mine proposal or operation. Thus, instead of starting with a pre-defined list of stakeholders to limit our Factiva search, we searched by company name and mine name, extracted from the resulting corpus of articles *all* stakeholders that are mentioned, learning from the media who the relevant stakeholders are. For example, we learned that stakeholders as diverse as the Romanian Orthodox Church, the Hungarian government, Greenpeace and actress Vanessa Redgrave mobilized at some point against the proposal to build a gold mine in Rosia Montana, Romania.

Second, in our coding protocol, we parsed each of the sentences identified to extract one or multiple source-verb-target triplets that specify *who* (the source) *did what* (verb) *to whom* (target), or who said what about whom. For example, on January 3rd, 2007, a *New York Times* article reads, “Mr. David and his neighbors realized […] that the company planned to expand the old mine and formed an association called Alburnus Maior – Rosia Montana's Roman name – to try to stop the project” (Smith, 2007). We extracted three source-verb-target triples from this one sentence. The first has “Mr. David” as the source, “formed an association” as the verb, and “Alburnus Maior” as the target. The second has “Alburnus Maior” as the source, “to try to stop” as the verb, and “the project [Rosia Montana mine]” as the target. The third has “Mr. David” as the source, “to try to stop” as the verb, and “the project [Rosia Montana mine]” as the target, because the sentence clearly indicates that both Mr. David and the association he founded are opposed to the mining project. While some sentences capture stakeholders targeting an organization or its project, other sentences describe the organization reaching out to stakeholders in order to shape their beliefs. We coded both types of sentences and carefully extracted the source and target organizations in a way that allows us to differentiate stakeholder-initiated actions and statements (as reflected in the example above) from firm-initiated actions and statements, as the following example illustrates. The same *New York Times* article from January 3rd, 2007, reads “It [Gabriel Resources] is sponsoring education for underprivileged children in Rosia Montana through a nongovernmental organization run by Leslie Hawke, the mother of the actor Ethan Hawke and a celebrity herself in Romania” (Smith, 2007). We extracted two source-verb-target triples from this sentence. The first triplet records “It [Gabriel Resources]” as the source, “sponsoring education” as the verb, and “underprivileged children in Rosia Montana” as the target. The second triplet records “It [Gabriel Resources]” as the source, infers “[works with]” as the verb, and records “[OvidiuRom] a nongovernmental organization run by Leslie Hawke” as the target.

Third, we standardized all stakeholder names in a manner that allows us to trace their actions and statements over time. For example, we know that “Mr. David” in the example above is the same as “Mr. Eugen David,” who is same as “Eugen David,” and who may be also represented by various misspellings of his names (which become apparent in the process of standardization). Similarly, the target organization in the examples above is “Gabriel Resources,” which appears in the original text under 16 variations of its name, including “Gabriel,” “Gabriel Resource,” and others. While a simple operation, the standardization of stakeholder names is a critical step of the coding process to ensure that one stakeholder is identified as the same unique entity over time.

Fourth, we carefully matched all the verbs identified in our subject-verb-object triplets onto a 20-point conflict-cooperation scale that ranges from -9 (extremely negative action or statement) to 0 (neutral statement of fact) to +10 (extremely positive action or statement) (Table 1). The original conflict-cooperation scale was developed and used extensively by scholars of international conflict to allow for “the conversion of events into a measure of cooperation or conflict – the affect or tension implicit in a series of actions” taken by one actor (organization or stakeholder) toward another during a period of time (Goldstein, 1992: 370). In collaboration with scholars at Harvard University (King and Lowe, 2003; Bond et al., 2003), we modified this scale to ensure that it is appropriate for use in a business context by looking for and occasionally re-coding the value of verbs (such as “liquidate”) that denote different degrees of conflict or cooperation in an international relations setting than in an organizational setting.

