



Turun yliopisto
University of Turku

SUSTAINABLE BUSINESS NARRATIVES IN CORPORATE SUSTAINABILITY REPORTS

Discourses before and after a corporate crisis

Master's Thesis
in Accounting and Finance

Author:
Niina Hakala

Supervisor:
D. Sc. Mikko Kepsu

13.12.2017
Turku

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1 INTRODUCTION

1.1 Sustainable corporation and the business of sustainability

Corporate social responsibility is a dangerous distortion of business principles. If you find an executive who wants to take on social responsibility, fire him. Fast. (Peter Drucker 2007, cited in Bakan 2005, 35.)

The executive who treats social and environmental values as means to maximize shareholders' wealth – not as ends in themselves – commits no wrong. It's like putting a good-looking girl in front of an automobile. That's not in order to promote pulchritude. That's in order to sell cars. (Milton Friedman 2004, cited in Bakan 2005, 34.)

The corporate world has changed drastically during the past three decades and sustainability has become the hot-topic in a way that has surprised many. Suddenly, sustainability has become the new demand. And corporations are increasingly providing supply for it. Today, sustainability is an integrated part of almost every big multinational company's strategy and in 2015, already 92% of Fortune Global 250 companies published so-called sustainability report. (KPMG 2015.)

To be more precise, it is the term sustainability that has been highly adopted and embraced by the corporate world. As concluded by Gray (2010, 49–48), in commonly used language, the word sustainability has become synonym for many corporate friendly terms, such as eco products, emission reduction and sustainability reporting. Such concepts, however, offer no real threat to corporations' business activities. To the contrary, sustainability is nowadays understood as a business opportunity. As a result, the current discourse around sustainability has resulted in a world where the reality of profit maximizing sustainable organizations is now accepted by many. (Buhr, Gray & Milne 2014; Bebbington & Larringa 2014; Gray 2010; Milne, Kearins & Walton 2006.)

Companies, which most enthusiastically seem to embrace the sustainability agenda as part of their corporate strategy, primarily come from the heavy industrial sectors. Oil and Gas, Utilities, Chemicals, Mining, and Forest, Pulp and Paper companies are most actively publishing sustainability reports ever since 1990s. Sustainability reporting continues to be most popular among traditionally polluting industries while, for instance, sectors such as retail and healthcare lack behind. (KPMG 2015.) For instance, energy company British Petroleum confirms it is driving the transition towards a lower carbon future while conducting business in a manner that respects the rights and dignity of all people. Auto-

motive giant Volkswagen aims to create lasting value by offering good working conditions, and conserving resources and the environment, while the world's biggest mining company The Broken Hill Proprietary (BHP) aims to avoid, or minimize, their impacts on environment and to contribute lasting environmental benefits across the regions where they operate.

Shouldn't this make us concerned citizens, worried about the well-being of our planet's ecosystems, let out a sigh of a relief? Unfortunately not. Recent studies have shown that most business reporting on sustainability actually has very little, if anything, to do with sustainability as understood from an ecological point of view. It is also claimed that for profit organizations, due to their growth seeking capitalist nature, cannot offer solutions to the global environmental crisis. (Buhr et al. 2014; Gray, 2006.) In fact, studies show (e.g. Milne & Gray, 2013, 14–15) that the current corporate social responsibility discourse and reporting practices are taking our attention away from the real ecological and social issues created by the existing unsustainable business practices, and instead, helping to sustain them.

To call current mainstream business practices unsustainable is only justified. Scientific consensus exists on the fact that post-industrial modern human is the main driver of global environmental change. It has been scientifically proven that human activities have pushed Earth system outside of its stable environmental state, which, if continued its current course, can lead to catastrophic consequences. (Rockström et al. 2009, 1.) To be more precise, it is the modern human activity, as a result of current capitalist way of organizing economies, in forms of growth maximization, that scholars consider as the main culprit of global issues such as climate change. It can even be said that modern corporations are the major contributors to it. (Bebbington et al. 2014, 3–4.)

Despite the criticism, and maybe because of it, organizational sustainability has become a highly important topic. In fact, some scholars argue that sustainability discourse has provided a useful legitimation tool for companies which are being increasingly criticized by the civil society for their unsustainable business practices. As this happens, there is an increasing concern among many that corporations' current attempts to construct sustainability agenda will draw our attention away from the core global environmental issues. (Milne & Gray, 2013, 14–15.) In theory, sustainability reporting is expected to solve this accountability issue by making corporate activities more transparent. In practice, however, this is far more easier said than done. As recent corporate accounting scandals, such as the Enron case, have demonstrated, even the well established financial reporting is suffering serious crisis of confidence. The fact that even financial reporting has proved to be prone for significant manipulation, does raise a question of how objectively something as subjective as sustainability can be accounted for.

