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Engaging stakeholders during intergovernmental conflict:

How political attributions shape stakeholder engagement

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Abstract

When conflicts regarding industrial operations erupt between countries, relationships between corporations and stakeholders may be affected. We combine insights from stakeholder theory and studies on government and corporate social responsibility to investigate how intergovernmental politics shapes stakeholder engagement. Relying on attribution theory and a qualitative analysis of the Finnish Metsä-Botnia (hereafter Botnia) company during the intergovernmental conflict between Uruguay and Argentina, we explore the mediating role of *political attributions*—defined as the stakeholder network actors' inferences regarding governmental motives—in the process by which intergovernmental politics shapes stakeholder engagement. We induce three types of political attributions: *instrumentalizing*, which points to the undeclared instrumental motives of governments; *radicalizing*, which refers to the beliefs that governments immoderately intensify confrontation; and *acting in bad faith*, which relates to the perceptions that governments act in inconsistent and/or morally inappropriate ways. Our results show how these attributions combine in specific configurations to explain how intergovernmental politics shapes stakeholder engagement throughout the conflict. Our study theorizes the role of governments as stakeholders in stakeholder engagement and expands organizational studies of attribution to the stakeholder and global levels.

Keywords: stakeholder engagement, corporate social responsibility, governments, intergovernmental politics, public policy, causal attribution

INTRODUCTION

Moving beyond the "one-sided" approach to stakeholder management, according to which organizational managers handle stakeholders' demands (Pedrini and Ferri, 2019), the stakeholder engagement concept has gained currency in theory and practice as the process by which organizations seek to establish, develop, and maintain relations with their stakeholders (O'Riordan and Fairbrass, 2014), a stakeholder being any group or individual who is affected by or can affect the achievement of an organization's objectives (Freeman, 1984). As the aim of stakeholder engagement practices is to involve stakeholders in organizational activities in a positive manner (Greenwood, 2007), these practices are usually depicted as mutually beneficial for an organization and its stakeholders (Noland and Phillips, 2010).

However, organizations' relationships with their stakeholders can become problematic, especially when industrial operations become a matter of public dispute. On the one hand, conflicting situations make the interpretive disagreements and divergent perceptions of stakeholders obvious (Arenas et al., 2009; Bridoux and Stoelhorst, 2022; Crilly, 2019; Wall and Callister, 1995). These disagreements contrast with the positive assumption underlying stakeholder engagement research and highlight the lack of research attention toward the incompatible, problematic, and even malicious aims that can have an effect on stakeholder engagement (Kujala et al., 2022). On the other hand, stakeholder theorists have considered governments as one stakeholder group among others (Freeman, 1984), putting them on an equal footing with any other group (Knudsen and Moon, 2017) and thus disregarding their peculiar capacities to affect the relationships between an organization and its other nongovernmental stakeholders (Neville and Menguc, 2006; Olsen, 2017). The lack of theorization of this dual status of governments as stakeholders is especially problematic, considering how public disputes around industrial projects become politicized and thus subjected to governmental intervention (Carpenter and Kennedy, 1988).

Conversely, government and corporate social responsibility (CSR) scholars (Gond et al., 2011; Knudsen and Moon, 2022) have provided insights into how governments can affect stakeholder engagement by facilitating stakeholder dialogue (Albareda et al., 2008; Knudsen, 2018) or mandating negotiations between corporations and local communities (Fox et al., 2002). Governments can also direct investors toward CSR issues (Giamporcaro et al., 2020) or orchestrate multi-stakeholder initiatives to promote decent labor conditions or anti-corruption policies (Steurer, 2010). To succeed, however, the stakeholders involved must perceive such initiatives as authentic (Soundararajan et al., 2019), as governments can sponsor engagement activities to exercise control over businesses (Zueva and Fairbrass, 2021) or to undermine corporate engagement with stakeholders (Thaler and Levin-Keitel, 2016). Government and CSR studies show that public policy—broadly defined as any action that a government decides to do or not to do (Dye, 1972)—affects the relationship between a corporation and its stakeholders in many ways.

However, an important yet thus far overlooked implication of this governmental hold over stakeholder engagement and CSR relates to the fact that governments themselves do not operate in a political vacuum but are embedded in transnational relationships (Djelic and Sahlin-Anderson, 2006; Knudsen and Moon, 2017; Kourula et al., 2019; Levi-Faur and Jordana, 2005). Governments interact with each other, sometimes in cooperative ways and sometimes in ways that escalate into covert or overt conflicts; how corporations engage with their stakeholders is not indifferent to this broader geopolitical context. Therefore, we ask: *How does intergovernmental politics shape stakeholder engagement?*

To explore how *intergovernmental politics*—defined as the relationships among governmental actors in a stakeholder network—influences stakeholder engagement, we build on insights from the literature on stakeholder theory (Johnson-Cramer et al., 2022; Kujala et al., 2022; Olsen, 2017) and on "government and CSR" (Gond et al., 2011; Knudsen and

Moon, 2022; Kourula et al., 2019). However, note that regarding politics, observers'
speculation or inferences regarding what lies behind public policies are an essential part of the
public discussion (Carpenter and Kennedy, 1988; Edelman, 1988), as people tend to react
more to the meaning they ascribe to observed actions than to the actions themselves (Merton,
1948; Thomas and Thomas, 1928). To capture insights into how observers develop inferences
in suspicion-laden settings characterized by recurrent charges of greenwashing, such as CSR
and sustainability (Cho et al., 2015; Gond et al., 2017; Hillenbrandt, 2013), we rely on
attribution theory (Kelley and Michella, 1980; Lange and Washburn, 2012; Martinko, 2006).
Attribution as a mechanism explains how stakeholders (e.g., employees) react to
organizational behaviors (e.g., CSR initiatives) (see Gond et al., 2017; Vlachos et al., 2013).
We propose the concept of *political attribution*, which we define as the stakeholder network
actors' inferences regarding governmental motives. We seek to explore how
intergovernmental politics, mediated by political attributions, shapes stakeholder engagement
in contexts of intergovernmental conflict. Drawing upon Wall and Callister (1995), we define
intergovernmental conflict as a process in which governments perceive that their interests are
being negatively affected by each other.

Empirically, we focus on the case of the pulp mill established by Metsä-Botnia
(hereafter Botnia) in South America that triggered an intergovernmental conflict between
Uruguay (the host country) and neighboring Argentina. We studied the case from 2005 until
2009. The extant related research has tried to explain Botnia's inability to engage in
participatory relationships with opposing stakeholders, attributing it to the corporation's lack
of attention to language (Lehtimaki and Kujala, 2017) or to opposing stakeholders' demands
(Skippari and Pajunen, 2010), the media's gatekeeping role (Kujala et al., 2009), and
stakeholder salience and influence (Aaltonen et al., 2008; Gonzalez-Porras et al., 2021).
Botnia's pulp mill in South America has received extensive research attention; an intriguing

aspect of this case is that the corporation's considerable efforts to engage with its stakeholders did not prevent the escalation of the conflict into an international dispute (Lehtimaki and Kujala, 2017), and the persistent and fierce stakeholder opposition to the pulp mill hampered the project (Heikkinen et al., 2013). Using 332 media articles/documents and 37 interviews, we propose an alternative and overlooked explanation centered on the role of intergovernmental politics, which, mediated by political attributions, led to behavioral shifts among the actors in the stakeholder network, thereby affecting stakeholder engagement.

Our empirical analysis reveals three types of political attributions: *instrumentalizing*, which points to the undeclared instrumental motives of governments; *radicalizing*, which corresponds to the belief that governmental actions immoderately or undesirably intensify confrontation; and *acting in bad faith*, which relates to the perception that governmental actions are inconsistent and contingent on what is morally convenient in specific circumstances. Our results are integrated into a framework conceptualizing how stakeholder engagement is shaped by intergovernmental politics through different configurations of political attributions in the context of intergovernmental conflict.

Our study offers a twofold contribution to theory. First, we contribute to stakeholder theory (Johnson-Cramer et al., 2022; Kujala et al., 2022; Olsen, 2017) and the literature on government and CSR (Giamporcaro et al., 2020; Gond et al., 2011; Knudsen and Moon, 2017, 2022) by theorizing the role of governments as stakeholders in stakeholder engagement. Our research shows how intergovernmental politics can nurture the dark side of governmental intervention, preventing organizations from responsibly engaging with their stakeholders. Second, we contribute to organizational studies of attributions (Martinko et al., 2019; Vlachos et al., 2013) by shifting the analytical lens from the individual to the stakeholder level (Lange and Washburn, 2012) and by showing the political relevance of the attribution concept. The repertoire and configurations of political attributions we offer can be used in other empirical

settings to evaluate how intergovernmental politics shapes the interactions between organizations and their stakeholders.

HOW GLOBALLY AND POLITICALLY EMBEDDED GOVERNMENTS AFFECT STAKEHOLDER ENGAGEMENT

Governments and stakeholder engagement

Seen as a practical take on stakeholder theory (Kujala and Sachs, 2019), the stakeholder engagement literature explores various practices, such as information dissemination and reporting, collaboration, consultation, stakeholder dialogue, and joint decision-making (Kujala et al., 2022; O'Riordan and Fairbrass, 2014) for building cooperative and mutually beneficial relationships between an organization and its stakeholders (Greenwood, 2007; Manetti and Toccafondi, 2012; Noland and Phillips, 2010). Organizational managers make engagement decisions (Bridoux and Vishwanathan, 2020; Buchholz and Rosenthal, 2004; Crane and Ruebottom, 2011; Maak, 2007; Mitchell et al., 1997; Olsen, 2017; Phillips et al., 2010) based on the relationship that the focal organization has with its stakeholders (Herremans et al., 2016; Mitchell et al., 2022). Interactions take place in dense "stakeholder networks" formed by a focal organization and its stakeholders (Roulet and Bothello, 2022; Rowley, 1997). Stakeholder networks differ from the prior dyadic "hub and spoke" versions within stakeholder theory (Freeman, 1984), as between-stakeholder relations are key to understanding how focal organizations relate to each individual stakeholder (Rowley, 1997). Stakeholders interact with each other and compete for saliency and the attention of the focal organization's managers (Bridoux and Vishwanathan, 2020; Mitchell et al., 1997; Rowley, 1997).

This extent of interconnectedness among stakeholders (Crane, 2020) suggests that the political context of the organization could operate as a boundary condition affecting managers' engagement decisions (Mitchell et al., 1997; Phillips et al., 2010); nevertheless,

little research to date has explored governments as stakeholders and, in particular, how governments can affect the latitude of organizations to engage with stakeholders (Dmytriyev et al., 2021; Neville and Menguc, 2006; Olsen, 2017). Tellingly, even though two recent, comprehensive literature reviews on stakeholder theory (Johnson-Cramer et al., 2022) and stakeholder engagement (Kujala et al., 2022) call for research on how to align public and private interests (Kujala et al., 2022) and to cross-fertilize research in stakeholder theory with political science and public policy (Johnson-Cramer et al., 2022), they do not even mention "government" as a stakeholder group. Early stakeholder scholarship has mentioned governments (Freeman, 1984); however, because stakeholder principles were conceived as an alternative to government regulation (Buccholz and Rosenthal, 2004), governments' peculiar political status was not considered (Knudsen and Moon, 2017) beyond the fact that policymaking sets rules for governance systems and that this could have an impact on who is seen as a stakeholder (Wicks et al., 2019). Governments are among the many organizations that exercise power in society, and they become particularly important in politicized public disputes (Carpenter and Kennedy, 1988), especially when disputes emerge around suspicion-laden settings, such as CSR and sustainability (Cho et al., 2015; Vlachos et al., 2013). However, in contrast to other organizations, governments have "distinctive properties arising from (their) territorial and coercive responsibilities" (Rose, 1976, p. 249). Further, governments can rely on exclusive legal tools to influence organizations (Hood, 1983) and even claim the state's monopoly on the legitimate use of physical force to punish those who do not abide by the rules (Weber, 1946), such as self-serving managers (Buccholz and Rosenthal, 2004). The incomplete theorization of the dual status of governments as stakeholders and their overlooked distinctive power and capacities limit the current analyses of how governments, whether deliberately or not, affect the relationships between organizations and their stakeholders (Milio, 2014; Neville and Menguc, 2006; Olsen, 2017).