Our coding covered the population of 10,747 verbs and verb phrases identified by our coders in the 51,717 interactions connoting conflict or cooperation that they found in our 22,229 articles. We placed these 10,747 verbs and verb phrases on our cooperativeness scale through a “fuzzy matching” of synonyms of these verbs and verb phrases and the smaller vocabulary that comprised the original scale. Examples of verbs extracted from the examples described above include: “formed an association” is a positive action coded as a +6; “to try to stop” reflects an action of opposition and was coded as -4; and “sponsoring education” and “works with” were both assigned a value of +6, reflecting positive actions by Gabriel Resources towards the Rosia Montana community, on the one hand, and towards the NGO providing the education, on the other. Our coding captures statements and actions that span an entire range of engagements from extremely negative (e.g., armed attacks on property and personnel) to extremely positive (e.g., the provision of armed defense) as further exemplified in Table 1.

[Insert Table 1 about here]

The coding was completed with the help of a team of undergraduate research assistants. To ensure reliability across coders, the research assistants overlapped in the coding of a subset of media reports. We used this overlap to assess inter-rater agreement (IRA) – that is, the level of similarity between different coder's judgments and the extent to which their work can be considered interchangeable (LeBreton and Senter, 2008). We compared the coders' judgements across 313 different items, where one "item" is the level of conflict or cooperation between a specific stakeholder and a firm in a given quarter. We computed multiple IRA indices used in previous research (LeBreton and Senter, 2008). For all of these measures, we observed a high level of inter-rater agreement for the 313 items assessed. For example, on two measures of dispersion (the average deviation from the mean and the average deviation from the median) for which lower values indicate higher agreement, we observed means of 0.77 and 0.72, and standard deviations of 1.02 and 0.99. These values can be interpreted on the original coding scale (in our case, the 20-point conflict-cooperation scale), and give us great confidence that the coders assessed stakeholder events very similarly.

The textual analysis methodology described above allowed us to code over 22,000 articles, representing the complete corpus of news articles for each of the 26 gold mines in our sample. The complete dataset includes 51,717 different source-verb-target triplets describing events (actions and statements) involving our 19 gold mining firms and their 2,293 stakeholders mentioned in the media.

Dependent Variable

We aggregate the stakeholder events data across firm-stakeholder dyads to reflect the level of a company's cooperation or conflict with a given stakeholder on a given day following the logic of a rolling stock of stakeholder cooperation or conflict. The empirical measure is constructed using a moving average that discounts the "relevance" of past reports by weighing less a report dating from the past than a current report. Specifically, we calculate

$$CC_{ijt}^{*} = \sum_{l=0}^{w} \frac{\delta^{l} n_{ij,t-l}}{\sum_{m=0}^{w} \delta^{m} n_{ij,t-m}} cc_{ij,t-l}$$

where CC^*_{ijt} is the rolling stock of stakeholder cooperation or conflict defining the relationship between firm i and stakeholder j at time t; cc_{ijt} is the level of stakeholder cooperation or conflict describing events between firm i and stakeholder j at time t; n_{ijt} is the number of media reported events between firm i and stakeholder j at time t; w is the window of the moving average; and δ is the discount factor. We calculate stakeholder cooperation or conflict using a window of 180 and a discount factor of 0.999 but test the sensitivity of our analysis to a range of windows and discount values.

Independent Variables

Our independent variables measure time varying shares of various types of "engagement" and are derived directly from the media articles. To empirically analyze the type of engagement relations among stakeholders and with firms we code the engagement activities stated in the media using a typology derived from the civic participation and participatory development literatures complemented by in-depth interviews on stakeholder engagement with practitioners and specialists in the development community (i.e., NGOs, World Bank and other multilateral organizations, consultancies). The engagement typology progresses from simple talk towards engagement that requires firms to more deeply commit to give voice to, transfer resources to and collaborate with stakeholders. From this engagement hierarchy we code different types of strategic engagement, including: (1) announcements, vs (2) material engagement which itself can be subdivided into (3) meetings and (4) payments which can be further divided into (4a) cash and (4b) in-kind contributions.

Announcements: Announcements is measured as a time varying ratio of the share of events between the firm and a given stakeholder in which the media reported that the firm or the stakeholder made a public or private (i.e., to the stakeholder or firm) statement about an issue.

Material Activities: Material engagement is measured as a time varying ratio of the share of events between the firm and a given stakeholder that constitute material as opposed to verbal engagement. The coding scheme draws from Duval and Thompson (1980). It is important to note that material engagement includes both cooperative (e.g., changes in policy or procedure that are cooperative, consultations, grants of privilege) and conflictual (e.g., violent attacks, destruction of property, demonstrations, seizures).

