

Issues Negotiation: Is it characterised by control mutuality, trust, commitment and satisfaction?[i]
Tom Watson

In April 2001, Watson et al proposed the concept of Issues Negotiation – the use of negotiation techniques for the construction of issues management programs that result in mutual gains - to the International Corporate & Marketing Communications conference in Belfast (Watson et al. 2002). The abstract read:

Consumers are increasingly demanding and less tolerant of organisations that fail to live up to their expectations. Organisations are expected to change their approach to business, giving the same priority to all stakeholders, with integrity and commitment. This means that the traditional approach to issues management where organisation "decide" on their plans, "dictate" them to stakeholders, and prepare their „defence“, will no longer be adequate.

Issues Negotiation offers business leaders a powerful alternative that builds trusting relationships, turning potentially negative issues into competitive advantage. It is a process that supports the organisation in its long-term growth.

Shortly after, Grunig (2002) proposed definitions of relationship indicators for assessing relationships between organisations and publics. He postulated two relationship indicators – exchange relationships and communal relationships – with four characteristics – control mutuality, trust, commitment and satisfaction. (This paper was a refinement of the Grunig and Hon (1999) booklet, *Guidelines for Measuring Relationships in Public Relations*).

This paper describes the Issues Negotiation concept and its five-stage operation against Grunig's relationship indicators and characteristics. It compares them and considers the relevance of Grunig's indicators.

INTRODUCTION

A changing society demands new approaches by organisations in order to not only just stay in the game, but ahead of the competition. Watson et al. (2002) offered Issues Negotiation as an approach that has an integrated solution for dealing with issues at source and building valuable relationships that develop insight and offer new opportunities. Issues Negotiation is described in detail later in the article.

Grunig and Hon (1999) and Grunig (2002) have analysed research that shows public relations contributes value to an organisation when its communications programs result in quality long-term relationships with strategic publics (stakeholders). They identified two types of relationships, with four characteristics.

The relationships, defined by Grunig (2002:1), are:

Exchange – one party gives benefit to the other only because the other has provided benefits in the past or is expected to do so in the future. Exchange is the essence of marketing relationships between organisations and customers and a central concept of marketing theory. But, Grunig and Hon argue, it is not enough for a public, which expects organisations to do things for the community without expecting immediate benefit.

Communal – parties are willing to provide benefits to the other because they are concerned for the welfare of the other – even when they believe they might not get anything in return. “The role of public relations is to convince management that it also needs communal relationships with publics such as employees, the community and the media.” (Grunig 2002: 1) Communal relationships are important if organisations are to be socially responsible and to add value to society as well as client organisations.

To determine the quality of relationships, Grunig and Hon (1999: 19f.) nominate four characteristics, which are the “top of a long list”. These are central to organisations and publics when evaluating the quality of the relationship. They are Control Mutuality, Trust, Commitment and Satisfaction, whose “importance of characteristic declines as we go down the list” (Grunig 2002: 2).

Control mutuality: The degree to which the parties in a relationship are satisfied with the amount of control they have over a relationship. Some degree of power imbalance is natural, but the most stable, positive relationships exist where the parties have some degree of control. It doesn't have to be exactly 50:50.

Trust: The ceding of some control is based on Trust, which they describe as the level of confidence that both parties have in each other and their willingness to open themselves to the other party. Three factors are important:

- Integrity: An organisation is seen as just and fair,
- **Dependability: It will do what it says it will do,**
- **Competence: Has the ability to do what it says it will do.**

Commitment: The extent to which both parties believe and feel the relationship is worth spending energy to maintain and promote.

Satisfaction: The extent to which both parties feel favourably about each other because positive expectations about the relationship are reinforced. Each party believes the other is engaged in positive steps to maintain the relationship.

In order to understand the benefits of consultative approaches proposed by Watson et al., by Grunig and Hon and by Grunig, it is essential to review the changing environment within which organisations are expected to thrive. To compete effectively and offer competitive advantage, businesses must be constantly challenging and innovative in their approach. The demands of today's society put pressure on organisations to develop new methods of working and communicating with stakeholders.

The requirement for organisations to openly communicate on both social and ethical accounting is increasingly emerging as a standard practice and a means for organisations to offer greater transparency to stakeholders. Leading companies are beginning to use this type of reporting to help build stakeholder confidence and trust. Of the companies quoted on the UK's FTSE100 prime share index, 60 per cent have produced Annual Reports with separate environmental reports.