To understand the existing discussion around organizational sustainability, one has to acknowledge how the corporate social responsibility (CSR) discourse is constantly being

constructed and by whom. Our knowledge on organizational sustainability is socially constructed by the constant communication around the subject. Thus, it is subject to constant discursive struggle in which corporations have taken an active role. Discourses are not ideologically free and thus, different narratives on sustainability both communicate and construct our reality as we perceive it. (Milne, Tregida & Walton 2009.)

The power of a particular discourse on mainstream thinking depends on by whom it is presented. Statement of a multinational company is often valued with much higher weight than individual's. Companies, by actively taking part in, and even leading the CSR discourse, construct our mainstream understanding of it. By utilizing the complex term of sustainability, corporations reconstruct the meaning of it in a way that often serves their own interests, for instance, in form of increased consumption. Considering the powerful role of multinational companies in a modern society, we cannot underestimate, nor leave unaddressed, the way the (re)construction is being done.

In sustainability context, companies have not only settled to obey existing legislation, but instead, are increasingly setting up their own rules. Today, almost every big multinational corporation has its own guiding codes of conducts and they actively engage in numerous sustainability standards. The corporations' sudden enthusiasm to adopt voluntarily different self-regulatory tools has raised questions among some scholars about the motives behind these actions. In fact, by collaborating with governments to tackle global challenges, and by voluntarily engaging in sustainability activities, multinational corporations seem to have broaden their traditional role in society.

Due to their powerful role in the modern society, corporations are certainly the key variables in creating formula for more sustainable future. However, whether this is favorable to modern corporation or not, remains controversial. Paradoxically, in a current discourse on corporate sustainability, often the most fundamental questions remain unaddressed; what is sustainability? What it actually is that corporations aim to sustain? As many scholars note, in most cases companies aim to sustain nothing more than the corporate organization itself and its license to operate.

This paper builds on the above-mentioned conflicts within the contemporary CSR literature and aims to explain how corporate sustainability became such a business-friendly concept while failing to provide solutions for the most urgent issues of our time. In my work, I am intrigued by the question of how corporations reinforce and sustain the idea of sustainable business practices even though their actions would prove otherwise. The study is motivated by the believe that sustainability, and the ecological and social state of the planet Earth, are too important to be left to non-critical descriptive studies.

1.2 Purpose of the study and research questions

Purpose of this study is to gain in-depth understanding of corporate social responsibility and to make transparent the way companies build and maintain their corporate image as sustainable organization using different discourses provided in their sustainability reports. This will be done by applying critical discourse analysis methodology on two sustainability reports published by the chosen case company.

In more detail, the purpose of the study can be divided into following key research questions, to which the empirical part of the work will focus. These questions are:

1. How the image of "sustainable organization" is built in corporate sustainability reports by the use of rhetoric and how the rhetoric changes after a corporate crisis?
2. Which discourses form the idea of sustainable business

The first research question addresses the utilized rhetorical means. Since wider discourses are formed by arguments and arguments derive power from the rhetoric, making the utilized rhetoric transparent is essential in order to analyze critically existing discourses. In addition, the first research question demonstrates how the rhetoric changes after a corporate scandal which sets up new demands for the legitimation of business practices. Furthermore, the second research question addresses the wider discourses that both construct and maintain the image of sustainable business. The thesis does not only settle to identify the existing discourses, but demonstrates how they are linked to a wider sociopolitical context. By starting from the word level rhetorical analysis, and after bordering the scope of the review to sociopolitical context through discourses, the study aims to reveal the multilevelness of the concept CSR.

In more detail, the purpose of the thesis is to critically examine the current CSR discourse. It attempts to explore some paradoxes within this discourse pointed out by scholars (e.g. Buhr et al. 2014; Milne & Gray 2012; Gray, 2006) who argue that the existing discussion on CSR, and the construction of corporations' sustainability agendas mainly promote business interests and take us further away from solving real ecological and social issues. The work contributes to the critical accounting literature in which the mainstream CSR discourse is highly questioned. It offers a critique to current CSR literature and increases the awareness of the existing gap between organizational sustainability and the urgent issue of our era; sustaining Earth's ecological system in a socially just way. The underlying motivation behind the research questions is, that in order to critically question the existing sustainability discourse, we must understand how it ended up being so business-friendly in the first place.

It is not the purpose of this study to evaluate how sustainable the case company is based on its sustainability reports. Neither, the objective is to develop definitive and unambiguous definition for the term CSR. Rather, by using the case example, this paper

aims to provide more evidence to tackle often overlooked issues derived from the simplification of CSR as a concept, and connect it to the wider socio-political context. However, when discussing on sustainability, this study refers to an ecological and social concept. Thus, for instance, economic growth itself is not considered to be sustainable per se if it has significant negative environmental and social impacts. In addition, when discussing on corporation, this study refers to big multinational companies similar to the case company (i.e. companies listed in Fortune Global 500).