Meetings: Meeting is measured as a time varying ratio of the share of firm-stakeholder events where the firm and stakeholder came into contact with each other.

Transfers: Transfers is measured as a time varying ratio of the share of firm-stakeholder events in which the firm makes transfers to the stakeholder. The payment variable further distinguished between cases where the firm gives a financial payment vs. "in-kind" donation such as the provision of school classroom or hospital equipment.

Other Material Activities: In some analyses, where we break-down material activities into its components, we consider the subset of material engagements which do not constitute meetings or payments as a residual category. Like the other components, it is measures as a time varying ratio of the share of firm-stakeholder events that are material but do not involve a meeting or payment.

Control Variables

Mine status. At the mine level, we control for the development stage of the mine in terms of whether the mine is in exploration, pre-feasibility, feasibility, construction, production or suspension. Because construction and suspension are known to be associated with greater conflict and less cooperation *ceteris paribus* (Boutilier, 2009) we create indictor variables for each of the six phases of a typical mine's life and use suspension as the omitted category.

Gold price. We also control for the price of gold. This variable is particularly important as the price of gold rose sharply during and immediately after the period of our study passing $500 per ounce for the first time in December 2005, $1,000 per ounce in March 2008, and toping $1,900 an ounce in August 2011. As gold is used as a hedge in times of financial crisis, the sharply rising price of gold heightens tensions over who has the right to appropriate this value and may thus significantly impact relations between firms and stakeholders.

Voice. We include a country-level measure of "Voice" within the host country to control for the level of freedom of the media and freedom of speech within each country. We obtain this perception-based measure from the World Bank Institute's World Governance Indicators (WGI)(Kaufmann, Kraay, & Mastruzzi, 2010). This measure is obtained from statistical compilation of surveys from a wide variety of civil society actors, including NGOs, think tanks, international organizations and industry experts, within different countries.

Major_news Using FACTIVA's definition of major news sources, we control for the share of that day's news that appears in major news outlets. Days with greater media coverage in major national and international sources could be substantively different in terms of their reported stakeholder cooperation and conflict and we seek to control for that possibility here.

Public Relations. Following a similar logic, using FACTIVA's definition of press release wires, we control for the share of that day's news that appears in press releases.

Models

Our event data is an unbalanced panel and we use an OLS empirical model with mine-stakeholder fixed effects that allow us to capture the impact of varying the ratio of stakeholder engagement activities on a given firm-stakeholder relationship over time. We start with the high-level distinction between announcements and material engagement and then subdivide material engagement into meetings, transfers and other engagement and then further subdivide transfers into cash payments and in-kind contributions.

$$CC_{ijt} = B_0\alpha_{ijt} + B_1 Announcements_{ijt} + B_2 Material\ Engagment_{ijt} + Controls\boldsymbol{B} + \varepsilon_{ijt}$$

$$CC_{ijt} = B_0\alpha_{ijt} + B_1 Announcements_{ijt} + B_2 Other\ Material\ Engagment_{ijt} + B_3 Meetings_{ijt} + B_4 Payments_{ijt} + Controls\boldsymbol{B} + \varepsilon_{ijt}$$

$$CC_{ijt} = B_0\alpha_{ijt} + B_1 Announcements_{ijt} + B_2 Other\ Material\ Engagment_{ijt} + B_3 Meetings_{ijt} + B_4 Payments_{ijt} + B_5 In\ Kind\ Contributions_{ijt} + Controls\boldsymbol{B} + \varepsilon_{ijt}$$

RESULTS AND DISCUSSION

Table 2 presents descriptive statistics and correlations between the variables considered. Table 3 presents the results for the OLS regression analyses for the aggregated (column 1) and disaggregated (column 2) engagement ratios.

Insert Tables 2-3 about here

Beginning with the control variables, we find that all mine status levels of construction, pre-feasibility, feasibility and production are associated with reduced conflict and increased cooperation as compared to suspension. Cooperation also falls and conflict rises in the aftermath of major news coverage whereas press releases have a more modest positive impact on cooperation. Neither country-level voice nor the market price of gold has a statistically significant impact on stakeholder's cooperation and conflict.