Ghoshal & Bartlett (1997: 43) have argued that corporations create social value.

"To see them merely as vehicles for shareholder value is blinkered. Amid a general decline in authority in other institutions – political parties, churches, the community, even the family unit – corporations have emerged as the most influential institutions of modern society; not only in creating and distributing a large part of its wealth, but also providing a social context for most of its people, thereby acting as a source of individual satisfaction and social succour."

As well, strategic management theorist Michael Porter argues in his theory of competitive advantage that corporations gain economic benefits from social pressures and seeks to explain the value of cooperating with stakeholders (Grunig / Hon 1999: 8).

However, increasingly complex situations, where there are environmental and social implications to securing business success, demand that organisations better understand stakeholders, developing new strategies for communications that reach beyond the "show and tell" approach. Business leaders no longer satisfy stakeholders with a few well-chosen, often sanitised, words. Today's demanding consumer means companies are now expected to deal directly with the sources of issues – not just build a case against potential stakeholder concerns.

The financial consequence of not recognising potential issues and dealing with them effectively can be harsh for the company concerned. For example, Royal Dutch/Shell's 1995 plan to dump the Brent Spar offshore platform at sea was halted by a renowned environmental outcry. The negative exposure Shell suffered was not driven by the choice of disposal – scientists proved in the end that this was the best method – but that Shell were perceived to be trying to do it without the public's knowledge. This left them open to criticism and vulnerable to "exposure" by Greenpeace.

In 2001, the Church of England (UK) removed the manufacturer GKN from its share portfolio because of the company's involvement in the arms trade, an action that attracted significant publicity. What constitutes ethics in business is wide-ranging. Ken Rushton, director of the Institute of Business Ethics (UK), agrees there is no easy definition.

"For a company it means being morally responsible but implies going beyond that, and treating people fairly and decently while having values which are defined and articulated. People are often hesitant about using the term ethical, and are more comfortable with the concept of being trustworthy." (Finn 2001: A13)

The change in our communications channels also needs some consideration when reviewing corporate reputation. The Internet has dramatically increased the speed at which every one of us can potentially communicate around the world. This in turn has had a significant effect on direct

action. One need only search under „Nestlé“ or „McDonalds“ to appreciate the potential damage to reputation brought about by pressure groups campaigning against the actions of these companies over the World Wide Web, and demanding to be heard. Examples such as www.babymilkaction.org – The Nestlé Boycott and www.mcspotlight.org are symptomatic of the activism on the Internet.

Activism does not only appear in the ritual battles that surround each Group of 8 (G8) conference or on angry sites on the Internet. A UK survey by market research company MORI in 2001 found:

“50 per cent of customers are paying attention to the social behaviour of companies. More significantly, 30 per cent of the British public has boycotted a product or company for ethical reasons in the past 12 months.” (Finn 2001: A13)

So what’s wrong with the traditional “decide, dictate, defend” approach? This is the most common strategy where an organisation “decides” on its plans, before “dictating” them to often a selected group of stakeholders, with a “defence” to its position. This is usually backed up by pre-prepared “questions and answers”.

In practice, this means that business leaders all too often fail to acknowledge the public’s concerns. Statements attempt to undercut the public’s interests through the development of countervailing „facts“ or rebuttals from pseudo-independent experts and unscientific polls.

The “questions and answers” opportunity does little to improve this situation. If there is an issue that stakeholders want to know about but on which they haven’t been informed, it is often considered confidential by the organisation and will not be fully responded to, even through the “questions and answers”. The process then becomes a cause of frustration, rather than one of open communication that increases concerns and causes further grievance rather than dampening them. It can be considered a “lose-lose” situation.

This “issues management” approach courts a number of costs. To start with, time and money is spent communicating with stakeholders – telling them that what the organisation is doing has a clear rationale and is being done for the “right” reasons. However, simply telling people “this is the right decision” doesn’t mean they will necessarily with the plans.

The Genetically Modified Food (GM) debate and the issues raised around the MMR (measles, mumps and rubella) triple vaccination for children are just two examples of where the science creates as many questions as it answers and where publics are not always prepared to agree with perceived wisdom.