To reach the above stated goals, two CSR reports of one case company will be studied. The selected case company is the automotive manufacturing company Volkswagen Group. The company was selected basis of three reasons; first, the company has experienced a CSR related scandal which occurred and became publicly known during one year. This allows the examination of direct consequences on discourse prior and after the scandal. Second, before the scandal, Volkswagen Group was ranked high in sustainability performance. Thus, we can expect that it had succeeded in its sustainability discourse. And third, the company is included within top ten companies in the 2016 Fortune Global 500 list of the world's largest companies, and thus, can be considered as an actor with considerable amount of power in modern society. In other words, its discourse matters.

The scandal, which is assumed to have affected Volkswagen's discourse, is the emission fraud, also known as dieselpgate. The scandal became public in autumn 2015, when the United States Environmental Protection Agency (EPA) revealed that the German automaker had installed a "defeat device" which would make the car perform better during tests in regards its emissions. After the notice became public, the company admitted it had knowingly cheated in emissions tests performed in the United States.

The data chosen for the study consists of two CSR reports published by Volkswagen Group in 2014 and 2015. The sustainability report published in 2014 consists of 152 pages and is contains information about the Group's sustainability activities in the 2014 financial year. The report is drawn up in accordance with the fourth generation of guidelines from the Global Reporting Initiative (GRI-G4). The report has been assured by the audit and assurance company PricewaterhouseCoopers AG.

The report from 2015, after the scandal, was published for the first time only online. It is worth noting, that due to ongoing external investigations associated with the emission issue the report became public much later than normally, in 23rd of November 2016. Previously, VW has published its sustainability reports latest during the second quarter after the fiscal year in question. Also the 2015 report is in line with GRI-G4 standard and has been assured by PricewaterhouseCoopers AG.

Critical discourse analysis will be applied to the reports to perform in-depth analysis on its content. The study aims to make transparent the way companies try to maintain, by the use of language, the idea of sustainable organization despite actions would prove otherwise. Also, the interest is in how the selected rhetoric choices are affected by a scandal

which strongly shakes company's license to operate and puts it in a defensive position. Finally, the utilized discourses will be analyzed in a wider sociopolitical context.

1.3 Methodology

This study is a qualitative case study. Qualitative research method was chosen because of its ability to increase holistic understanding of the studied topic. According to Ghauri and Gronhaug (2005, 202), qualitative research is particularly relevant when prior insights about a phenomenon are modest. Therefore, it tends to be exploratory and flexible by nature. This is in line with Ahrens and Chapman (2006) who argue that qualitative case studies have the flexibility to respond to new insight of studied topic by developing, testing, and refining suitable theories.

Qualitative study method was also chosen, because as Silverman (2001, 29) points out, quantitative research cannot consider social and cultural factors of its own variables. However, in this study, these factors play critical role since it is assumed that reality, as we perceive it, is socially constructed, and thus, produced and interpreted through cultural meanings and social actions. Hence, this study is subjective by its nature. This is because CSR, like many other issues in accounting research, are socially constructed to a significant degree (see, for example, Power 1991; Hines 1988). Members of an organization constantly subjectively interpret the complex reality and thus, construct the social reality which again is subject to functions such as accounting. As a result, no objective accounting exists.

In a boarder level also, both people and organizations are capable of shaping our understanding of social reality. In other words, the reality, at least as we perceive it (and regardless whether it is objectively true or not), is constantly being produced through social interactions between different social actors. In modern society, multinational corporations have become if not the most, at least one of the most important social actor and thus, they influence our understanding of reality in many ways.

To study CSR as a subjective, socially constructed phenomenon, I have chosen to use critical discourse analysis (CDA from here after). CDA is a cross-disciplinary way to study discourses and their role in constructing the world as we understand it. It views language as a form of social practice and discourses as representations of social life. CDA understands that discourse does not happen in isolation but instead, it is always part of and affected by the socio-political context. (Eriksson & Kovalainen 2008, 234–235.)

Critical discourse analysis was chosen because it enables the performance of an in-depth analysis of a case study to gain better knowledge on a significant phenomenon. The critical approach is justified when the goal is to understand the ways in which language is used for purposes such as justification and legitimization. Here, language is understood

as something that both construct our reality but is also socially conditioned (Eriksson & Kovalainen 2008, 235). Case study approach was considered a proper choice due to its ability to integrate empirical data, existing literature and theory (Siggelkow 2007).