Turning to the variables of theoretical interest we find support for all our aggregated engagement ratios, specifically that increasing announcements (H1a), material engagement (H2) in general and meetings (H3) and transfers (H4a) in particular, significantly and positively increase cooperation-conflict between firms and stakeholders. Assessing the relative importance of these various engagement strategies can be done in various ways. In Figure 1, we present the relative impact of moving from the mean to one standard deviation above the mean in the share of each activity while holding all other activities constant at their mean level. This figure shows a clear hierarchy of stakeholder engagement in which more substantive and richer stakeholder engagement strategies engender higher cooperation and reduced conflict with a given stakeholder much as predicted by Arnstein (1969) in the public sector.

To explore these results more deeply, we next disaggregate the payments to compare the impact of cash vs. in-kind donations on cooperation-conflict. These results reveal that, both cash and in-kind contributions are positively associated with stakeholder cooperation. While the coefficient estimate on the former is substantially larger than the latter, the mean firm undertakes a much greater share of in-kind contributions than cash. As a result, when we explore the economic significance of these results (results available from authors upon request), we observe that, as predicted by H4b, increasing from the mean to one standard deviation above the mean in the ratio of in-kind contributions has a larger substantive impact on stakeholder cooperation than does an equivalent shift in cash contributions.

At the extremes, a firm-stakeholder dyad in which there had been no announcements, material engagement of any form including meetings or payments would be forecast to be characterized by a stakeholder cooperation score of 0.25 which was 0.53 or 14% of one standard deviation below the mean. Over one-third of our sample was characterized by such low-intensity engagement. By contrast, a firm-stakeholder dyad one standard deviation above the mean in each ratio (i.e., 26% announcements, 76% of other activities being material including 13% meetings and 23% payments) would be expected to have a cooperation score of 2.34 which would represent an increase of 186%.

Robustness

Given the censored nature of our dependent variable, we ran tobit models (xttobit). We also explored the impact of adding lagged dependent variables to better control for unobserved time varying heterogeneity in stakeholder preferences. As previously noted, we also explored the sensitivity of our analysis to the assumptions regarding the window of the moving average and the discount rate. Our results were substantively unchanged across these various permutations with the exception that the inclusion of a lagged dependent variable led to the announcement ratio no longer being statistically significant. Because this specification required three as opposed to two observations per stakeholder-mine dyad, approximately one-third of the sample was lost contributing to a loss of statistical power and some bias towards longer-lasting or more intense firm-stakeholder relationships.

Implications for Theory, Policy and Practice and Future Work

Our analysis contributes to managerial practice as well as to the literatures on stakeholder engagement and corporate social responsibility. We evaluate empirically the relative efficacy of foreign firms' efforts to elicit cooperation and minimize conflict in their existing stakeholder relationships. We compare the impact of four categories of strategic engagement—specifically, announcements and other forms of verbal communication, material engagement and, in particular from that broad category, meetings and payments which we further disaggregate into cash and in-kind. We find that announcements have a modest positive effect on enhancing cooperation and reducing conflict whereas material cooperation and, in particular, meetings and payments (particularly in-kind) have a more substantive effect.

While this hierarchy of stakeholder engagement provides important insight regarding the relative importance of substantive as compared to merely symbolic engagement strategies, the categories that we are able to consider are only a narrow segment of a broader spectrum of participatory approaches. Further research, most likely qualitative in nature, should explore the conditions under which providing voice and power to stakeholders over marketing (Polonsky, Schuppisser, & Beldona, 2002) or innovation (von Hippel, 2005) strategies generates positive benefits to shareholder and stakeholders. To what extent should external stakeholders play an active role in due diligence for new projects or project expansions or help develop and oversee systems of monitoring and evaluation (Post, Preston, & Sauter-Sachs, 2002) including but not limited to performance management systems (Atkinson, Waterhouse, & Wells, 1997)? What is the role of stakeholder managed foundations relative to corporate managed foundations in the choice, management and implementation of corporate social responsibility programs (International Finance Corporation, 2015; Wall & Pelon, 2011)? Understanding the boundary conditions and moderators which alter the efficacy of stakeholder-driven or participatory processes is an important follow-up query to the findings that we present here.