From domestic public policy mechanisms to the global level

"Government and CSR" scholarship (Gond et al., 2011; Knudsen and Moon, 2017) has analyzed how governmental actions can induce or compel organizations to engage responsibly with their stakeholders (Crane and Matten, 2020; Knudsen, 2018; Olsen, 2017) through governmental CSR policies—the public goals, strategies, laws, regulations, incentives, and funding opportunities that motivate, facilitate, or shape the CSR activities of organizations (Schneider and Scherer, 2019).

Through regulations, governments motivate organizations to engage with their stakeholders, support knowledge and resource building for engagement, and aim to influence top management's values and preferences (Albareda et al., 2008; Eberlein, 2019; Fox et al., 2002; Schneider and Scherer, 2019). Governments can also enlist and empower stakeholders, such as nongovernmental organizations (NGOs), as intermediaries (Schneider and Scherer, 2019), indicating that public policy can shape the universe of the potential stakeholders with whom a corporation will engage (Olsen, 2017). Moreover, governments can indirectly affect stakeholder engagement. By adopting frameworks such as the national business system (Whitley, 1999) or the varieties of capitalism (Hall and Soskice, 2003), researchers have explored how governments design distinct institutional settings in which organizations are embedded and define which stakeholders are salient (Campbell, 2007; Doh and Guay, 2006; Eberlein, 2019; Matten and Moon, 2008, 2020). Interestingly, scant research has explored how governments distort engagement by blurring the roles and responsibilities in stakeholder dialogue (Milio, 2014) or increasing confrontation with stakeholder groups (Thaler and Levin-Keitel, 2016).

Although government and CSR studies facilitate our understanding of the governmental role in how organizations engage with their stakeholders, they usually focus on public policy at the domestic level (e.g., Giamporcaro et al., 2020; Schneider and Scherer, 2019).

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According to Djelic and Sahlin-Andersson (2006), the governmental focus implicitly assumes that sovereign nation-states operate in an essentially anomic international arena or a vacuum, disregarding the fact that governments are themselves embedded in complex geopolitical structures and that when organizations operate in host countries, they do so under the shadow of governmental intervention in their home countries (Eberlein, 2019; Knudsen and Moon, 2017, 2022; Schneider and Scherer, 2019). However, the international arena, far from being a political vacuum, results from the strategic interaction between and permanent negotiation of a multiplicity of actors, including governmental representatives (Levi-Faur and Jordana, 2005), who are expected to mobilize their national legacies in every negotiation (Djelic and Sahlin-Andersson, 2006). To investigate how the interaction among governments in the international arena affects the relationships between organizations and their stakeholders, our research investigates how intergovernmental politics shapes stakeholder engagement.

Exploring the mediating role of political attributions

In suspicion-laden settings characterized by cynicism and charges of greenwashing (Cho et al., 2015; Vlachos et al., 2013), observers may be reluctant to take for granted the face value of intergovernmental politics or may even ask themselves whether they are simply subjected to "post-truth politics" manipulation (Lockie, 2016; Suiter, 2016). Hence, to explore intergovernmental politics in CSR and sustainability settings (Gond et al., 2017), we cannot simply consider what the actors of the stakeholder network to which these governments belong objectively observe; rather, we need to consider the subjective interpretations underlying such observations (Martinko, 2006).

One strategy for exploring this dimension is the use of attribution theory, which departs from the fundamental premise that people care less about *what* others do and more about *why* they do it (Gilbert and Malone, 1995). Beyond what an observer concretely sees or hears, a causal attribution is their inference—that is, their specific causal explanation for what lies

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behind an observed event (Kelley and Michella, 1980; Martinko, 2006). Because individuals "act based on perceptions, not objective reality" (Wry, 2009, p. 156; see also Basu and Palazzo, 2008), further attitudes and reactions are driven not by their observations but by their interpretation (Hillenbrandt, 2013; Kelley and Michella, 1980). This echoes the famous Thomas theorem (Thomas and Thomas, 1928)—a renowned social sciences statement—that "if men define situations as real, they are real in their consequences" (cited by Merton, 1948, p. 193), proposing that individuals do not react exclusively to the objective features of a situation but also to the meaning they attach to this situation's features.

Although developed in social psychology, attribution theory remains less conventional in organization studies (Martinko et al., 2019). Attributional processes have mostly been used to analyze internal stakeholders' (such as employees') affective, cognitive, and behavioral individual responses (Chan and McAllister, 2014). In the field of CSR, attribution theory has resulted in scant but promising research investigating how internal and external individual stakeholders derive interpretations that drive their reactions to an organization's behavior and situation (Gond et al., 2017; Lange and Washburn, 2012). In general, quantitative studies explore the subjective interpretations of the extrinsic or intrinsic causes that motivate organizations to implement CSR policies and how these interpretations influence employees' job satisfaction (Vlachos et al., 2013) or external stakeholders' (customers') behavioral responses (Vlachos et al., 2009).

The mechanism of attribution can potentially be employed to investigate how actors in a stakeholder network develop inferences about what they perceive to be governmental motives; we therefore suggest qualifying such attributions as *political attributions*. Consistent with our research question, we seek to explore political attributions in the process by which intergovernmental politics shapes stakeholder engagement.

METHODS

To investigate how intergovernmental politics shapes stakeholder engagement through the mediating mechanism of political attribution, we conducted a case study of the conflict around the pulp mill established by Botnia in Uruguay. To understand this complex episode, we follow Fiss (2009) and temporally delimit our case study to between 2005 (when the construction of the pulp mill was authorized) and 2009 (when another company took over the pulp mill and Botnia left Uruguay). Our theoretical motivations explain the case choice. First, the case evolved into a heated conflict between Argentina and Uruguay. Owing to its international legal dimension, Botnia relied on Uruguay to deal with the neighboring country, Argentina, which claimed that Uruguay had not followed the appropriate consultation procedure. Hence, the case is suitable for analyzing intergovernmental politics. Second, the case has received considerable research attention and has been cast as tailored to analyzing the dynamics of stakeholder engagement. Researchers have investigated Botnia's management of stakeholder dialogue (Heikkinen et al., 2013; Lehtimaki and Kujala, 2017) and its relationships with its host country and NGOs (Skippari and Pajunen, 2010). Research has also investigated how the media's gatekeeper role affected Botnia's communication with target groups (Kujala et al., 2009), as well as stakeholder salience and influence (Aaltonen et al., 2008; Gonzalez-Porras et al., 2021). Although this stream of research contributes toward explaining how Botnia was unable to engage in participatory relationships with opposing stakeholders (Lehtimaki and Kujala, 2017), it does not investigate a crucial aspect that can contribute toward explaining why the many attempts that Botnia made to engage with its stakeholders in participatory relationships did not prevent the conflict from escalating into an international dispute (Lehtimaki and Kujala, 2017): intergovernmental politics—even that beyond the jurisdiction in which an organization operates—affects the corporation and its relationships with its nongovernmental stakeholders. This is the focus of our analysis.

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Sociopolitical context

In 2003, the Finnish firm Botnia founded Botnia S.A., which was responsible for the construction of a pulp mill in Uruguay. Botnia owned 82.1% of Botnia S.A. (whereas UPM and Metsäliitto owned 12.4% and 5.5%, respectively); thus, the name of the Finnish company became symbolic and representative of the conflict (Pakkasvirta, 2010). Two years later (in 2005), Botnia received permission to establish a facility in Fray Bentos, Uruguay, close to the Uruguay River, which forms the boundary between Uruguay and Argentina. This first pulp mill in Uruguay arrived when the forestry industry in South America was thriving (Springer, 2016): by 2006, Brazil had 241 mills, and Argentina had 10 (Malamud, 2006).

In 2002, Botnia requested an investment protection agreement between Finland and Uruguay. The bill passed with the support of all parties except the left-oriented *Frente Amplio* (*Página12*, March 5th, 2006). During the presidential campaign of 2004, the *frenteamplista* candidate Tabaré Vázquez severely criticized the project and referred to multinational corporations (MNCs) as polluters sent by the prosperous Global North (Pakkasvirta, 2010) to "the poorest countries, that have poor people." He said, "They bring us their investments, through factories that destroy our environment, because they don't want to destroy theirs" (Political speech of candidate Tabaré Vázquez during the presidential campaign, Minas de Corrales, June 4th, 2004). One of Vázquez's greatest supporters during this campaign was Argentinian president Néstor Kirchner; the two leaders shared an ideological affinity.

Uruguayan public opinion was polarized in relation to the pulp mill: the critical group (mainly comprising the leftist electorate that has traditionally supported the *Frente Amplio*) represented almost 40% of the electorate (Malamud, 2006). When Vázquez assumed the presidency in March 2005, he shifted away from his anti-MNC position and supported the investment. Argentina's historically erratic environmental policy and the presence of other hazardous extractive industries operating in the country did not prevent Néstor Kirchner and

his successor, Cristina Fernández de Kirchner, from claiming a sudden interest in the environmental impact of Botnia's pulp mill. The corporation found itself at the center of an international conflict (2005–2009) when the Argentinian government presented a legal petition to the International Court of Justice (ICJ), arguing that Uruguay had failed to implement a procedure for popular consultation (Statute of the River Uruguay, 1975). In addition, the Argentinian government politically, militarily, and financially supported the Assembly (see, for example, *LN*, November 6th, 2007; December 2nd, 2007), a social movement that emerged in the Argentinian city closest to Botnia's mill (Gualeguaychú), and blocked the international bridge between Argentina and Uruguay—a vital route for Uruguayan commercial exchange—for three years (Joutsenvirta and Vaara, 2015; Pakkasvirta, 2010; Springer, 2016). Most Assembly members had no political affiliation or background in environmental activism (Toller, 2009). Although the two nations had previously enjoyed a cooperative relationship, Uruguayans accused Argentina of acting out of jealousy, and by the end of 2005, 69% of Uruguayan citizens favored the establishment of the pulp mill (Springer, 2016).

As the conflict escalated, Botnia tried to keep a low profile, claiming that the corporation had abided by Uruguayan regulations (Pakkasvirta, 2010). Thus, despite Argentinian dissent, Botnia initiated its mill operations in 2007. Just two years later, before the ICJ had reached its final verdict, Botnia sold the mill operation to another company, UPM. Table 1 presents the most important antecedents and events that occurred during the conflict under study.

INSERT TABLE 1 ABOUT HERE

Data collection

To reconstruct how intergovernmental politics shaped stakeholder engagement in our case

study, we relied on two data sources: secondary data and semi-structured interviews. The secondary data included 306 newspaper articles (covering the period 2004–2010) obtained by visiting the websites of the Argentinian moderate-right publication *La Nación* (hereafter *LN*) and the moderate-left *Clarín* (*CL*) as well as the Uruguayan moderate-left *El País de Uruguay* (*EPU*) and moderate-right *El Observador de Uruguay* (*EOU*) on a daily basis. Our newspaper data were complemented by articles from other local newspapers (*Infobae*, *Página12*). As media texts are edited by journalists, who could be considered coauthors (Joutsenvirta and Vaara, 2009) and could therefore introduce biases, we used a diversity of newspaper sources (having diverse ideologies and having been published in both countries involved in the conflict); this helped us capture multiple perspectives (Patton, 2002). In addition, we collected 26 documents produced by the stakeholders involved in the conflict: Assembly manifestos (14), political speeches by the presidents of Argentina and Uruguay (3), governmental press releases (6), and documents from international and national organizations (3).