The method also works as a useful tool when studying power relations of differently positioned actors. Thus, if the reality is being shaped by distinctive discourses, actors with bigger speaker podium have an advantage in influencing the mainstream discourse. Therefore, the struggle between different opinions and claims should be understood as struggle between different discourses which represent distinctive ways to understand the world around us, even ideologies. (Jorgensen & Philips 2002, 2.)

In critical studies, ideology constitutes of means to establish and maintain power relations which, from critical perspective, are often unequal. It is also assumed that ideologies are mediated using language. Hegemonic discourses at their extreme produce ideologies which turn into the taken for granted realities which again guide human action. Discourses are never neutral with respect to ideological content; specific discourses are linked to and maintain particular ideologies. (Spence 2007, 858; Weiss & Wodak 2003, 14.)

CDA is a useful method in studying how social and political dominations are reproduced in written language by powerful individuals and institutions. At its best, it can address issues of social power often resulting from the unbalanced power relations between different actors such as corporations and individuals. It can be said that by their contested nature, discourses form a social order which constantly shapes the mainstream worldview. (Eriksson & Kovalainen, 2008, 235.)

Therefore, also our understanding of corporate sustainability is socially constructed. This is why it is possible that the term conflicts with the idea of sustaining Earth's planetary limits, defined by laws of nature. Due to the possible conflict, we must understand how the socially accepted idea of sustainable corporations is being constructed, and most importantly, by whom and why. How and why are corporations so enthusiastically taking part in the sustainability discourse? And what exactly are they aiming to sustain?

1.4 **Outline of the thesis**

The thesis begins with an introduction of the ongoing discussion on organizational sustainability. The main purpose of the theory part is to highlight the complexity of the subject. It is emphasized, that too often, CSR discourse and actions are taken as given and accepted without critically examining their underlying motives. Emphasis is given to the fact that often mainstream business literature, and even more organizations themselves, consider CSR as a business opportunity, not as a constraint for business activities. In the mainstream literature, corporations are seen positively as key players in creating more sustainable future.

On the second chapter, the development of CSR concept is presented. In addition, an overview will be provided on how business literature, mainly accounting literature, has contributed to sustainability discourse. To take the topic further, the importance of multidisciplinary is discussed, when studying sustainability related topics. Intentionally, the work does not include review on the concept of triple bottom line, which refers to the mainstream CSR literature and emphasizes the integration of economic, social and environmental performance. This is despite the fact that triple bottom line thinking is still considered as the dominant idea guiding corporations' CSR functions, and thus, often included in the theory part of CSR related academic studies. Reason for this is the model's inability to address the fundamental issues of unsustainable business practices.

Moreover, to grasp a more in-depth understanding on the concept, CSR is discussed in a wider sociopolitical context. By utilizing literature from departments such as political science and sociology, the concept is understood boarder than just as management term. It is emphasized that the modern corporation is not anymore just an economic actor, but political as well.

The third chapter will focus on the theoretical framework. Since the purpose of the study is to analyze discourses in a specific context, significant part of my work is dedicated to explain the theoretical framework, in which the thesis positions itself. Importance of discourses is highlighted and the idea of social constructivism. It is explained why critical discourse analysis method was chosen and why it is especially suitable for addressing the selected research questions. To understand better the importance of discourse analysis, topics such as rhetorical analysis and impression management are also discussed. Fourth chapter begins by explaining how CDA will be applied in the case study. After, the case company is presented. Due to the subjective nature of the chosen methodology, the process behind the research will be explained.

From chapter five starts the empirical part, which begins by analyzing the rhetoric of Volkswagen's CSR reports both before and after the emission scandal. The chapter five focuses mainly on the first research question. After, chapter 6 focuses on the second research question by identifying the sustainability discourses which construct and maintain the idea of sustainable organization.

The discussion of the results will be left in chapter seven in which the purpose is to link empirical findings to existing literature and theory. After, the findings will be analyzed in a wider sociopolitical context. The last chapter draws up conclusions from the discussion and evaluates the theoretical implications of the study, and its limitations.

2 CORPORATE SOCIAL RESPONSIBILITY

2.1 History of CSR

Literature around corporate social responsibility involves great amount of complex terms which are far from unambiguous. The discussion on the topic suffers from the active use of terms which, however, are often left undefined. For instance, it is noted that while corporations publish so-called sustainability reports, they fail to define they very basic concepts included in them. This chapter provides a brief summary on the developments of the concept in order to emphasize the subjective nature of the commonly used terms. Rather than providing comprehensive definitions for the concepts, or accepting any single definition that matter, the purpose of this paper is to both recognize and highlight the contested nature of these actively used terms. Historical review is a good starting point for that.

No consensus exists on what corporate social responsibility means in practice. CSR is not a new thing, but instead, it has been in interest of academic studies for decades. (Jamali 2007; Carroll 1999.) CSR is a context based concept, which reflects the value changes taking place in the society.