This debate on scientific “fact” can be regularly witnessed in the media. These frustrating debates are partly due to the media’s tendency to first personalise and then simplify risk stories into dichotomies – safe or dangerous. Sandman (1986) argues that there are valid reasons for this. When confronted with an environmental risk, the public is generally faced with a yes-or-no decision. Journalists seek to offer information to the public in a form that is consistent with the decision at hand. Also, modern media formats do not allow for complex, extended presentations. The media’s tendency to personalise news stories reflects the perspective of the individual.

An example of a “science” debate was demonstrated by arguments over the health effects of phones or masts. In 2000, the UK mobile telephone industry admitted that it had not done enough to allay public fears about the health effects of phones or masts. As the UK Government prepared to publish its long-awaited report into mobile phones, the industry said it would win the argument over health risks by making more information available to the public. Prepared by the Independent Expert Group on Mobile Phones that spent eight months weighing up the evidence on mobile phone transmitters, the Government’s report (known as the Stewart report) stated that there was no scientific evidence to suggest that mobile phones can trigger brain cancers, headaches or other illnesses. But there was a small but convincing pool of research that radiation from mobiles can interfere with the brain in surprising and as-yet unexplained ways that were not necessarily damaging. It was these findings that encouraged the Group to urge a precautionary approach.

Despite this sharing of science and information, the protests continued. In early 2001, Kent County Council in south east England announced a refusal to allow the building of mobile phone masts on its land. It claimed the ban would, “protect residents from the possible effects of mobile masts” (Baker 2001: 14). The authority was first in Britain to take such a tough line while it waited for the Government to pass national legislation. The council’s leader cited the Government’s Independent Expert Group report as a reason for the policy.

This “decide, dictate, defend” approach has an “iceberg” effect – it only scratches the surface of the issue, without actually solving the underlying issues. It can be argued that this costs time and money and has the effect of taking an organisation’s attention away from its pursuit of competitive advantage and puts it in a position and mind-set of defence. There may be a temporary lull but, as the mobile phone case demonstrated, the issue reappears at a later date and the costs escalate. For the mobile phone industry, a limitation on siting masts has a significant effect on the industry’s ability to grow and meet the needs of its consumers.

There is therefore a fundamental financial value in effective communication, which extends to the practice of communicating in a truly relevant, timely and regular way with all stakeholders. Managers should be able to show

investors their talent for dealing with challenging circumstances. Success here builds investor confidence in a manager's ability to handle risk and create value for shareholders.

Having scanned the business environment and considered the communications challenges, the relevance of Grunig and Hon's and Grunig's analysis needs to be tested. (The broad case made by Grunig and Hon (1999) and Grunig (2002) will be referred to as "Grunig" in future). The proposition that businesses should be more closely linked to stakeholders for effective reputational and business performance has been made by most of the examples referred to.

Grunig strongly argues that it is the role of public relations practitioners "to convince management that it needs communal relationships with publics such as employees, the community and the media" (Grunig 2002: 1). This is consistent with the strong support for symmetrical relationships, which has been the bedrock of Grunig's long-term argument on best practice in public relations management.

The business examples – especially negative ones such as Shell, GKN and mobile phones – ask questions as to whether open-ended "exchange" and "communal" relationships with stakeholders can deliver best practice and the convincing arguments that public relations practitioners can use. The characteristics such as Control Mutuality, Trust, Satisfaction and Commitment are, however, positive indicators that can analyse relationships in a matrix and produce clear answers.

Issues Negotiation, which is described below, is a process that challenges the proposition about open-ended Communal relationships as best practice. It does, however, offer many of the characteristics of sound and sustainable relationships identified by Grunig. This negotiation process is a continuing one, which has strong environmental scanning and preparatory approaches that lead to a rolling program of engagement with single or multiple stakeholders. It is also a process that engages many more corporate or governmental functions beyond a discrete PR or Communications heading. It embraces the four characteristics but gradually builds them through negotiation, rather than beginning as an a la carte menu of actions.

ISSUES NEGOTIATION

The Issues Negotiation process is made up of five key stages – Insight, Include, Explore, Negotiate and Progress, forming a continuous process of relationship building. Each can be linked to the four Grunig characteristics.