As we advanced in the collection of secondary data, we started searching for potential interviewees to gain their insights into how intergovernmental politics shaped stakeholder engagement. As a general criterion, we considered key informants to be those belonging to governmental, civil society, or industrial groups and mainly from the two countries involved in the conflict (Argentina and Uruguay). Owing to the inductive nature of our research, sampling procedures for key informants evolved during the fieldwork. A thorough read of the media material allowed us to identify a first list of potential interviewees; we ensured that the voices of the different groups involved were represented. Thereafter, we used snowball sampling (Patton, 2002) and asked informants to direct us to other potential interviewees. As we followed a mix of inductive and deductive processes to bridge theory and data (Gioia et al., 2013), different theoretical needs for our research emerged; therefore, we switched to theoretical sampling to identify future informants (Strauss and Corbin, 1998). We conducted

37 interviews with 36 interviewees. The group of governmental representatives (eight informants from the Argentinian, Uruguayan, and Finnish governments) comprised three senior public officials at the level of ministries or secretaries of state, a senior official from the judiciary, and four officials who represented their countries in the ICJ. The industrial group (seven informants) comprised a Botnia manager and six professionals (from Argentina and Uruguay) from the pulp and paper industry employed as consultants by Botnia and/or the Uruguayan government before and during the conflict. The civil society stakeholder group (14) comprised four Uruguayan and Argentinian environmentalists; three representatives of the Argentinian NGO *Diálogo Argentino* (an initiative of the United Nations Development Program and the Catholic Church, whose mediation in the conflict is well documented; see Aaltonen et al., 2008), who participated as mediators and "consensus brokers" during the conflict; and seven Assembly members. The identification of potential informants from the Assembly—a multitudinous organization highly resistant to formal hierarchies—was particularly challenging. We used the media material to identify the recurrent "spokespersons" during the conflict. We also considered as key informants those individuals who played minor roles but who were in privileged positions and were direct witnesses. These included three journalists who closely followed the case for their newspapers in Argentina and Uruguay, three academic researchers conducting fieldwork during the conflict, and a political analyst who was one of the main experts on the conflict. Each interview lasted for about 45 minutes. All interviews were recorded with the consent of the interviewees and immediately transcribed, except for two interviews, for which the interviewees allowed us to take extensive and complete notes of their testimonies. Table 2 shows the profile of each interviewee.

INSERT TABLES 2 AND 3 ABOUT HERE

Data analysis

This section describes the analytical steps followed during data analysis. Table 3 presents a detailed description of how the primary and secondary sources were used during the data analysis.

Analytical step 1—The construction of a longitudinal narrative. Raw data were simultaneously collected and analyzed. We used Atlas.ti to analyze the media articles, documents, and interviews with the objective of constructing a detailed chronological narrative of the conflict (Langley, 1999). This step also helped us identify the main actors involved in the stakeholder network (the corporation; the Argentinian, Uruguayan, and Finnish governments; the Assembly and local community of Fray Bentos; environmental groups from Argentina and Uruguay; and Greenpeace). Our narrative approach comprised two levels: (a) how intergovernmental politics evolved into an intensifying intergovernmental conflict between Argentina and Uruguay and (b) the main events in terms of stakeholder engagement and how the stakeholder network actors reacted to them.

During the reconstruction of our narrative, we also used "temporal bracketing" (Langley, 1999, p. 703) to reorganize our data by breaking down the intergovernmental conflict under study into successive adjacent periods (called phases) delimited by turning points; each turning point led to an intensification of the intergovernmental conflict. Phase I, characterized by *politicization and intergovernmental tension* (from February 2005 to February 2006), concluded with the retreat of the corporation. Phase II corresponded to an *escalating intergovernmental conflict* (from March 2006 to November 2006) and concluded with the retreat of Uruguay. During Phase III (from December 2006 to July 2009), the *maximum intergovernmental tension* strained the conflict and jeopardized the prospect of any negotiation between opposing stakeholders.

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Analytical step 2—Inferring inferences: Inducing political attributions. During our

analysis, we realized that the stakeholder network actors did not take intergovernmental

politics at face value during the conflict; rather, they permanently inferred what motivated

governments to act and interact as they did. Consistent with the constructivist epistemological

premise that actors in a given setting act not within a natural world (Berger and Luckmann,

1966; Burrell and Morgan, 1979; Guba and Lincoln, 1994) but within their "perceived

environment" (Basu and Palazzo, 2008, p. 123), we explored how the stakeholder network

actors reacted not to concrete governmental actions but to the inferences that they developed

about what they perceived to have motivated such behaviors. Attributions, to them,

constituted the "real world" (Patton, 2002, p. 96; see also the Thomas theorem cited earlier).

We coined the term "political attribution" to refer to such stakeholder network actors'

inferences regarding governmental motives. The target of political attributions was the

governments involved in Botnia's stakeholder network (Argentina, Finland, and Uruguay),

and political attributions were developed by any of the other actors in that same network (the

corporation, environmental or social actors, and sometimes other governments). To

analytically induce such attributions, we engaged in interpretive work as researchers to

understand how actors were developing such inferences by subjectively creating their own

world (Burrell and Morgan, 1979). In this sense, political attributions, as operationalized here

(the interpretive work that we conducted as researchers during the analysis), constitute an

inference (as researchers) of an inference (made by the stakeholder network actors)—that is, a

form of "meta-inference."

To analytically induce political attributions, we engaged in content analysis of the

newspaper articles, documents, and interviews. The newspaper data, especially the verbatim

quotes, revealed how actors spoke to and answered each other during the conflict. But the

insights of our interviewees were extremely valuable in uncovering such attributions[i]. As each

political attribution was formulated in relation to specific actors and events, we could complement our chronological narrative with actors' quotations illustrating such inferences. The main output of this analytical step was a narrative in which we explored how, as intergovernmental conflict intensified, stakeholder network actors developed their interpretations of governmental actions.

Analytical step 3—Refining political attributions. When focusing on political attributions, we realized that stakeholders interpreted governmental actions—and attributed motives to these behaviors—in different ways. We used Atlas.ti to conduct a Gioia method analysis (Gioia et al., 2013), a structured procedure of analytical induction, as follows. First, we open-coded our data to capture the inferences regarding governmental action. As an example of open coding, the sentence "the situation of conflict was useful; in the case of the Uruguayan government, [*it*] was useful to erode the internal resistance to the establishment of the pulp mill" (Int. 35, journalist) was coded as "Instrumentalizing the conflict for political gain." Open coding led to multiple provisional codes, but by searching for "similarities and differences" (Gioia et al., 2013, p. 20), we identified 17 first-order concepts.

Second, to find recurring patterns in the previous coding procedure, we investigated which first-order concepts suggested emergent categories and could therefore be merged into second-order themes conceptualizing actors' inferences. For instance, insights into how governments were perceived to instrumentalize other actors, whether to pursue their governmental interests and exploit their popularity, or whether to protect an investment were grouped under the second-order theme "instrumentalizing actors."

Third, during our analysis, we searched for dimensions underlying the second-order themes that could be used for the further theorization of political attributions (Gioia et al., 2013). Moving back and forth between the data and theory, our attributional framework enabled us to induce three sets of political attributions. Interpretations that governments acted

according to instrumental motives that were different from those declared, whether to instrumentalize the conflict or other actors in the stakeholder network, were labeled *instrumentalizing*. Interpretations that governments sabotaged problem-solving or escalated the crisis in a way that immoderately or undesirably intensified confrontation were grouped into the aggregate construct of *radicalizing*. Finally, interpretations that governments acted inconsistently during the conflict, either by changing sides or by ignoring prior commitments, depending on what was morally convenient according to specific circumstances, were labeled as *acting in bad faith*. The output of this step is presented in the first part of our Findings section ("Unpacking the three types of political attributions"). Figure 1 depicts our data structure, and Table 4 provides supplementary illustrations of the coding. Together, the figure and the table show how we progressed from raw data to aggregated constructs (Gioia et al., 2013).

INSERT FIGURE 1 AND TABLE 4 ABOUT HERE

Analytical step 4—Investigating how political attributions shape stakeholder engagement.
When analytically inducing the three types of political attributions, we observed that some attributions generated reactions among the stakeholder network actors (whether the focal organization or its stakeholders), thus influencing stakeholder engagement. To deepen our analysis of the role of political attributions in stakeholder engagement, we revisited our chronological narrative to investigate which political attributions explain which shifts in stakeholder engagement in the context of increasing intergovernmental conflict. The output of this step constitutes the bedrock of our second Findings section ("How political attributions mediate the impact of intergovernmental politics on stakeholder engagement"); it shows how *intergovernmental politics* triggered and nurtured the political attributions that affected the

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willingness of the focal organization to engage with certain stakeholders and the willingness of stakeholders to positively respond to the focal organization's engagement initiatives.

FINDINGS

Unpacking the three types of political attributions

We analytically induced the three types of political attributions reflecting how actors within Botnia's stakeholder network developed inferences regarding what they perceived as governmental motives. These political attributions point to perceptions of *instrumentalizing*, *radicalizing*, and *acting in bad faith*; we present each type in turn. Figure 2 illustrates which governments were targets of each political attribution and by which actor in the stakeholder network.

INSERT FIGURE 2 ABOUT HERE

Instrumentalizing. Our data suggest that the attribution of *instrumentalizing* emerges when actors interpret governmental actions as being driven by extrinsic motives that differ from those declared. This attribution can refer to the instrumentalization of the conflict or other network actors. First, *instrumentalizing* refers to governments opportunistically using the conflict to further their own agendas. The inference that the Argentinian government was involved in the conflict for electoral purposes constitutes an example of this political attribution:

> [*Néstor Kirchner*] assumed the presidency with the support of 23% of the voters. Then, his policy was to increase his popularity. Wherever he saw any potential [*source of*] popularity, he would support it. (Int. 19, industry)

Another illustration is when actors interpreted that Uruguay defensively *instrumentalized* the conflict to placate the questioning of Uruguayan public opinion because, as the conflict escalated, Uruguay could not conciliate Argentina:

> Tabaré sent the army to Fray Bentos. Why would he do that if he didn't need to? […] To set up this entire *charade*—this scandal—and make us believe it is a matter of defending Uruguayans [*against Argentina*] so that Uruguayans will be disciplined and

march behind him in order to defend Botnia. It's a disgrace that a government makes its people defend a multinational corporation that came here with the sole intention of making money. It's a shame! No one questioned that? (Int. 17, environmentalist)

Second, *instrumentalizing* can refer to situations in which governments are seen as co-opting or controlling other actors (e.g., the corporation itself, other governments, or the Assembly) to pursue their interests. For example, the political attribution that the Finnish government was the actor behind Botnia—the "factory of death that belonged to Finnish pirates" (Assembly Manifesto, February 9th, 2007) that was fueling confrontation during the conflict—also explains why the Assembly refused to engage in any type of conversation with an actor that they saw as instrumental to Finnish interests:

> Can we say that the State of Finland has nothing to do with this and that they are doing everything that they can to solve this conflict? On the contrary, we can affirm that it is the State of Finland that is promoting, endorsing, and financing a big part of this venture and fueling the current controversy between two neighboring countries at the expense of Uruguayan sovereignty and the Argentinian people. (Assembly Manifesto, May 9th, 2007)

Third, governments can also be seen as the target of instrumentalization by other actors. For example, the accusation that Uruguay was controlled by Botnia (and therefore unable to police the project) prompted a reaction from the local community that would become the Assembly: "'In Uruguay, firms are the masters; [*Uruguay*] comes to us with a tale of control and many other excuses to disguise [*that it cannot control Botnia*],' argued [Juan Veronesi of the Assembly of Gualeguaychú]" (*LN*, March 12th, 2006).