The development of corporate social responsibility can be roughly divided into three phases, during which, its focus has changed. The phases are industrialization, the growth in international trade, and late globalization. During industrialization, mainly in the beginning of the 20th century, the attention of CSR focused on social issues such as bad working conditions. By 1970s, alongside with social issues, concerns regarding the environment became critical. Now the era of globalization and international trade has highlighted multinational companies' role in the society. This has been mainly due to the increased consumer awareness of global social, environmental and economic issues. (Harmaala & Jallinoja 2012.)

The definition of corporate social responsibility did not exist in the beginning of 20th century. However, writings on the topic, regardless the terms used, can be found from those days. The first aim to define CSR is often traced to Howard Bowen's (1953) book "Social Responsibilities of the Businessman". He argued that CSR refers "to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society." At the time, only the social aspect of CSR was considered, leaving the environmental perspective mainly unaddressed. (Carroll 1999, 269–270.)

In the 1960s and 1970s, the amount of writings on CSR increased and more definitions were introduced. The discussion about the company's responsibilities got more versatile and many academics expressed views according which the scope of responsibility should

be expanded outside of legal and economic obligations. (Carroll 1999, 273–288.) In 1979 Carroll developed the famous conceptualization for CSR in a form of pyramid which consists of four layers; economic, legal, ethical and philanthropic responsibilities. For the first time, responsibilities outside of legal and economic scope were considered as part of CSR. Carroll, however, also highlighted that company must first fulfill its economic responsibilities before being able to fulfill the other three aspects.

In the 1980s, CSR was actively attached to existing management theories. Many commonly used theories can be traced back to that decade. Such theories include ideas such as business ethics, corporate citizenship and boarder stakeholder perspective. (Jamali 2007, 3.) In addition, more people became interested in studying the possibilities of CSR to boost profits. Peter Drucker (1984, 62) was one of the first ones to theorize CSR as part of profit making practices. He argued that CSR issues should be translated into profit making possibilities. Drucker's idea of CSR was in line with Jamal's; economic responsibility is the most fundamental responsibility that company can have. Without it, organization cannot fulfill its responsibilities in other areas either. Because of this managerial turn, by the end of the Millennium, literature on CSR focused increasingly on practical issues such as reporting. The mainstream literature continued to develop models by which CSR could be linked to everyday business practices. (Harmaala & Jallinoja 2012.)

In the beginning of 21st century, CSR started to establish place as a common business practice. Corporations began to publish reports titled as CSR reports, sustainability reports or sustainable development reports. This meant that instead of focusing separately on specific practical areas, for instance on working conditions or pollution, sustainability reports aimed to integrate environmental, economic and social aspects into corporate performance in a more strategic level. (Buhr et al. 2014, 54.)

The new global environment has brought more challenges to businesses. More complex supply chains and global operating environment have forced both researchers and business leaders to boarder their understanding on CSR. The rapid flow of information and stakeholders' greater awareness of global issues, have increased the pressure faced by corporations. In addition, CSR has been linked to the idea of sustainable development, which has forced to include long term, even intergenerational aspect for the concept.

Today, the concept of sustainable development has become the buzz word of our time. The original definition, introduced in the publication of the Brundtland Commission's report "Our Common Future" in 1987, defines sustainable development as a process that meets the needs of present generations without endangering the ability of future ones to meet their own needs. Originally, it referred to three integrated elements: the sociocultural, ecological, and economic. In other words, people, planet and profit. In order for development to be sustainable, it should integrate ecosystem view in a socially just way while securing viable economy. It was assumed, that if any of these pillars were weak, the system as whole was unsustainable.

However, ever since its introduction, the concept has been subject to criticism due to its ambiguity. It has been described as complex, normative, imprecise, and not operational. It is both ideologically and politically contested, since it aims to cover board range of interests which have seldom identifiable denominator. Hence, the term itself embodies inherent conflicts of interest. (Burger & Christen 2011; Saarinen 2006, 1123.)

In addition, there is a wider discussion on the motives behind CSR and what has been its main driver. Some argue its development has been hand in hand with the rise of capitalist society and can be discussed as political phenomenon. Others argue that CSR is a useful tool for multinational corporations to fill the gap in global governance. As a conclusion, CSR is a complex concept which does not only affect the management literature and business executives, but instead, it should be placed within wider socio-political spectrum.

2.2 CSR reporting

2.2.1 Reporting guidelines

CSR reporting refers to any reporting which goes beyond the economics. The reporting can be in a form of stand-alone report or an integrated part of company's annual report. The thesis, from now on, when discussing on CSR or sustainability reporting, refers to reporting practiced by public corporations. Even though other actors too, such as non-governmental organizations (NGOs) and governments, do practice sustainability reporting, we can argue that the reporting practiced by public multinational companies has the major influence in the developments of organizational sustainability. (Buhr et al. 2014, 53.)