We focused on only external stakeholders, that is, the stakeholders from civil society rather than the internal stakeholders of the firm. Further analysis should explore engagement strategies and hierarchies that specifically target the firm's internal stakeholders – shareholders and internal employees. Arguably, different stakeholder groups will have conflicting utility functions requiring different types of engagement, in that what internal stakeholders such as employees seek from firms (i.e., managers) may conflict with shareholder utility; and the social values that external stakeholders such as NGOs and governments and other political actors demand, and the engagement strategies that firms can use to address these demands, often contradict with short-term profits. Thus the strategies and hierarchies of engagement to best address internal stakeholders may differ significantly from those used to impact external stakeholders. Recent scholarship on pro-social motivation (Grant, 2008; Grant, Dutton, & Rosso, 2008) and organizational culture (Turban & Greening, 1997) has begun to explore these topics but a more explicit link between this micro-level theorizing and the macro-level corporate social responsibility literature is needed.

Future research should explore the relationships between stakeholder type and the engagement strategy as well as the duration and sequence of engagement strategies. Firms deploy various engagement strategies with political, social or economic stakeholders at a given time or those from local vs. international contexts. Firms also employ various engagement strategies over time in different sequences and combinations to manage a specific stakeholder (Jawahar & McLaughlin, 2001). For example, Surroca & Tribó (2013) highlight the extent to which symbolic engagement may work initially but its effectiveness will diminish over time in the absence of substantive engagement. More broadly, analysis is need to explore the long-term effects of specific types of engagement to determine whether some strategies are better practiced in the short-term or in conjunction with other elements.

Participation is not without cost. Indeed the costs include, time, resources, the creation of unattainable expectations, and causing conflict through bringing diverse groups and individuals together (Buchy & Race, 2001). As different types of strategic actions have different costs, future research should also explore the specific costs of different engagement strategies relative to the benefits of stakeholder cooperation that we emphasize here.

Another area for further exploration is the skills required to effectively implement these different types of strategic engagement. Inglis (2007) proposes a focus on matching the desired participatory outcomes (the “what”) and the skills required to obtain these outcomes (the how). She posits that the ultimate task of effective public interactions (what she refers to as, processes for comprehensive social change) involves great skill due to its qualitative and quantitative complexities. In the context of the firm’s ability to effectively and strategically engage with stakeholders, a contingent factor of this transformation is the skills of the management team. Managerial skills (Inglis, 2007) as well as managerial perceptions (Mitchell, Agle, & Wood, 1997) influence stakeholder engagement strategies. Exploring the skills of the management team is an important avenue for further research in this area as the firm's strategic actions are inherently determined by the management team within it.

Finally, future research should explore the societal outcomes of different types of strategic engagement. Here, we explore the intermediate outcome of cooperation and conflict among firms and stakeholders as a precursor or determinant of firm profitability. Future work can explore the impact of these improved relations on stakeholders. Advocates of corporate social responsibility argue that through cooperative relations and collaborative production with stakeholders, who are in fact the beneficiaries of CSR initiatives, multinational firms practice CSR that espouses "autonomy-respecting help" premised on "helping people help themselves" (Ellerman, 2005) and may foster community-lead social entrepreneurship initiatives (Esman & Uphoff, 1984, 77). Scholars should also consider the normative questions of whether, in what ways and how much stakeholders actually benefit from better engagement.

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Table 1. Conflict-cooperation scale with representative verbs or verb phrases from underlying vocabulary.