Radicalizing. These attributions refer to situations in which the stakeholder network actors believe that governments act in a way that immoderately or undesirably intensifies confrontation. Salient in our data is how, as Botnia relied on Uruguay to manage the conflict with the Argentinian government, the latter was perceived as directing its hostility toward its Uruguayan counterpart, now a political adversary to be punished:

> What was happening was that the Argentinian government blockaded the bridge to the Uruguayan government. Not to the pulp mill; the pulp mill already had its raw material on the Uruguayan side [*so it would not be harmed*]. (Int. 12, environmentalist)

Radicalizing attributions can also target those governments seen as sabotaging any initiative that could lead to a solution to the conflict, consequently fueling confrontation:

> The [*Argentinian*] Minister of Foreign Affairs [*questioned*] the conditions of the dialogue proposed by [*the president of Uruguay*] because the country is not genuinely willing to discuss the central problems. (*LN*, July 28th, 2006)

Acting in bad faith. We induced that governments were seen as *acting in bad faith* when they were perceived as changing their opinions, interests, or positions during the conflict based on what was morally convenient to specific circumstances. An example of this accusation is the shift of the newly elected Uruguayan government from an anti-MNC position to support for the investment:

> This hypocritical, betraying, lying government allied with the worst people in Uruguay. […] Vázquez claimed [*during his presidential campaign*] that he would never allow those dirty companies to take away all the natural resources and destroy Uruguay, but he did quite the opposite. (Int. 34, Assembly)

> *Acting in bad faith* was also attributed to governments that were perceived as

purposefully disregarding previous commitments or actions—for example, when the Argentinian government attempted to mend its damaged relationship with Uruguay by refusing (in 2009) to support the blockades:

> The [*Argentinian*] government has to explain to its citizens why it went from encouraging the blockade of the bridge for four years, from naming it a "national cause," from supporting it logistically and even economically, to denouncing it as seditious and offensive to the Constitution. If the heads of the Assembly are being accused by the Judiciary, so should the provincial and national authorities that encouraged it, supported it, appropriated it, and even elevated it to the unprecedented level of a "national cause." Among them […] former President and current Congressmen […] Néstor Kirchner. (*EOU*, June 20th, 2010)

How political attributions mediate the impact of intergovernmental politics on stakeholder engagement

We use the three types of political attributions to evaluate their role in mediating the impact of intergovernmental politics on stakeholder engagement. Our analysis suggests that in the context of intergovernmental conflict, intergovernmental politics led to political attributions that drove reactions among the stakeholder network actors (whether the focal organization or

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its stakeholders). These reactions affected stakeholder engagement. For each phase, we

analyze how political attributions emerged and combined in specific configurations to shape

stakeholder engagement. The findings presented in this section are graphically depicted in

Figure 3, illustrating how political attributions evolved during the conflict.

INSERT FIGURE 3 ABOUT HERE

Phase I. Intergovernmental politicization (February 2005–February 2006)

Soon after its arrival, Botnia began organizing press conferences and public meetings in

Uruguayan cities (the first organized as early as 2003) to connect with its stakeholders.

Whereas this worked well in Uruguay (e.g., in Fray Bentos, the community next to the pulp

mill), dialogue with more critical stakeholders, such as environmentalists on both shores of

the river or the members of the social movement (the future "Assembly"), proved

challenging:

> [*Botnia*] insisted that the people of Gualeguaychú were invited, but the people of
> Gualeguaychú insisted they had not received the invitation. Anyway, the fact is that
> they didn't go to the presentation. This could have been solved; [*if*] people don't go, you
> make sure they are invited again. If you really want to make things work, you are
> willing to find a solution, you try to dialogue, you look for the appropriate people to do
> it for you […] They saw no reason to provide further explanations. […] If they had been
> a bit more flexible, the conflict wouldn't have been that dramatic. [*They said,*] "As long
> as Uruguay allows me to, I'll settle here, and that's it." (Int. 14, industry)

The initial resistance came from Uruguayan and Argentinian environmental groups;

later, the Assembly emerged. Environmentalists and Assembly members criticized the pulp

mill; however, their perception that Uruguay had, as a country, been cornered by Botnia and

the government of Finland (*instrumentalizing*) to materialize their investment was essential to

explaining what motivated the involvement of these stakeholders: "[*Botnia*] made sure they

had [*the 2002*] agreement [*signed between Uruguay and Finland*] to protect their investment

[*with*] clauses that are absolutely ridiculous and that leave Uruguay immobilized" (Int. 17,

Uruguayan environmentalist). Likewise, from the beginning, the Assembly made claims

against the Finnish government and accused the Uruguayan government of what they believed were orchestrated lies to protect an international investment (*instrumentalizing*); they also accused the Uruguayan government of ignoring prior commitments to their people (*acting in bad faith*):

> We ask [*the Uruguayan president*] not to betray the Uruguayan people, to whom you promised you would defend the environment and life. Don't lie […] claiming that the pulp mills that you defend do not pollute […] you won't keep us quiet with promises of control or monitoring. (Assembly Manifesto, November 2nd, 2005)

Botnia's management saw the claims of the environmentalists and Assembly members as politically loaded (Skippari and Pajunen, 2010) but did not ignore them. In fact, during the conflict, Botnia and the Finnish government repeatedly invited anyone who wanted to visit their operations in Finland to do so and insisted that state-of-the-art technology would be used.

Whereas demonstrations and the sporadic blockades of Uruguayan international entries strained the calm of the region, intergovernmental tension surged when the neighboring country of Argentina, which, until that moment, had been perceived by other actors in the stakeholder network as "ignor[*ing*] the issue [*because they*] believed that the Assembly's claim was ridiculous" (Int. 27, mediator), suddenly became involved and demanded that Botnia must completely relocate its operation. This unexpected reaction occurred right after one of Botnia's main opponents, the newly elected Uruguayan president, Tabaré Vázquez, took over the presidency (early 2005) and began supporting the investment, which he had previously condemned. To the Argentinian government, this revealed that its Uruguayan counterpart was ignoring its commitment to hide the fact that the *Frente Amplio* had always welcomed MNCs but had done so in secret, as openly promoting foreign investment during the campaign could have jeopardized the support of its electorate and from Argentina (*acting in bad faith*). For years, the Argentinian government would publicly accuse the Uruguayan president of changing sides:

[*The Argentinian Minister of Foreign Affairs*] analyzed the conflict severely: "If we consider the speech [*of Vázquez*] in 2004, which I even have in my computer, where he says that the pulp industry is the business of the north to pollute the south, and then, when he arrives in government, he does what he does! Then it becomes a very difficult problem to solve." (*LN*, March 20th, 2007)

The Argentinian government requested that all environmental impact studies used to authorize the operation of the mill be conducted again; however, the Uruguayan government perceived this not as caution but as a dishonest attack on the pulp mill, motivated by political goals (*instrumentalizing*): "The Uruguayan Minister of Finance [*claimed that*] 'members of the Kirchnerite administration are carried away by electoral passions and [*are*] seriously attacking the interests of [*its*] sister nation'" (*LN*, September 30th, 2005). Moreover, the Uruguayan authorities insisted on the improved police capacity of governmental agencies and defended themselves against Greenpeace's accusations:

"[*Instead of protesting against Uruguay*], why don't you protest against [*the government of*] Argentina, where 30 million hectares are contaminated by toxic agrochemicals?" asked the Secretary of State [*for Environment*]. (*LN*, January 18th, 2006)

To the other actors in the stakeholder network, the Argentinian government's reaction was unexpected: "'The opposition to the pulp mill is not based on real facts,' said the Minister of Foreign Trade and Cooperation of Finland, Mari Kiviemi" (Press release from the Embassy of Finland in Buenos Aires, February 2nd, 2006).

Summary of how political attributions shaped stakeholder engagement during Phase I.
During Phase I, governments became prominent actors within the stakeholder network, but their behaviors were perceived as being driven by extrinsic motives that differed from those declared, thus making the political attribution of *instrumentalizing* prominent.

Our analysis shows that political attributions triggered the involvement of stakeholders demanding corporate attention during this phase and explains why such stakeholders were reluctant to engage in any dialogue with the corporation. On the one hand, *instrumentalizing* attributions explained the involvement of Argentinian and Uruguayan environmentalists and

the emergence of the Assembly, which saw in Uruguay a government controlled by the organization and the Finnish government to protect the investment. Likewise, these actors saw in Botnia not a corporation with which they could engage to reach an agreement regarding its operation but an actor instrumentalized by the Finnish government abusing a host country to deplete its resources. On the other hand, the involvement of the Argentinian government was a response to the political attribution of *acting in bad faith* when the Uruguayan president, Tabaré Vázquez, unexpectedly endorsed an investment that he had previously condemned. Whereas engagement with local stakeholders, such as the community in Fray Bentos, had worked well for Botnia, the emergence of opposing stakeholders (which Botnia saw as politically motivated) radically transformed the investment context.

Turning point between Phases I and II: How political attributions led to corporate retreat.

By early 2006, Botnia found itself operating in an atmosphere of escalating politicization. The organization publicly announced that because the issue had evolved into an intergovernmental political conflict in which Botnia had no role or responsibility owing to its political and legal nature, it was now "the role of the states to solve this issue" (*LN*, February 1st, 2006); the organization retreated from the issue.

Phase II. The intergovernmental escalation (March 2006–November 2006)

In March 2006, Botnia refused to abide by the suspension that the Argentinian and Uruguayan governments had agreed upon on the basis that "neither Vázquez nor his Argentinian counterpart, Néstor Kirchner, 'have legal grounds' that allow them to initiate any action of this type" (*EPU*, March 13th, 2006). The actors who were opposed to the pulp mill perceived the Uruguayan government as "captured" by Botnia (*instrumentalizing*):

> Greenpeace believes it is frightening that Botnia is not abiding by the decision of the Uruguayan government to stop construction and poses the question of what power Uruguayan governmental agencies will actually have when they have to deal with the pollution. (*EPU*, April 6th, 2006)

Likewise, according to the Argentinian government, the Uruguayan government breached the agreement owing to Botnia's pressures (*instrumentalizing*): "Vázquez [*was*] pressured by Botnia and turned his back on the agreement [*with the Argentinian government*]" (Int. 21, Argentinian government). The Uruguayan government supported the corporation, as it was "not violating any regulation" (*LN*, April 9th, 2006), and Botnia replied, "The current situation is very unfortunate, but for a long time the firm has tried to provide all the available information" (*LN*, April 27th, 2006).

The local disagreement around Botnia's mill escalated into a full-blown international conflict when the Argentinian government attacked Uruguay in the ICJ (Springer, 2016). The Argentinian president traveled to Gualeguaychú, the city in which the Assembly was based, and delivered a political speech to a large crowd, claiming that the environmental dimension became a subject of public policy for his presidency and that he would take to the ICJ "an environmental cause […] that the Argentine Republic assumes as its own cause. [*We will*] incorporat[*e*] the environmental dimension into all levels of government" (Political speech of President Néstor Kirchner in Gualeguaychú, May 5th, 2006). In addition to the international legal attack on the Uruguayan government, the Argentinian government's support for the Assembly translated into the encouragement of radical actions against its political adversary, through the state apparatus. The Argentinian government allowed the Assembly to authorize who could commute across the international bridge into Uruguay by implementing its own "credentials" system and politically and economically supporting the blockade[ii]:

> It was a well-known secret in the Assembly. […] After some months, it was just two or three of us [*standing on the road on a daily basis*]. If people wanted to go and break the blockade, they would have been able to. But the blockade persisted because before getting to that place, you found the [*Argentinian*] police, who informed anyone coming that the route was blocked. […] Indirectly, it was like the government maintained the blockade for many months. (Int. 30, Assembly)

This ratcheted up the tensions between the governments not only at the diplomatic level but also on the ground in the region surrounding Botnia: "It became nerve-racking.

Uruguayans couldn't use the bridge; they would attack cars with Uruguayan license plates" (Int. 1, mediator).

The Uruguayan government interpreted the decision to involve an international organization such as the ICJ as an aggressive escalation that further strained the existing bilateral relations (*radicalizing*) and responded by involving other international stakeholders, such as MERCOSUR and the Organization of American States (OAS). They argued that the blockade disrupted international trade and freedom of circulation (Springer, 2016). Botnia, which relied on Uruguay to handle the conflict during this phase, reduced its communications, which led to the proliferation of misleading information:

> Silence went against [*Botnia*]. I saw on the news how they said ridiculous things [*about Botnia*]. I thought, "This is not true. Why aren't these guys refuting this with real arguments?" […] They put no energy into their defense. (Int. 10, academic researcher)

During this phase, the continuing hostility affected other actors in the stakeholder network, such as Greenpeace. This actor, initially against Botnia, announced that it would distance itself from the conflict and became very critical of the Argentinian government's "double discourse," as "Finland has a far better environmental performance than Argentina" (*LN*, May 16th, 2006). Greenpeace also manifested its disagreement with the Assembly's radical modus operandi, stimulated by the Argentinian government (*radicalizing*): "Even Greenpeace ran away because they became too radical" (Int. 14, industry). Furthermore, Greenpeace became critical of the Uruguayan and Argentinian governments' decision to involve international bodies (*radicalizing*) rather than pursue bilateral negotiations (*Clarín*, November 26th, 2007).