Up to this date, the international community has not succeeded in creating standardized and legally binding framework for CSR functions. Instead, functions, such as reporting, are mainly performed on voluntary basis relying on self-evaluation. Gössling and Vocht (2007, 363–364) argue that the reasons for the lack of standardized regulation are the disagreements on the content of the concept of CSR, and the unambiguous terminology around the subject.

Despite the steady but slow increase in intergovernmental organizations' attempts to regulate social and environmental disclosure, the development of sustainability reporting has been and remains voluntary. However, there is no shortage of codes, guidelines and initiatives, which aim to provide, to some extent, standardized framework for reporting practices. Most of them are largely based on the United Nations treaties and declarations. (Niskala, Pajunen & Tarna-Mani 2013, 39.)

Popular and commonly used principal-based frameworks for businesses are The United Nations Global Compact and OECD (the Organization for Economic Co-operation and Development) Guidelines for Multinational Enterprises. The UN Global Compact is the world's largest corporate social responsibility initiative with approximately 13,000 corporate participants and other stakeholders from over 170 countries. It offers ten principles for which companies are encouraged to engage and act accordingly. (The UN Global Compact 2017.) OECD guidelines similarly offer standards of responsible business conduct for multinational companies (OECD Guidelines for Multinational Enterprises 2011).

Without a doubt, the most influential reporting guidelines are those from the Global Reporting Initiative (GRI). GRI is a multi-stakeholder independent standards organization which aims to establish generally acceptable framework for sustainability reporting. The Guidelines were first published in 2000 and have been regularly updated since. They were developed to work as a voluntary based reporting framework which would elevate sustainability reporting practices to the same level with financial reporting in comparability, auditability and general acceptance. (Buhr et al. 2014, 62; Willis 2013, 233.) As KPMG's report (2015) on corporate responsibility reporting states, GRI is the most popular reporting guideline. Out of all CSR reports, 60% are as per GRI guidelines. For standalone reports, the usage rate was 72% in 2015.

As the overall reporting has increased, so has the incidence of externally verified, reports. Companies can request an externally prepared assurance statement, which most often, is provided by one of the Big Four audit companies. The purpose of the external assurance is to increase the users' confidence in the reliability and validity of the reported information. External assurance is considered nowadays as a standard practice among the Global 250 companies (G250), 63% having the information verified by third party. Major accountancy organizations dominate the assurance business and large companies are significantly more likely to have their reports assured than smaller companies. (KPMG 2015, 40; Cooper & Owen 2014, 72.)

2.2.2 *Who reports and why?*

Over the last three decades, the number of corporations publishing sustainability report - to one degree or another has steadily increased among world's biggest companies. In 1993, globally less than 100 companies produced such report annually. The reporting trend, among G250 companies, grew from 35% to 95% during period of 1999-2011. (Buhr et al. 2015, 56.) In 2015, the amount of reporting companies decreased little to 92%. According to KPMG study (2015, 30), the rate over the last four years has varied between 90 and 95 per cent mainly due to the changing composition of the G250 list.

Not only the size, but also the industry seems to affect company's willingness to issue CSR report. Companies which most actively report on their social and environmental aspects primarily come from the heavy industrial sectors. Oil and Gas, Utilities, Chemicals, Mining, and Forest, Pulp and Paper companies have dominated the reporting statistics since the 1990s. Still today, CSR reporting continues to be most active in traditionally polluting industries while for instance sectors such as retail and healthcare lack behind. (KPMG 2015, 34; Milne & Gray 2007, 188.) Furthermore, despite the lack of legally binding framework, the differences in legal environment do affect the reporting practices. For instance, European Commission has a directive on non-financial reporting. According to it, large public-interest entities with more than 500 employees should disclose in their management report relevant and useful information on their policies, main risks and outcomes relating to at least: environmental matters, social and employee aspects, respect for human rights, anticorruption and bribery issues and diversity in their board of directors. (European Commission 2017.)

Countries vary considerably in their involvement with reporting. Europe was for a long time the forerunner in reporting. However, in 2015, Asia Pacific took the lead over the West. While Asia Pacific still in 2011 was lagging all other regions with a reporting rate below 50 %, it has now become the leading region. The growth has been led by individual countries such as India, Taiwan and South Korea. The fast increase can be seen mainly due to introduction of both mandatory and voluntary requirements around the region. Europe's decreased ranking is partly explained by big differences between Eastern and Western European countries, Eastern part of continent having significantly lower reporting rates. (KPMG 2015, 31.)