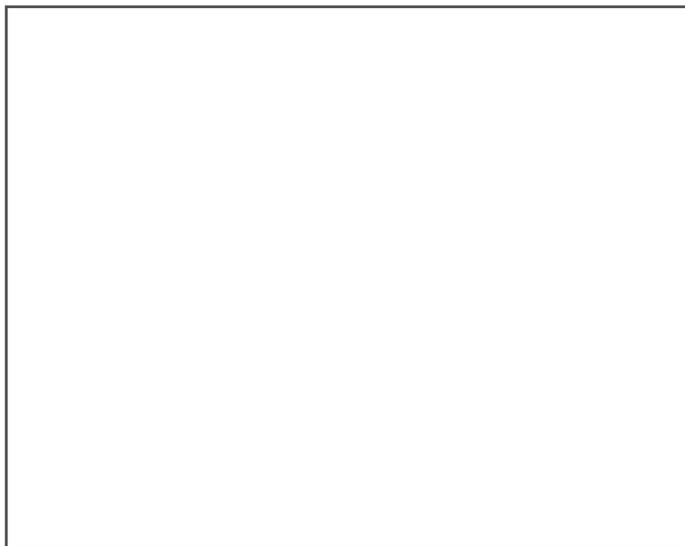


Abb. 1: The Five Stages of Issues Negotiation

INSIGHT

Understanding an organisation's environment, the people influencing it, and their motivations, is key to ensuring a sound basis from which to start the Issues Negotiation process. Framing the issue and investing in stakeholder analysis builds this insight, allowing the effective transition from data to dialogue.

Understanding what makes the public angry, or raises their concerns is a first key step. An individual's understanding of a particular action is significantly affected by the manner in which the information is presented and by the broader social context. Five different sources of anger are proposed:

Reality – this is where an individual's life – or even the life of a group of individuals – has actually been affected as a result of another's actions. Parties will base their arguments on principles of fairness that are accepted by the larger society, such as using the national and international standards of human rights as a reference point for being "just" and "fair".

Expectation – there is an expectation that another's actions will affect your way of life. For example, a group of neighbours might oppose the construction of a chemical factory near their homes, because they have fears about safety, noise and traffic.

Ideology – where it is believed that another's actions are morally or ethically wrong. This situation demands an understanding of why people hold the position that they do and what affects and influences their reactions. Examples of such groups are the anti-abortion and animal rights campaigners.

Impotence – where individuals feel picked on, usually by someone perceived as more powerful. Nestle's promotion of baby milk in developing countries was a case in point as was the "McLibel" case in the UK. While McDonald's substantially won the case, it was labelled a reputation disaster. McDonald's was viewed by many as bullying two members of the public who could not afford their own lawyer. In fact, they had lawyers acting for them free of charge. The anger generated in instances such as this is also likely to be fuelled by the prevailing assumption that "big" is bad, and the "bigger" the company the "greater" the concern.

Power and manipulation – where anger is used as a means of manipulating a situation to gain a position of power. It attracts media attention to get the desired result and is used as a way of creating awareness for an organisation or an individual.

The source of concern must be seen to have a significant impact on the behaviour of the organisation thereafter, in order to be able to effectively frame and relate to the situation in hand. For example, offering financial compensation over an ideological issue may only fuel the fire.

Having understood the motivations, the next stages include:

- Defining the problem, who is involved, the context of the issue and the complicating factors, such as fact-finding, procedural problems, personality issues.
- Reviewing the situation in small parts – assessing what is working well and what needs changing. Look at the options in the approach.
- Effectively prioritising resources to influence public perceptions. This requires a deep insight into how issues potentially affect stakeholder perception and shareholder value.
- Deciding with whom you can reasonably build relationships and who will not honestly work with you to solve an issue, and should therefore be avoided. This is an important step as not everyone will be willing to change their approach and take a disciplined path to seeking areas of common ground. In certain circumstances it should be recognised that whatever the approach there is no value to be gained from dealing with certain people or groups. There has to be a desire on both sides for change and an acknowledgement that the status quo is no longer acceptable.

- Understanding the opportunities and risks in relation to communications with the media and the public. Experts take a narrower view of risk than the general population. They tend to focus on “objective” factors such as mortality statistics. However, our common sense notion of risk includes many other facets. Situations are more risky when they are unfamiliar, beyond the individual’s control, unfair and immediate. Moral issues often override questions of reasonable risk. For example, when pollution is seen as immoral, then balancing the costs of cleanup against the risks of human harm is irrelevant. Moral principles are not subject to cost benefit analyses. Consider the fact that the police do not always catch a child molester, but they know not to argue that an occasional molested child is an acceptable risk. Similarly, what may be at issue is not the size of the risk but the fairness of the distribution of risk.
- Clarify goals and strategies. Considering the options for alternative strategies against the objectives of both parties is an important step towards finding common ground with stakeholders. There are generally two types of goals; a preferred future where conditions, relationship and need are met; and the goal of what you would like your opponents to do to bring that future about. Interests are generally shaped by one’s needs and values are related to needs and interests but they are not the same. Values are more difficult than interests to clarify yet are at the core of most conflicts. Understanding them can be difficult, but is an essential part of the process.