The Argentinian government accused the Finnish government of fostering misunderstanding by pretending to ignore its role in the conflict (*acting in bad faith*): "This is the responsibility of the Finnish government, who is part of the conflict but decides to remain silent; they should collaborate to help fix it" (*LN*, April 20th, 2006). The Finnish government

canceled the official visit of its Minister of Foreign Trade to Argentina, which was due shortly

after this accusation was made (*EPU*, April 25th, 2006; *LN*, April 27th, 2006; see also

Joutsenvirta and Vaara, 2009). From that moment on, Finland would avoid intervening in the

"political problem" between Argentina and Uruguay (*LN*, May 13th, 2006).

Summary of how political attributions shaped stakeholder engagement during Phase II. We

found that during this phase, intergovernmental politics escalated in hostility and into the

international realm, as the Argentinian and Uruguayan governments became adversaries and

involved international stakeholders. Unrest in the area around Botnia (favored by the

perception that the Argentinian government instrumentalized the social movement to attack

Uruguay) also added to the escalation of the conflict and prevented any agreement. Although

the political attributions of *instrumentalizing* and *acting in bad faith* persisted, the prevalence

of the political attribution of *radicalizing* suggests that the stakeholder network actors

perceived this hostility in intergovernmental politics as undesirably confrontational, which

drove reactions (e.g., Greenpeace abandoning the conflict). The corporation, which relied on

the Uruguayan government for conflict management during this phase, persisted in its retreat

and reduced its information-sharing activity even more, although this led to the proliferation

of false and inaccurate information regarding the industrial project.

Turning point between Phases II and III: How political attributions led to the Uruguayan

retreat. To the Uruguayan government, the Argentinian encouragement of radical actions that

caused considerable economic losses to the country (such as the blockade) was proof that its

neighbor had sabotaged any chance of solving the problem (*radicalizing*):

> Tabaré [*Vázquez*] decided, "How can I negotiate with people who behave in such
> political terms? They blocked all the bridges." He was the president. He gave up and
> decided, "Let's take the issue to the ICJ; let's let the ICJ decide." He had no other
> choice because he was cornered [*by Argentina*] and couldn't negotiate. It was
> impossible to negotiate. (Int. 12, environmentalist)

By November 2006, Uruguay, the actor on which Botnia relied to manage the intergovernmental conflict, announced that it would proceed to take military action to protect Botnia against a potential terrorist attack:

> Our objective is to guarantee the maximum security of investments made in Uruguay […]. Representatives of the Assembly said that a Bin Laden can show up […]. It's a way to prevent trouble […,] although there have been no specific events that motivate this action [*said the vice president of Uruguay*]. (*LN*, November 30th, 2006)

Néstor Kirchner urged the Uruguayan government to reconsider what he interpreted as an extreme and unnecessary measure against his country (*radicalizing*): "I do not understand why the Uruguayan president sent the Army to guard the paper mill from his Argentinian brothers and sisters. We did not deserve this humiliation" (*LN*, November 30th, 2006).

Phase III. Strained relations (December 2006–July 2009)

During this phase, owing to Uruguay's militarization and other incidents between the countries, the level of intergovernmental conflict peaked[iii]. The frustrated Uruguayan president publicly accepted that the conflict would last: "'We will have trouble with Argentina for a very long time,' said Vázquez" (*EOU*, December 15th, 2006). Further, the Uruguayan government, on which Botnia had relied to manage the conflict, mostly maintained its distance during any negotiations with Argentina, which they made responsible for encouraging radical actions that impacted the Uruguayan economy (*radicalizing*):

> We went in search of solutions, but what guarantee do we have that anything agreed on will actually happen? [...] It was never our choice not to engage in dialogue […]. The atmosphere is very strained; it is highly uncertain […]. The only thing that Uruguay has said is that we will not negotiate under pressure. Apart from that, the country has carried out all its duties […]. Uruguay cannot negotiate under pressure from blockaded routes. [*Argentina*] is responsible for the administration of power [*said the Uruguayan vice minister for environment*]. (*LN*, January 30th, 2007)

The radical actions encouraged by the Argentinian government backfired, as they became an impediment to repairing its damaged relationship with Uruguay: "[*Kirchner*] realized that he had gotten himself into a trap" (Int. 4, industry). He "encouraged 200,000 to take to the streets [*to demonstrate*]. Then he couldn't make them go back home" (Int. 12,

Uruguayan environmentalist). Moreover, because the Assembly believed that Argentina was making efforts to end the blockades, condemning the actions that it had once encouraged (*acting in bad faith*), its members fought back: "[*When*] the government told us to finish the blockade, we told them, 'Don't even think of evicting the blockaders, because we will resist' […]. We threatened the government" (Int. 30, Assembly). Months later, both presidents met in Chile (for the American Summit), where Uruguay agreed to postpone the start-up of the pulp mill as a gesture of good faith. However, when Kirchner publicly expressed his solidarity with the Argentinian demonstrators who unexpectedly showed up in Chile (*EPU*, November 14th, 2007), the Uruguayan president perceived that his Argentinian counterpart had sabotaged any solution to the problem (*radicalizing*) and therefore proceeded to authorize the start-up of the operation (November 2007):

> "Any solution requires the end of the blockade over the bridge. This is why we authorized the start-up of Botnia's pulp mill. We have reached no agreement with Argentina; there is nothing else to be done. At this point, the subject will be transferred to the ICJ," the president told the Uruguayan press, adding that "issues related to the blockade were avoided by Argentina during the whole year […]. They always refused to discuss the subject" (*EOU*, November 10th, 2007)

As the radicalized measures on the Argentinian side (e.g., the blockade and the credentials system) persisted, the Uruguayan president would describe himself as "horrified" (*LN*, February 3rd, 2008). However, in the Uruguayan government's refusal to reinitiate any dialogue, the Argentinian government perceived an attempt to take advantage of the conflict for the purpose of distracting attention from its initial misbehavior (*instrumentalizing*) to placate the internal opposition in Uruguayan public opinion: "Uruguayans who were ignoring the subject suddenly became supporters of their government!" (Int. 5, Argentinian government). While the governments awaited the decision of the ICJ, mutual accusations deepened the intergovernmental conflict, perpetuating strain and preventing any chance of dialogue. The actors perceived a lack of governmental willingness to engage in any

constructive dialogue (*radicalizing*): "It became a discussion between deaf people" (Int. 4, Botnia).

Summary of how political attributions shaped stakeholder engagement during Phase III.
During Phase III, tensions in intergovernmental politics escalated, as both governments believed that there was no real willingness to find any solution. The Argentinian government saw its Uruguayan counterpart as escalating toward militarization (*radicalizing*) to opportunistically use the conflict for internal political purposes (*instrumentalizing*). The Uruguayan government regarded the Argentinian one as talking about rebuilding the relationship despite having no genuine commitment to doing so (*radicalizing*). Most actors were stuck in nonnegotiable positions, which prevented Botnia from reconstructing any relationship with opposing stakeholders. Botnia focused its efforts during the previous phase on strengthening its relationship with its host country: "The cooperation between Uruguayan authorities and Botnia has been really good," said [the president of Botnia Erkki] Vaaris" (*LN*, March 5th, 2008). However, as Botnia relied on the Uruguayan government to handle the conflict, it became constrained by the negotiations between the two countries. Although unable to reconstruct any relationship with opposing stakeholders, the corporation successfully initiated operations in November 2007.

Epilogue: Botnia leaving Uruguay. During a press conference less than two years after the start-up in Uruguay, Botnia communicated the sale of the pulp mill located in Uruguay to UPM (*LN*, July 15th, 2009). The news surprised the Uruguayan government, which declared that it had been unaware of the confidential negotiations preceding the operation (*EPU*, July 16th, 2009). According to Botnia, the sale of the pulp mill would allow it to focus strategically on its operations in Finland and Russia (*EOU*, July 16th, 2009).

DISCUSSION

Contributions

In examining how intergovernmental politics shapes stakeholder engagement, our study makes a twofold contribution. The first contribution is our theorization of the role of governments as stakeholders in stakeholder engagement. The literature on stakeholder theory and stakeholder engagement (Johnson-Cramer et al., 2022; Kujala et al., 2022) has paid limited attention to the status of governments as stakeholders and their role in stakeholder engagement (Buccholz and Rosenthal, 2004; Neville and Menguc, 2006; Olsen, 2017). Although prior "positive" analyses of governments and CSR (Giamporcaro et al., 2020; Knudsen and Moon, 2017, 2022) provided insights into how governments can affect stakeholder engagement, they remained focused on this process within national jurisdictions (Schneider and Scherer, 2019). Our research shows how relations between governmental actors in a stakeholder network (intergovernmental politics) can prevent organizations from responsibly engaging with their stakeholders.

Our second contribution is to the organizational analysis of attributions (Martinko et al., 2019; Vlachos et al., 2013) and consists of shifting the focus of analysis from the individual to the stakeholder level while making salient the deeply political nature of attributions. Our political attribution concept has enabled us to analyze the mechanisms that shape stakeholder engagement through different configurations of political attributions: *instrumentalizing*, *radicalizing*, and *acting in bad faith*. Our findings show the central role of political attribution as the mediating mechanism that shapes stakeholder engagement in the context of intergovernmental conflict. In the following section, we discuss the research implications of our two contributions. We then evaluate some of the limitations of our study, suggest future avenues for research, and discuss the implications of our findings for practice.

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Implications for the study of governments in stakeholder engagement

The dual status of governments as stakeholders. Our resulting theorization of the status of governments in stakeholder engagement consists of a dual component. On the one hand, governments are stakeholders comprised within the stakeholder network of a focal organization; therefore, they can affect or be affected by the achievement of the focal organization's objectives (Freeman, 1984). On the other hand, owing to their distinctive properties and tools (Knudsen and Moon, 2017; Rose, 1976), governments can also affect the relationship between a focal organization and its nongovernmental stakeholders. This dual view of the role of government clarifies the boundary conditions of managerial agency in stakeholder theory (Johnson-Cramer et al., 2022) by showing how governments affect managers' latitude to decide with whom stakeholders engage and how to conduct the engagement (Mitchell et al., 1997; Olsen, 2017; Phillips et al., 2010). By unpacking a peculiar set of between-stakeholder relations—intergovernmental politics—and showing their effects on other relations that a focal organization has with its nongovernmental stakeholders, our results can explain how "between-stakeholder relations" (Rowley, 1997) shape the competition for managerial attention within stakeholder networks and, in so doing, the focal organization's response (Bridoux and Vishwanathan, 2020; Roulet and Bothello, 2022).

Intergovernmental politics also shapes stakeholders' responses to engagement initiatives. Previous literature suggested that stakeholders refuse to engage in relationships owing to dissatisfaction with the focal organization (Bosse and Coughlan, 2016), because they perceive differential treatment (Crane, 2020), or because they are reluctant to be considered targets of engagement (Cochoy and Vabre, 2007). Our study complements these findings by showing how governments play a role in stakeholders' retreat from corporate engagement activities.

Examining intergovernmental politics also has implications for the literature on CSR and government. Prior research has relied on the Westphalian assumption that nation-states can

maintain stable enforcement (Djelic and Sahlin-Andersson, 2006; Pearce, 2001) and has

adopted a domestic focus (Eberlein, 2019; Giamporcaro et al., 2020). In contrast, our analysis

suggests that intergovernmental politics matters for organizations, even beyond the context

within which the focal organization operates. Moreover, our case shows that governments may

be not only weak in terms of enforcement but also "erratic"—inconsistent over time in their

policy orientation and unable to foster a predictable environment, affecting the relationship

between business and stakeholders (Pearce, 2001).