In general, it can be said that emerging economies have made big improvement in reporting. India, Indonesia, Malaysia and South Africa score currently the highest reporting rates. In these countries, the increased regulatory pressure is the common denominator. All the countries, with a CSR report rate over 90 %, have a mandatory reporting requirements. KPMG survey does estimate that in countries, where mandatory legislation does not exist in regards CSR, reporting rate over 90 % is an unlikely achievement. (KPMG 2015, 32.)

Rationales behind reporting vary significantly. Mainstream idea is that reporting has developed, in part, as a response to stakeholders' changing pressures and expectations. Several theories have been used to explain the motivation behind reporting. The most commonly used ones are accountability, legitimacy, stakeholder, and institutional theories. Each theory emphasizes different aspects. For instance, by reporting, companies may boost corporate performance and brand image. Some argue it is their moral duty. Others, however, state they simply obey mandatory regulations or respond to peer and industry pressures. Often in practice, these motivations are employed together when company assesses its needs for reporting. (Buhr et al. 2014, 61.)

However, studies (see, for example Spence 2007) show that reporting seems to be driven by the strategic objectives of the corporation. Thus, companies report with traditional business case purpose in mind, meaning that CSR activities are expected to increase profit making capabilities. Spence (2007, 866) in his study conducted in-depth interviews with representatives of 25 large commercial UK organization to investigate their underlying reasons for CSR reporting. The study found out that reporting is driven by numerous motivations which, however, always form a traditional business case which can be articulated purely in terms of strategic business consideration and monetary terms. When socio-environmental concerns were raised, they were linked to more traditional business arguments. CSR was expected to bring tangible financial benefits through risk, reputation and stakeholder management. Hence, CSR was not seen as selfless concern over planet and people but a way to sustain business.

2.2.3 Criticism and concerns

As concluded above, none of the reporting guidelines, in regards content and comprehensiveness, are legally binding. In fact, despite the European Commission's directive on disclosure of non-financial information, the Commission itself highlights that there is significant flexibility for companies to disclose relevant information. There is also a strong focus on public-private partnership, in which corporations become part of the group designing their very own legislation. As the Commission's paper state, CSR "should be company led" while public authorities play a "supporting role" only when necessary in a form of complementary regulation. Thus, the European Commission assumes that businesses are capable of acting morally well even without mandatory regulation. (European Commission 2017.) This idea conflicts with KPMG (2015) survey results according which, regulation is the forcing driver for active CSR reporting.

European Commission considers that companies are socially responsible if they first, follow the law, and second, integrate social, environmental, ethical, consumer, and human rights into their business strategy and operation. (European Commission 2017.) No stand is taken on what being sustainable means on a concrete level if applied to business activities of different companies. In addition, it is not mentioned how businesses are currently in conflict with the idea of sustainable development and what is expected to be achieved in a concrete level. In other words, for what and for whose purposes CSR serves. Commission only states that CSR is about companies, independently, taking responsibility for their impacts on society. What impacts, on whom, and to what extent, the report does not reveal.

Also, both the UN Global Compact and OECD Guidelines fail to define accurately CSR in a way that would integrate it strongly to the planet's ecological and social issues.

There seem to be no conflict between the three pillars of sustainable development since CSR is defined as in company's delivery of long-term value in financial, environmental, and social terms. Both organizations display CSR as a business-friendly notion, something that adds value to current business practices and presents business opportunities. The UN Global compact states that corporate sustainability is essential to long-term corporate success. Companies are also presented as the positive actors in a fight against world's challenges which "are in need of solutions that the private sector can help to deliver", as stated in the guide published by the UN Global compact (Guide to Corporate Sustainability 2015, 7).

According to OECD, CSR involves the search for an "effective fit" between businesses and the societies in which they operate. Like in the previous definitions, businesses are given the opportunity to enhance economic, social and environmental welfare. (OECD 2017.) However, again, the fundamental challenges in the business context, due to which CSR was developed in the first place, are left unaddressed. As Buhr et. al (2014, 55) highlight, by only linking social, environmental and economic aspects to corporate performance, corporations hardly ever provide an understanding of the state of the social and ecological systems on which they rely on. Since the mainstream reporting is about the integration of the three aspects, its linkage to the matters of ecological sustainability is rather weak. The unquestioned pursuit for viability of business as an end goal in CSR context, does not address the level of unsustainability of business activities in the first place.

However, as stated before, CSR reporting has been dramatically growing despite the missing mandatory legislation and guidelines. Does not this prove that companies act proactively and are capable to report on sustainability on voluntary basis? This might be the case to some extent, but there is room for skepticism. First, due to lacking standardized reporting framework, research demonstrates increasing lack of completeness and decreasing amount of credibility in reporting. Many studies argue that CSR reports are currently being used as part of impression management which refers to strategic corporate behavior by which companies aim to control others' perception of themselves by disclosing selectively information to serve their own purposes rather than as genuine accountability tool. (Michelon, Pilonato & Ricceri, 2015; Cho, Michelin & Patten 2012.)