INCLUDE

The next stage in the process is to include all relevant stakeholders. Inviting the involvement of those you consider your opponents, or even enemies, is an essential part of the process. This means opening the doors to all, without exclusion, and offering them the opportunity to participate. This in itself can be a powerful tool. Inviting the “enemy” in can have the effect of disarming the other parties involved. It shows willing in a positive and active way.

Avoiding certain parties will almost certainly cause problems later. The outcome of the Brent Spar case reveals how the inclusion of Greenpeace at the beginning may have avoided the extensive flow of negative coverage of Shell’s action that subsequently appeared – there would have been no story to report.

Involvement has to be optional however, as when coerced people become stubborn. They are not motivated to expend the effort needed to understand complex risks, since their understanding would have no real use. However, having some decision-making power motivates people to expend the effort to understand risks. The energy of these stakeholders can then be mobilised into helping the organisation to move forward, even if you believe at the start that there is no way you can find common ground.

The long-running debate on Gulf War syndrome in several countries shows how the two parties involved, national defence or veterans ministries and the war veterans’ associations have remained at loggerheads. The war veterans have pursued a media voice because they felt ignored and neglected by government and wanted to see action. The governments have kept their distance throughout the years, holding the veterans at arms’ length. This strategy has continued the debate in the public gaze, rather than taking a more constructive (communal) approach by including veterans in their plans and research and thus being seen to be actively listening.

The process of inclusion immediately offers the opportunity to improve communications and relationships by developing them face-to-face, rather than at a distance, or worse still, in the media. This helps build trust and involves acknowledging the concerns of the other side.

When companies are positioned against an opponent in major or protracted conflicts, or when an adversary has been demonised or ridiculed it becomes almost impossible to listen to, let alone acknowledge, that person’s or group’s concerns. However, the organisation being challenged must be prepared to look at the issue from the position of the “opposition”. Only by putting it in their shoes and taking a step away from its own interests, can the underlying interests can be identified.

If the organisation involved fails to appreciate the needs and concerns of the contending stakeholder the only common ground that will be realised will be that of perpetuating the conflict.

Considering this assertion, Shell could argue that, in the case of Brent Spar, by telling Greenpeace before it took action the pressure group would have pursued the same position. However, if this was likely to be the case anyway, at least Shell could have improved its position in the eyes of the media and the public. Believing that Greenpeace would not have found out about the action suggests a misjudgement of the pressure group’s inside knowledge.

EXPLORE

Understanding each other's viewpoints helps build relationships by developing understanding, thus avoiding the presence of assumptions. This understanding and knowledge is needed for learning, but is not sufficient. What companies also need is the capacity to translate knowledge into new ways of doing business. Similarly, organisational learning implies change. Much knowledge is held in people's heads as tacit knowledge. Reports and data provide facts and figures but when the public is angry it is usually because of the experience and / or perceptions they have. These need to be shared and understood.

This tacit knowledge is not easily committed to paper and is often best retrieved through discussion and the sharing of concerns and experience in a combination of formal and informal communications. Dow Chemicals, for example, supports 26 advisory panels that address issues of importance to the community (Jackson / Schueler 2001). In addition to sponsoring local activities, these panels work as partners to community organisations. They share their experience and expertise to assist the community in planning for, training for, and implementing responses to emergencies. The resulting eclecticism in environment, information, perspectives and experiences is the catalyst of creativity.

At this stage in the process the organisation is required to display the issue as it is seen from their point of view, while encouraging the other parties to share understanding, concerns and experiences. Bazerman and Neal (1993: 74) argue: "In a negotiation, if each side understands and can explain the viewpoint of the other, it increases the likelihood of reaching a negotiated resolution."

If support is there, it is necessary to agree the desire for resolution of an issue and commit to working together. However, this relationship must have solid foundations and ground rules.

Roles and responsibilities between members of all parties must be clarified to maximise the returns from the process – making it an efficient and effective working practice. The ground rules also ensure that everyone involved understands the parameters within which they are expected to work. This helps build trust and strengthen relationships. For example, if one party reports discussions to the media without prior agreement between all concerned the relationship will be undermined and is unlikely to be productive for long.