Conflict-cooperation score	Representative verbs or verb phrases	Total number of verbs in vocabulary
-9	Violently attack or threaten to violently attack with actual or potential deaths or serious injury, kill, demolish	277
-8	Restrain, imprison, hold against will, arrest, expel, capture, sequester	85
-7	Block road, bulldoze property, close border, condemn, force to leave, proclaim moratorium, protest	269
-6	Bankrupt, cancel concession/contract, confiscate property, decree nationalization, halt operations	606
-5	Oppose, veto, impose, force, break, halt, reject, flee, default on obligation, rally in opposition, overturn	231
-4	Investigate, demand, alert, restrict, repeal policy, sue for damages, claim breach of contract	823
-3	Deny, complain, criticize, denounce, make negative comment, reject, accuse	739
-2	Argue against, call for action against, challenge, claim improper act, express concern	1511
-1	Delay, request clarification/information, perform analysis, file action/appeal	797
0	Neutral statement of fact, notify, discover, estimate, explain	135
1	Yield, comply, solicit, request assistance with, vote for, encourage, ask to meet	1081
2	Mediate, agree, travel to meet, engage, offer, make positive comment, initiate negotiations	1503
3	Host, praise, emphathize, apologize, forgive, assure, thank, acknowledge deal	596
4	Agree, receive or provide information, offer support, open community office, participate	703
5	Rally in support, ratify, win election, pass policy in support, obtain favorable interpretation	316
6	Offer financial support/compensation/contract, announce intent to pay	419
7	Provide financial support, create partnership/alliance/joint venture, undertake social programs	344
8	Relax or ease major financial or security penalty/sanction/constraint, give access to,	188
9	Offer armed support/defence/protect, ensure safe access, observe truce	23
10	Provide armed support, defend, protect, release person	99
	TOTAL	**10745**

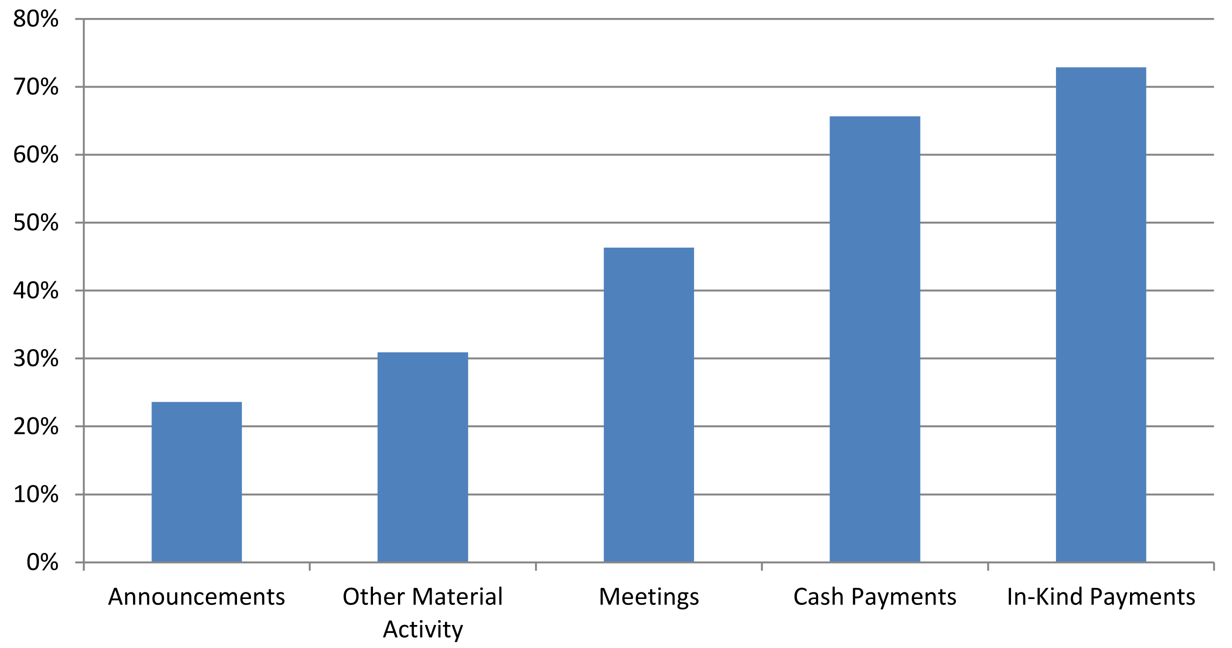
Table 2: Descriptive Statistics and Correlations