Attributional processes nurturing the dark side of stakeholder engagement. Relying on the

underlying assumption that the output of a policy formation process is sufficient to infer the

ideas, goals, and motives behind it (Kingdon, 1993), prior research has studied how concrete

public policy shapes the stakeholder landscape (Doh and Guay, 2006; Gond et al., 2011;

Matten and Moon, 2008; Schneider and Scherer, 2009). Regarding our case study, prior

research has examined concrete influence tactics to gain corporate attention (Gonzalez-Porras

et al., 2021). Although policies and actions are central to investigating stakeholder

engagement, our results reveal that stakeholder network actors' beliefs regarding the perceived

motives underlying governmental actions matter in explaining whether engagement initiatives

will succeed. Our attributional framework offers a toolkit that unfolds how political

attributions affect, on the one hand, an organization's willingness to engage with stakeholders

and, on the other hand, stakeholders' willingness to participate in the engagement activities

offered by organizations. For instance, *instrumentalizing* attributions can help in exploring

how and why stakeholders oppose highly polluting firms and their astroturfing organizations

(fake grassroots organizations sponsored by large corporations) that seek to instrumentalize

governments to prevent the emergence of climate change regulations (Cho et al., 2011; Talbot

and Boiral, 2015). *Radicalizing* attributions can support the investigation of stakeholders'

reactions to organizations that are used by governments to justify involvement in radical

measures (such as military action) to secure access to strategic natural resources (O'Higgins, 2006). Likewise, situations in which stakeholders avoid or refuse to engage with organizations that interact—through their supply chains—with governments that deny having contributed to the violation of human rights or harmed the environment (Clarke and Boersma, 2017; Jamali et al., 2017; Khan et al., 2017) can be approached through the *acting in bad faith* attribution.

Additionally, our research shows that political attributions partake in the dark side of governmental intervention in stakeholder engagement. The scant research on the dark side of stakeholder engagement (Kujala et al., 2022) has focused on the role of focal organizations in provoking negative effects on stakeholders (e.g., Bosse and Coughlan, 2016; Harrison and Wicks, 2021) rather than on how stakeholders may prevent the emergence of more responsible forms of corporate behavior (Johnson-Cramer et al., 2022). The limited research on how governments shape stakeholder engagement in the context of public policy design suggests that governments can distort the process (Milio, 2014; Thaler and Levin-Keitel, 2016). Through our attributional framework, we document how governments-as-stakeholders can distort engagement processes and negatively shape the inclination of stakeholder networks' actors toward corporate engagement activities, even when governments are not sponsoring such corporate initiatives. Furthermore, our framework may be useful in explaining how, during heated public controversies, participants develop attributions that exaggerate the power and maliciousness of political adversaries, nurturing tension (Carpenter and Kennedy, 1988; Sabatier et al., 1987).

Implications for the study of attributional mechanisms

Insights for studying stakeholder-level attributional mechanisms. Prior research on attributions in CSR studies has focused on how individuals infer why their organizations engage in CSR and on theorizing individual behavioral responses to such initiatives (Hillenbrandt, 2013; Lange et al., 2012; Vlachos et al., 2013). Relying on Martinko et al.'s (2011) insight,

according to which the power of group-level attributions can explain group-level behavioral outcomes if these groups are cohesive, we have specified a stakeholder-level attributional mechanism that can explain how intergovernmental politics shapes stakeholder engagement either by affecting the willingness of the organization to engage with certain stakeholders or by shaping stakeholders' willingness to positively respond to corporate engagement initiatives. The repertoire of political attributions we induced provides a useful starting point for exploring how intergovernmental politics shapes stakeholder engagement across various empirical settings.

Another implication of our study for attributional research relates to its potential for analyzing policymaking and controversies from a configurational perspective (Fiss, 2007, 2009; Furnari et al., 2021). Our study shows the potential of "configurations of attributions" to explain the emergence of specific stakeholder engagement outcomes and how stakeholder engagement was affected by intergovernmental politics (Furnari et al., 2021; Harrison et al., 2023), as Figure 3 illustrates. In Phase I, governments became prominent actors, and *instrumentalizing* attributions dominated in ways that fed politicization and led to the retreat of the corporation. In Phase II, intergovernmental politics escalated into confrontation in the international realm, and the *radicalizing* attribution became prevalent, reflecting how the stakeholder network was taken over by hostility. In Phase III, the intergovernmental tension peaked as the three types of political attributions (*instrumentalizing*, *radicalizing*, and *acting in bad faith*) co-occurred, a configuration that explains why no dialogue could be rechanneled. Future studies could rely on methods such as fuzzy-set qualitative comparative analysis (fsQCA) (Fiss, 2009) to empirically explore how configurations of political attributions shape stakeholder engagement through controversies.

Boundary conditions, limitations, and perspectives for future research

Despite its usefulness for investigating the influence of intergovernmental politics on stakeholder engagement, our analysis remains time- and space bound (Eisenhardt, 1989; Fiss, 2009), and intergovernmental politics is just one of the many factors explaining Botnia's relations with its stakeholders. In the following paragraphs, we discuss some of the boundary conditions of our study and how these could be reevaluated if further research is undertaken.

The first boundary condition relates to our research design and data. While we have followed Patton's (2002) suggestion of using a wide variety of sources to "build on the strengths of each data collection while minimizing the weaknesses" (p. 307), limitations—such as bias introduced by interviewees and by journalists coauthoring and editing media articles—still apply (Joutsenvirta and Vaara, 2009). This should be acknowledged for our analysis of Botnia, which is predominantly based on corporate declarations to the press in Argentina and Uruguay, the countries within which the conflict took place. Future research could develop an insider's view (through in-depth interviews and ethnographic approaches), exploring how managers facing conflict in their companies' operations develop and react to attributional inferences. In addition, as our interest relates to political attributions, we focused exclusively on attributions targeting governments, thus excluding those targeting other actors. A promising avenue of research could consist of unpacking attributional processes focused on corporations and civil society stakeholders and how such inferences interact with political attributions. Furthermore, political attributions are "meta-inferences" (inferences of inferences), and inducing such meta-inferences creates methodological challenges. To enhance the internal validity of our analysis, all researchers engaged in continuous debriefing, discussing and triangulating interpretations to uncover the role of political attributions, build our attributional framework, and investigate how political attributions shaped stakeholder

engagement. The use of the Gioia method (Gioia et al., 2013) was instrumental in structuring and guiding our collective interpretations of such inferences.

The second boundary condition relates to the extreme nature of our case study (Yin, 2003) and the suspicion-laden nature of CSR and sustainability settings (Cho et al., 2015; Vlachos et al., 2013). Extending recent studies of micro-CSR (El Akremi et al., 2018), future research could develop a psychometric scale of political attributions to assess individuals' attributional processes across diverse national and political settings. To complement such an approach and ground our analysis in political studies more firmly, future research could also explore how political culture—defined as "attitudes towards the political system" (Almond and Verba, 1963, p. 13)—shape actors' expectations and political attributions.

Managerial implications

Our case suggests that intergovernmental politics, and in particular conflicts, needs to be considered strategically in business decisions. The fact that "geoeconomic confrontation" has risen to become the third most severe risk in the World Economic Forum Global Risk Report 2023 (from 10th last year)[iv] illustrates this point, in addition to the stakeholder questioning currently being faced by MNCs operating in countries involved in intergovernmental conflicts, such as Auchan, Leroy-Merlin, and Total, with the latter accused of being complicit in Russian war crimes in Ukraine.[v] Our case also suggests that, beyond the legal framework, managerial attention should be given to political attributions, as with stakeholders increasingly interconnected in the era of social media (Crane, 2020), attributions can spread easily and increase stakeholders' reluctance to engage in corporate activities. For policymakers, our findings show the importance of managing tensions before public issues escalate into intractable conflicts.

CONCLUSION

This study explored the role of political attributions in the process through which intergovernmental politics shapes stakeholder engagement. A longitudinal analysis of a conflict around an industrial project in South America between 2005 and 2009 showed that intergovernmental politics was mediated by three types of political attributions—*instrumentalizing*, *radicalizing*, and *acting in bad faith*—that combined in specific configurations to affect stakeholder engagement through the conflict. In so doing, our analysis theorizes the role of governments in stakeholder engagement while revealing the political and stakeholder-based nature of attributions in organizational analysis.

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Table 1 Relevant antecedents and events that occurred during the conflict (displaying phases of the conflict*)

Year	Event	
2002	• **March:** Investment protection agreement between Uruguay and Finland signed.	
2003	• **May:** Néstor Kirchner assumes the presidency of Argentina. • **September:** Rumors about the settlement pulp mills spread, generating a social reaction in Gualeguaychú, the closest Argentina city to the potential location of the mills.	
2004	• **June:** The candidate of the Uruguayan *Frente Amplio*, Tabaré Vázquez, delivers in Minas de Corrales, Uruguay, his speech criticizing contaminators from the prosperous Global North. • **October:** The Uruguayan government concedes the status of Free Zone to the potential location of the future Botnia pulp mill. • **October:** The candidate of the Uruguayan *Frente Amplio*, Tabaré Vázquez, wins the presidential election.	
2005	• **February:** The Uruguayan government authorizes Botnia to initiate the construction of the pulp mill in Fray Bentos, Uruguay. • **March:** Tabaré Vázquez assumes the presidency in Uruguay. • **April:** Pulp mill construction is initiated. • **April:** The Assembly is created.	**Phase I**
2006	• **January:** Assembly blockades (for 45 days) the international bridge between Argentina and Uruguay. • **May–July:** Argentina initiates a demand against Uruguay at the ICJ (the first demand is rejected in July). Uruguay interposes a demand against Argentina in MERCOSUR to complain about the violation of freedom of movement due to the blockade. • **June:** Argentina creates a Secretary of State for Environmental Affairs. • **November:** The Assembly takes over the bridge connecting Uruguay and Argentina for three years.	**Phase II**
2007	• Blockade and social conflict persists. • **April:** 100,000 people demonstrate on the bridge. • **October:** Elections occur in Argentina, and Cristina Kirchner is elected successor to her husband. • **November:** Botnia starts production.	**Phase III**
2008	• Blockade and social conflict persists. • **April:** 80,000 people demonstrate on the bridge.	
2009	• Blockade and social conflict persists. • **July:** UPM acquires the pulp mill.	

*Please see Methods section (analytical step 1) for an explanation of the phases.

Table 2 Interviewees' profiles based on interviewee category

Interviewee category	Interview #	Country	Interviewee details
Governmental interviewees	2**	Argentina	Government
	5**	Argentina	Government
	6	Argentina	Government
	15	Argentina	Government
	21	Argentina	Government
	23	Argentina	Government
	31	Uruguay	Government
	32	Finland	Government
	37	Argentina	Government
Civil society interviewees	1	Argentina	Mediator
	9	Argentina	Mediator
	12	Uruguay	Environmentalist
	13	Argentina	Environmentalist
	17	Uruguay	Environmentalist
	22	Argentina	Environmentalist
	26	Argentina	Assembly
	27	Argentina	Mediator
	28	Argentina	Assembly
	29	Argentina	Assembly
	30	Argentina	Assembly
	33	Argentina	Assembly
	34	Argentina	Assembly
	36	Argentina	Assembly
Industry interviewees	4	Uruguay	Botnia manager
	11	Argentina	Industry
	14	Argentina	Industry
	16	Argentina	Industry
	18	Argentina	Industry
	19	Argentina	Industry
	20	Argentina	Industry
Other interviewees	3	Argentina	Political analyst
	7	Argentina	Academic researcher conducting fieldwork
	8	Uruguay	Academic researcher conducting fieldwork
	10	Uruguay	Academic researcher conducting fieldwork
	24	Argentina	Journalist
	25	Argentina	Journalist
	35	Uruguay	Journalist

**Both interviews conducted with the same informant

Table 3 Use of data sources in the analysis

Data source	Use in analysis
Newspaper articles (306 articles)	

Newspaper articles: 306 newspaper articles (2004–2010) from *La Nación*, *Clarín*, *El País de Uruguay*, *El Observador de Uruguay*, *Infobae*, and *Página12*.
 	
   Before 2005: 5 articles
   Phase I (Feb 2005 to Feb 2006): 95 articles
   Phase II (March 2006 to Nov 2006): 87 articles
   Phase III (Dec 2006 to July 2009): 115 articles
   2010–2011: 4 articles
	1) To reconstruct the chronological narrative of the case study, its phases, and its turning points. To identify the main actors in the stakeholder network (corporation + stakeholders) and their positions in relation to the pulp mill and their spokespersons as well as to reconstruct how actors publicly spoke and acted during the conflict (analytical step 1).
	2) To identify actors' political attributions (analytical step 2), analytically induce the three political attributions (analytical step 3), and investigate how configurations of political attributions led to their behavioral reactions, shaping stakeholder engagement (analytical step 4).
	3) To triangulate empirical evidence between different newspapers and data from interviews about the evolution of the conflict and actors' actions during the conflict (analytical steps 1, 2, 3, and 4).