NEGOTIATE

The focus of negotiations should always to seek common ground. It can, however, be difficult to appreciate where this common ground may exist. Focus on areas of interests, not positions; look for compatible interests and consider both short and long-term interests. Using Grunig's taxonomy, this is an Exchange relationship because the parties will be trading benefits and understandings.

Trade Associations constantly work to promote the interest of their members who, more often than not, are also competitors. However, strong common goals exist. The negotiations approach takes a similar tack in that it forces the positives into the foreground where only negatives and fear have previously existed.

This process appreciates that there are likely to be areas that the two parties will never agree on. However, focusing on the positive and developing workable solutions means organisations can focus on developing competitiveness, rather than defending their current position.

This is a strong argument when developing corporate strategy as it offers a key point of strategic differentiation that your competitors will not have and something that simply learning through best practice does not offer.

It is also likely that research will need to be carried out in order to establish the "reality" of the situation in a way that both parties find acceptable. Joint fact-finding therefore plays a key role in moving the focus of the argument away from the source of the data onto the issue in hand. This is achieved through the joint exercising of power in acquiring the necessary information that is believable to both sides. For many organisations this can be an uncomfortable process.

A survey by public relations consultancy group Shandwick International (now Weber Shandwick) found that companies involved in litigation face hostility from a public that overwhelmingly (59 per cent) believes that a business is "probably guilty" if it is being sued (Tsang 2001: 14).

"When they found that the company being sued refused to give any comment, 69% said they would probably believe the company was guilty. As well as fighting in court, companies face public relations battles to ensure that their names and reputations are not damaged even when the case goes in their favour."

Decision-makers need to have the best possible information to be certain they are making wise decisions. The best possible information may not be the most convincing. It may even be counter-productive. The answer is to take an open approach, where information is gathered in a way that is

agreed by both parties, not behind closed doors. This goes against the grain for many organisations that want to control the outcome. However, in an environment where the public and the media are increasingly sceptical, joint fact-finding is far more likely to lead to believable and productive outputs.

PROGRESS

A written and agreed plan for progress needs to be completed. A plan means everyone faces the stark reality of the agreements and it aids the execution of the plan within manageable time frames. It provides the proof from each party that they are truly willing to participate and proceed, within an agreed framework and practices. Careful planning, attention to detail and strong administration are needed to ensure the commitment is harnessed and the process of moving forward is not hindered.

It is also essential that this plan is communicated internally within the organisation to ensure the development of understanding and levels of commitment required. The implementation depends on support from stakeholders – both internal and external. This communication must also be a constant factor and continuous process in order to ensure relationships are maintained and improved.

OUTPUTS

The aim at the outset was to build long-term relationships through a process that achieves mutual gains. Goals of a “win-win” solution should therefore be measurable and measured in terms of the relationships built and how they work for all parties. This will be achievable by comparing the initial insight and state of play with the output of the plan and progress made within it.

A cost benefit analysis is also possible by looking at the time spent by the company on Issues Negotiation compared with those charged by lawyers and other players involved in the “defence mechanism”, and reputation measured by stakeholder perception and media coverage. However, this is not an overnight solution or one that can be dropped once immediate goals have been met – otherwise all progress could not only be undone, but also back-fire and build mistrust.

CONCLUSION

Issues Negotiation is a continuing process for all parties that builds understanding as part of a joint investment in the future. The greatest benefits of all are the new insights it creates for organisations through a greater understanding of the elements influencing them and the building of constructive relationships that support its planning and growth for the long-term.

Companies should therefore be encouraged to take a more involving approach to dealing with all stakeholders. The PR function must actively focus on solving issues at their source through effective communications, not just abide by a strategy of defence. This will ensure the organisation is truly in touch with all aspects of its environment and act as an insurance policy in an uncertain and rapidly changing world.

Because Issues Negotiation is a negotiated process, it can be defined by Grunig’s analysis as an Exchange relationship because it is wrought from one party giving benefits to another in the expectation of receiving benefits. That is the essence of negotiation. In issues management situations, it is probably the only structured way forward by which both sides can develop mutual gains. However, by this step-by-step process, the important characteristics of Control Mutuality, Trust, Commitment and Satisfaction can evolve and be sustained.

Issues Negotiation can help organisations move as close to a Symmetrical relationship as is practical in the real world of stakeholder relationships.

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