Variable	Conflict-Cooperation	Announcements	Material Activities	Other Material Activities	Meetings	Transfers	Cash Payments	In-Kind Contributions	Mine Status: Construction	Mine Status_ Feasibility	Mine Status: Pre-Feasibility	Mine Status Production	Major News	Press Release	Voice	Gold Price
Obs	16220	16220	16216	16216	16220	16220	16220	16220	16220	16220	16220	16220	16220	16220	14456	16208
Mean	0.78	0.07	0.37	0.32	0.02	0.05	0.01	0.05	0.11	0.33	0.50	0.03	0.59	1.09	-0.18	540.58
Std. Dev.	3.94	0.19	0.44	0.44	0.11	0.18	0.05	0.18	0.31	0.47	0.50	0.17	1.68	2.82	0.94	215.06
Min	-9.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2.16	253.80
Max	10.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	60.00	94.00	1.68	1373.50
Announcements	-0.08															
Material Activities	0.19	-0.10														
Other Material Activities	0.15	-0.08	0.91													
Meetings	0.05	-0.03	0.14	-0.08												
Transfers	0.15	-0.05	0.26	-0.02	-0.03											
Cash Payments	0.08	-0.01	0.08	0.05	-0.01	0.28										
In-Kind Contributions	0.14	-0.05	0.24	-0.03	-0.02	0.96	0.01									
Mine Status: Construction	-0.07	0.16	-0.08	-0.09	-0.01	0.06	0.03	0.05								
Mine Status_ Feasibility	0.10	0.00	0.00	-0.01	0.07	0.00	0.03	-0.01	-0.28							
Mine Status: Pre-Feasibility	-0.02	-0.19	0.05	0.07	-0.07	-0.04	-0.06	-0.02	-0.34	-0.68						
Mine Status Production	0.00	0.02	0.01	0.00	0.04	0.00	0.05	-0.01	-0.07	-0.14	-0.16					
Major News	0.01	0.02	0.00	0.01	-0.02	-0.03	0.00	-0.03	0.01	0.10	-0.09	-0.02				
Press Release	0.10	-0.03	-0.01	0.00	0.01	-0.03	-0.02	-0.03	-0.03	0.17	-0.14	-0.02	0.27			
Voice	0.06	0.05	-0.08	-0.05	-0.06	-0.06	0.03	-0.07	0.11	0.35	-0.39	0.03	0.03	0.15		
Gold Price	0.10	0.11	0.03	0.01	0.00	0.08	0.05	0.07	0.25	0.35	-0.65	0.18	0.02	0.12	0.15	

Table 3: Results

Conflict-Cooperation	**Model 1**	**Model 2**	**Model 3**
Announcements	0.588	1.079 **	1.049 **
	(0.444)	(0.445)	(0.441)
Material Activities	0.658***		
	(0.162)		
Other Material Activities		0.585 ***	0.571 ***
		(0.160)	(0.160)
Meetings		3.399 ***	3.419 ***
		(0.849)	(0.838)
Transfers		4.007 ***	
		(0.699)	
Cash Payments			10.401 ***
			(1.458)
In-kind Payments			3.449 ***
			(0.687)
Mine Status Pre-Feasibility	2.316***	2.290 ***	2.288 ***
	(0.655)	(0.665)	(0.661)
Mine Status Feasibility	2.753***	2.712 ***	2.718 ***
	(0.617)	(0.628)	(0.623)
Mine Status Construction	2.271***	2.187 ***	2.186 ***
	(0.667)	(0.664)	(0.661)
Mine Status Production	3.200***	3.146 ***	3.018 ***
	(0.688)	(0.693)	(0.678)
Major News	-0.051***	-0.049 ***	-0.050 ***
	(0.011)	(0.011)	(0.011)
Public Release	0.029***	0.027 ***	0.027 ***
	(0.008)	(0.008)	(0.008)
Voice	0.870	1.153	1.142
	(1.166)	(1.108)	(1.103)
Gold PriceX1000	0.242	0.208	0.206
	(.578)	(0.542)	(0.52)
_cons	-1.864**	-2.037 **	-2.032 ***
	(0.728)	(0.712)	(0.700)
Number of observations	14453	14453	14453
	Std. Err. adjusted for 4046 clusters in minestid	Std. Err. adjusted for 4046 clusters in minestid	Std. Err. adjusted for 4046 clusters in minestid

Figure 1: Improvement in Stakeholder Cooperation Score From Different Stakeholder Engagement Strategies



Note: Predicted increase in the baseline cooperation-conflict score resulting from increasing the ratio of each stakeholder engagement strategy by one standard deviation from the mean level while holding all other variables constant at their means.