Legal documents, political speeches, and governmental press releases (9 documents)	

Legal: Investment agreement between Finland and Uruguay (2002) and bill of law for the pulp industry (Argentina, February 2006).
Speeches: Tabaré Vázquez in Minas de Corrales (June 4th, 2004); Néstor Kircher, opening of the parliamentary season (March 1st, 2006); and Gualeguaychú (May 5th, 2006).
Communication, press releases: Uruguayan Senate session transcription (September 12th, 2005); press releases—Finnish Embassy in Buenos Aires (February 7th, 2006 and August 30th, 2006) and the Argentinian government (September 22nd, 2006).
   Antecedents (before 2005): 2 documents
   Phase I (Feb 2005 to Feb 2006): 3 documents
   Phase II (March 2006 to Nov 2006): 4 documents
	1) To reconstruct the chronological narrative and how governments publicly spoke and acted (through concrete public policy) during the conflict and their positions toward the pulp mill (analytical step 1).
	2) To identify governmental inferences regarding other governments (analytical step 2) and to analytically induce the three political attributions (analytical step 3).
	3) To identify how governments developed political attributions that led to their behavioral reactions (analytical step 4).

Documents from international and binational organizations (3 documents)	

Agreement between Uruguay and Argentina for the joint administration of the Uruguay river (1975).
International Court of Justice—Precautionary measure (July 2006)
MERSOCUR legal ruling (September 2006)
   Antecedents (before 2005): 1 document
   Phase II (March 2006 to Nov 2006): 2 documents
	1) To reconstruct the chronological narrative of the case study, how international and binational organizations publicly spoke and acted, and their positions toward the pulp mill (analytical step 1).

Assembly manifestos (14 documents)	

Phase I (Feb 2005 to Feb 2006): 2 manifestos
   Phase II (March 2006 to Nov 2006): 2 manifestos
   Phase III (Dec 2006 to July 2009): 12 manifestos
	1) To reconstruct how the Assembly talked publicly during the conflict (analytical step 1).
	2) To identify the Assembly's political attributions and analytically induce the three political attributions (analytical steps 2 and 3).
	3) To identify how the Assembly's political attributions led to its behavioral reactions (analytical step 4).

Interviews (37 interviews)	
37 interviews with 36 informants between 2014 and 2016 **821 quotations** (Please see Table 2 for interviewee details)	1) To conduct a first round of content analysis to identify actors' inferences regarding governmental actions (analytical step 2). 2) To conduct three rounds of coding to analytically induce three types of political attributions and to investigate how actors' political attributions led to their behavioral reactions (analytical steps 2 and 3). 3) To triangulate with secondary data and validate our chronological narrative, political attributions, and actors' reactions (analytical steps 1, 2, 3, and 4).

Figure 1 Data structure of political attributions

First-order concepts	Second-order themes	Aggregate constructs

- Instrumentalizing a private investment to pursue a governmental interest
- Instrumentalizing actors to exploit their popularity
- Being instrumentalized to protect an investment

→ Instrumentalizing actors

- Instrumentalizing the conflict to avoid the cost of concrete public policy
- Instrumentalizing the conflict for political gain
- Instrumentalizing the conflict to retaliate against a political adversary

→ Instrumentalizing the conflict

→ *Instrumentalizing*

- Framing the issue as a zero-sum game or an insoluble problem
- Unwillingness to engage in constructive dialogue
- Pretending to dialogue to buy time in the conflict

→ Sabotaging problem-solving

- Bringing in loosely connected international intermediaries
- Magnifying issues
- Calling for/deploying radical actions to deter an adversary

→ Escalating the crisis

→ *Radicalizing*

- Endorsing previously condemned actors/actions
- Accusing previously endorsed actors/actions

→ Changing sides

- Pretending not to play a role in the conflict
- Denying having contributed to misunderstandings
- Having a secret agenda

→ Ignoring prior commitments

→ *Acting in bad faith*

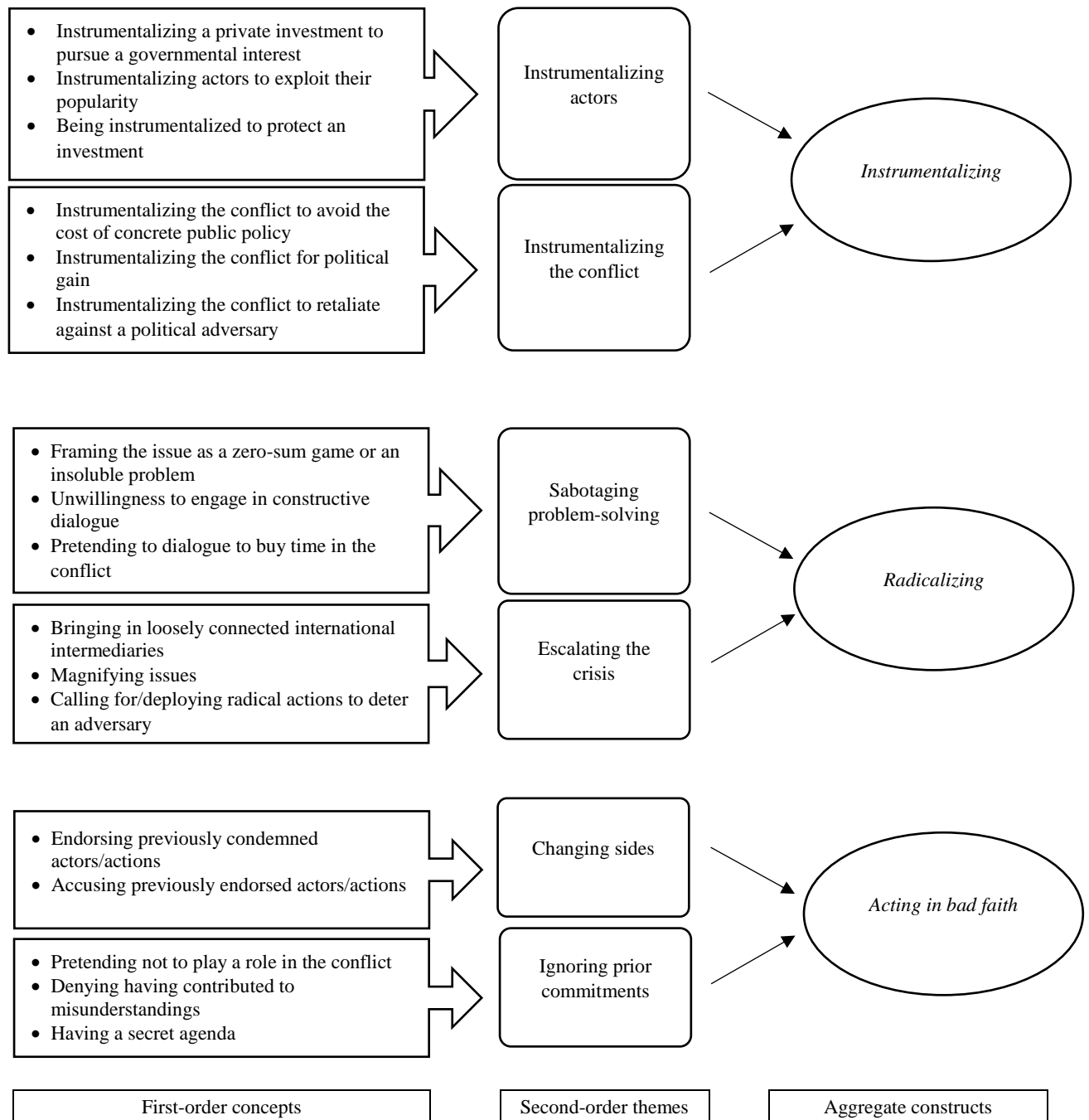| First-order concepts	Second-order themes	Aggregate constructs

50

Table 4 Illustrative quotations supporting the data structure

Second-order theme	First-order code	Illustrative quotation
Aggregated construct: Instrumentalizing		
Instrumentalizing actors	Instrumentalizing a private investment to pursue a governmental interest	"The State of Finland knew that the River was a shared resource between Uruguay and Argentina […] the Government of Finland avoids intervening, insisting on showing that it is not a party in this conflict [*but*] the State of Finland is the main party responsible for the illegal settling of this pulp mill." (Assembly Manifesto, May 6th, 2007)
	Instrumentalizing actors to exploit their popularity	"Gualeguaychú managed on its own to generate a lot of support from the people of the nation. [*Kirchner*] supported it to […] take advantage of the popularity of this cause." (Int. 33, Assembly)
	Being instrumentalized to protect an investment	"'[*Uruguay cannot answer our requests for information about environmental impact*] because they don't have the information [*due to*] the agreement for the protection of foreign investments signed with Finland, that has tied Uruguayan hands,' said the Argentinian Minister of Foreign Affairs." (*LN*, March 20th, 2007)
Instrumentalizing the conflict	Instrumentalizing the conflict to avoid the cost of concrete public policy	"[*It was attractive*] because you could turn your eyes on a foreign enemy instead of dealing with the local problem. If we are going to transform the mining conflict [*that is taking place in Argentina*] into a 'national cause,' that means that the [*Argentinian*] government has to go against the mining firms [*in Argentina*]. Since they can't or they don't want to deal with the local conflict, they overdramatize the conflict with the pulp mill." (Int. 3, political analyst)
	Instrumentalizing the conflict for political gain	"Kirchner yelled, 'This is a national cause [*against the pulp mills*].' There was a major protest on the bridge […]; let's say 50,000 potential voters. He went there with all [*his*] governors, well known for campaigning to bring forestry investments to their provinces. […] Who could ever believe that? You could tell there that Néstor Kirchner was lying … that this was all a political campaign." (Int. 17, environmentalist)
	Instrumentalizing the conflict to retaliate against a political adversary	"The [*Argentinian government's*] words didn't coincide with either its reality or its intentions. They would say 'We care about the environment,' but in the end, they just wanted to ruin Tabaré Vázquez for his disobedience and his treason." (Int. 1, mediator)

Table 4 (cont.)

Second-order theme	First-order code	Illustrative quotation
Aggregated construct: Radicalizing		
Sabotaging problem-solving	Framing the issue as a zero-sum game or an insoluble problem	"If it's a zero-sum issue, if it's all or nothing, it's all or nothing. The eradication of the pulp mill, I believe, was unattainable. [*But there were intermediate solutions*] between allowing [*Botnia*] to do what they wanted and eradicating it; you had many possibilities to discuss and many solutions that were rational [*to avoid environmental damage*]. The problem is that you [*as a government*] have to work to create interests around [*finding a solution*]." (Int. 23, Argentinian government)
	Unwillingness to engage in constructive dialogue	"The conflict was out of control—at least from the rhetoric point of view." (Int. 3, political analyst)
	Pretending to dialogue to buy time in the conflict	"[*The Uruguayan government*] agreed to dialogue [*with the Argentinian one*], but at the same time, you could tell that Botnia wasn't stopping at all. [*Uruguay*] dialogued with Argentina, but at the same time that they were saying 'Let's talk [*to find a solution*],' Botnia advanced and advanced. This made the environmentalists more and more annoyed. They would say, 'Uruguay dialogues to buy time, but the Uruguayan government is tricking us.'" (Int. 1, mediator)
Escalating the crisis	Bringing in loosely connected international intermediaries	"The countries shared a history. [*They*] could have reached some type of agreement [*and*] prevented such a major conflict." (Int. 37, Argentinian government)
	Magnifying issues	"This is an invented crisis." (Int. 18, industry)
	Calling for/deploying radical actions to deter an adversary	"[*Kirchner*] encouraged them [*Assembly members*] and gave them their strength. When he wanted to deactivate them, he wasn't able to [...]. He sent them the message that they had to get involved in the conflict, and this led to a blockade of the bridge that lasted months. [...] only for electoral purposes." (Int. 6, Argentinian government)
Aggregated construct: Acting in bad faith		
Changing sides	Endorsing previously condemned actors/actions	"The Argentinian government, when they heard [*Vázquez's*] speech at Minas de Corrales, when they saw that the *Frente Amplio* voted against the agreement with Finland, embraced the hypothesis that the *Frente* was going to ban the project, [*but the Frente*] brought the investment. It was a big scheme for many Uruguayans [*and*] for the Argentinian government." (Int. 32, Uruguayan government)
	Accusing previously endorsed actors/actions	"The government, when they decided to get rid of the problem, [*they*] totally changed its discourse […]. There are 12 Assembly members right now who have been criminally indicted. They used the judiciary to criminalize the protest. […] This is a 180° shift: from non-intervention, from respect for the right to protest to the criminalization of the protest." (Int. 21, Argentinian government)
Ignoring prior commitments	Pretending not to play a role in the conflict	"The Assembly of Gualeguaychú rejects the communication of the Embassy of Finland and states that this country is the real author of the confrontation between two sister nations such as Uruguay and Argentina." (Assembly Manifesto, January 26th, 2007)
	Denying having contributed to misunderstandings	"[*The government*] used the votes politically […]. This becomes very clear now because the problem [*of raising votes*] is over, and the government is no longer interested in the [*environmental*] issue in order to improve foreign relations with Uruguay, so [*the conflict*] was just dropped. At one moment, they were supporting the cause, and from one day to the other, it wasn't convenient anymore to support it, so they just abandoned it! Bye-bye!" (Int. 14, industry)
	Having a secret agenda	"The Uruguayan vice president […] agrees with the Uruguayan president regarding the [*Argentinian*] electoral campaign. […] 'The governor of Entre Rios [*who belonged to the same political party as the Argentinian president*] also has a forestry project in Argentina, which targets the same results as ours. But as investments came to Uruguay, they are creating all this scandal.'" (*EPU*, September 16th, 2005)

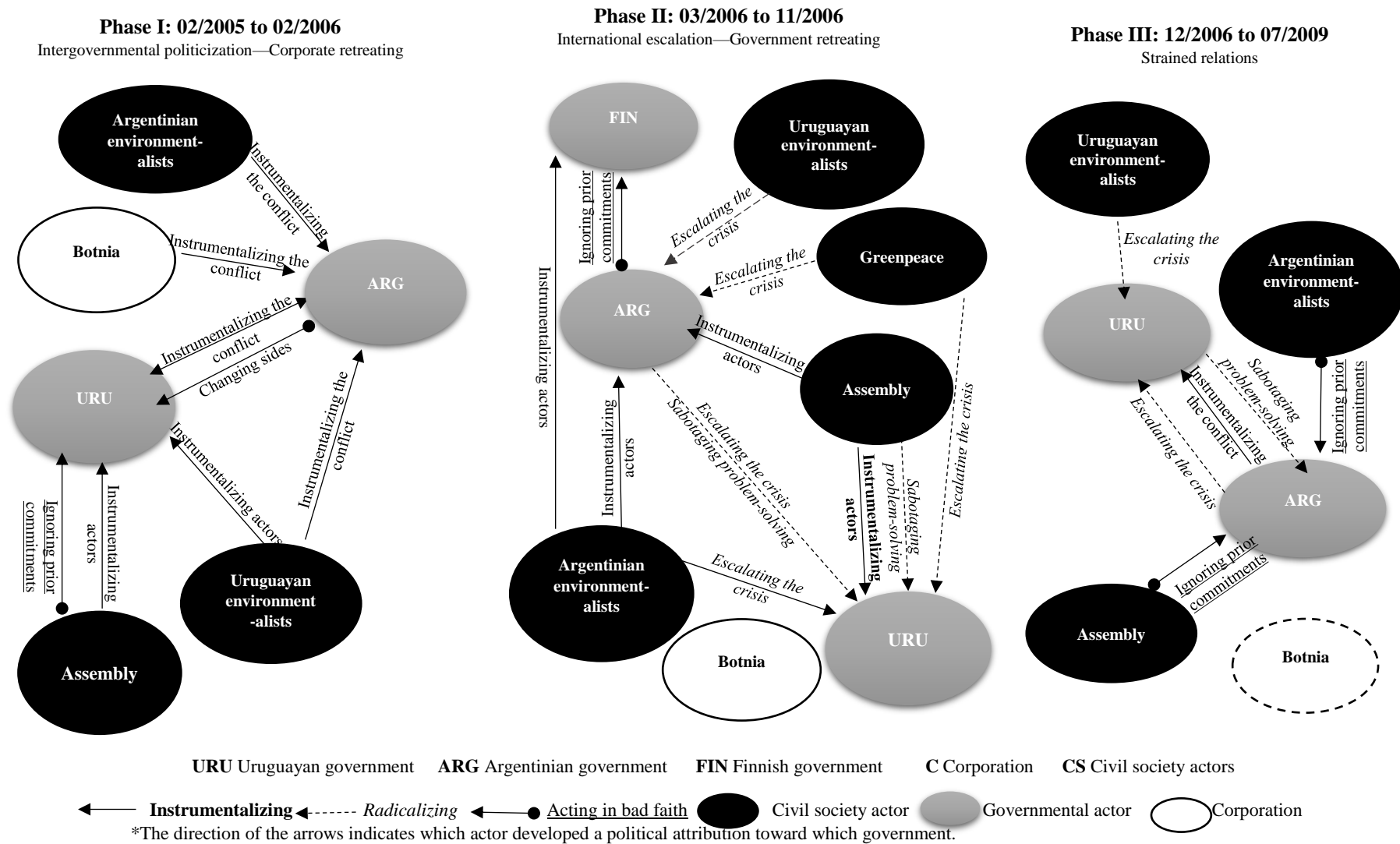**Figure 2** Political attributions during the conflict—Second-order codes*

Phase I: 02/2005 to 02/2006
Intergovernmental politicization—Corporate retreating

Phase II: 03/2006 to 11/2006
International escalation—Government retreating

Phase III: 12/2006 to 07/2009
Strained relations

URU Uruguayan government   **ARG** Argentinian government   **FIN** Finnish government   **C** Corporation   **CS** Civil society actors

Instrumentalizing ◄—— *Radicalizing* ◄----- *Acting in bad faith* ◄—● Civil society actor   Governmental actor   Corporation

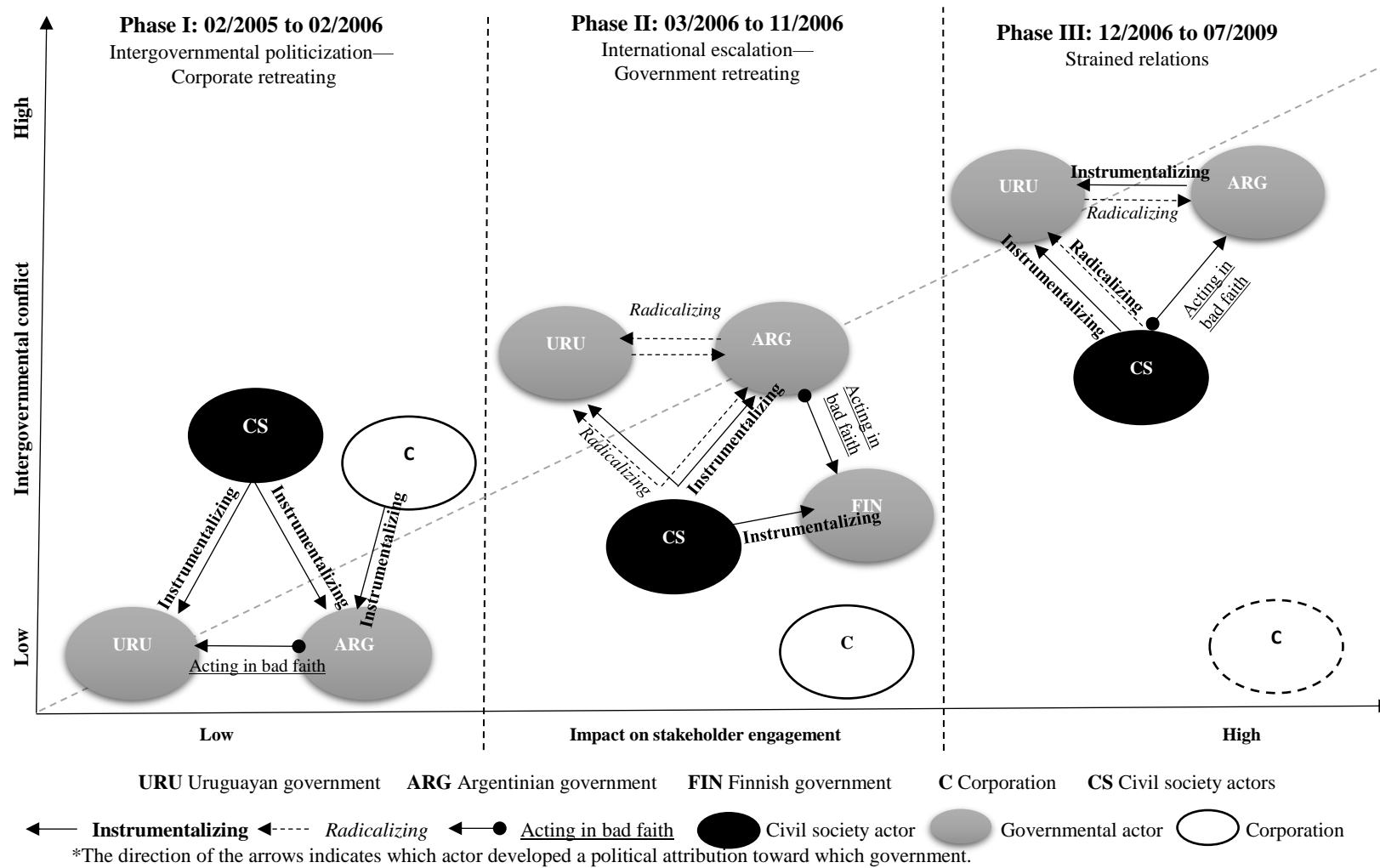*The direction of the arrows indicates which actor developed a political attribution toward which government.

Figure 3 How political attributions mediate the impact of intergovernmental politics on stakeholder engagement*

URU Uruguayan government   ARG Argentinian government   FIN Finnish government   C Corporation   CS Civil society actors

*The direction of the arrows indicates which actor developed a political attribution toward which government.

ENDNOTES

[i] Political attributions were, at times, expressed not in relation to a government but to an individual identified as playing a function in that group (e.g., the president or the minister of foreign affairs). Following Lange and Washburn (2012), we considered attributions to individuals who spoke or acted as part of their official role as analogous to attributions to the groups—governments—to which they belong. Presidents and their senior officials (ministries, secretaries of state, and close collaborators) in presidential regimes, such as Argentina and Uruguay, are groups perceived to have a high degree of entitativity: the group is seen by the observer as a coherent, unified, and meaningful entity. Consequently, an observer will extrapolate the attribution of a group member exercising their official function (e.g., president or minister) to the group to which they belong (a given government), as employees extrapolate their attributions to their managers or organizations, according to attribution theorists (Vlachos et al., 2013).

[ii] The Assembly implemented its own commuting credentials (described in *LN*, February 1st, 2008), which the Argentinian government allowed for more than two years. By 2008, the Assembly had extended approximately 200 cards to Uruguayan and Argentinian citizens authorized to commute. The card said, "No to paper mills." It also showed the logo of the Assembly (see, e.g., *EOU*, January 31st, 2008). Moreover, although blockades began during the previous phase, during this phase, they became permanent owing to governmental support.

[iii] To illustrate the level of confrontation between the two countries, traditionally allied in terms of foreign policy, years after the conflict, Uruguayan President Tabaré Vázquez would reveal that the government of Uruguay requested military support from George W. Bush, the then president of the United States. Watch: https://youtu.be/-CyPYsLpSpc

[iv] The 2023 Global Risk Report can be accessed online: https://www.weforum.org/reports/global-risks-report-2023/

[v] See Bryan, K., and S. White, "Total accused of being complicit in Russian war crimes in Ukraine", Financial Times, October 14th, 2022; see also Minisini, L., A. Ballufier, A. Weil-Rabaud, and C. Grozev, "Les distributions troubles d'Auchan en Russie", Le Monde, February 17th, 2023.