Second, despite the possibility to assure the CSR report with third party auditor's report, as in financial reporting, empirical research shows that there is significant amount of ambiguity and variability inherent in the auditing practices. It is argued that readers of the reports have great uncertainty in understanding how the auditor was engaged in assurance verification process, what was actually reviewed, and what is the importance of their conclusion. Studies show that there is a large degree of management control over the process in a way the managers can selectively choose what information should be disclosed and revealed for the auditors. Due to lacking standardized data, measurements

and indicators, the verification process is, modestly said, challenging for third party assurance providers. (Cooper & Owen 2014.)

Milne & Gray (2007, 184) remind that fundamental differences exist on *what* corporate reporting for sustainability means; *what* is the purpose it serves, and *whose* interests are or might be served by it. According to them, the tension between shareholders, corporate management, and other stakeholders' interests are too often oversimplified. Acknowledging the fact that the rationalities behind CSR reporting are mainly linked to traditional business goals such as risk and reputation management, reporting may not provide the wanted answers for those who are concerned more broadly with corporation's accountability to society and their role in sustaining ecosystems and natural environment.

It is also argued that current reporting practices largely fail to address planet's ecological and social issues. Most corporations in their reports ignore the fact that ecosystems are severely degraded by modern economic activity. The focus to global data on climate change and ecosystems, such as loss of species, biodiversity, water stresses and poverty are almost always absent from the reports. (Milne & Gray 2007, 194.)

2.3 Accounting and sustainability

2.3.1 Accounting as reality construction

One might ask how accounting is related to sustainability and in more detail, to CSR-issues. After all, accounting is often defined as a process of identifying, measuring, analyzing, interpreting and communicating information for the pursuit of an organization's goals. It offers a tool kit for decision making, which, in the end, aims for value maximization. Thus, accounting has a central role not only in accountability but also in management of organizations. In addition, accounting has provided an efficient way to communicate company's economic performance to its stakeholders in a credible way. (Bebbington et al. 2014, 4.)

Some even argue that conventional accounting can be understood as the very essence of modernity (Gray 2010, 58). As a practice, accounting dates back centuries. However, its history as a research activity is far more recent. Thus, it is important to understand that accounting is a practical activity which constitutes of talk, actions and formal reports generated by human actors. Yet, we often choose not to study it as a social practice, but instead as a universal technical function through quantified data. As a result, there is lot to understand about how accounting practices are created inside an organization and why. (Chua 2007, 493.)

The current debate on organizational sustainability arises from the need to hold organizations accountable for their actions. There are two assumptions behind mainstream CSR related accounting literature; first, it is assumed that sustainability is something that can be accounted in an organizational level and second, organizations have a clear understanding on what is the sustainability which they wish to account for. Ironically, both above-mentioned claims are strongly questioned in the literature. As Gray (2010, 57) concludes, the concept of sustainability cannot be placed only within corporate boundaries, since it is both ecological and societal concept. In addition, the word sustainability refers to a specific state which, however, is impossible to fully define not to mention achieve.

To understand how accounting as a discipline positions itself in a sustainability context, one must acknowledge the positivists approach that dominated the field for a long time. The so-called accounting theory, developed in the 1970s, was inspired by natural science which understands that reality exists objectively regardless of the perception of its observers. It assumes there are patterns and laws that are simply waiting to be discovered. Therefore, for a long-time, questions in the mainstream accounting research mainly focused on describing why accounting is what it is and what effect it has on people and resource utilization. (Laughlin 1995, 64.)

However, accounting theory is rarely anymore seen as a positivist theory. Instead, accounting, like any other corporate function, is understood as social action rehearsed by distinctive social actors. This type of behavioral accounting research is in most cases acknowledged and many scholars admit that accounting is not simply a technical, context-free function. (Laughlin 1995, 81.)

The arguments supporting the subjective nature of accounting lies in the assumption that organizational reality is not any objective reality, but instead, it is social reality which is build, sustained and reproduced through social actions. Hence, organizational reality is subjective as its nature, and depends on its observers. As Hines (1991, 323) summarizes: "If people take a definition or description of reality..., to be reality, then they will act on the basis of it, and thereby perpetuate, and in doing so, validate that account of reality. Having acted on the basis of that definition of reality, and having thereby caused consequences to flow from that conception of reality, those same consequences will appear to social actors, in retrospect, to proof that the definition of reality on which they based their actions, was real." According to her, by continuously repeating previously designed actions and existing financial language, different actors form and sustain taken for granted conceptions. Hines especially criticized the way accounting tends to forget its historical and social context and act on basis of the taken for granted conceptions, considered as truths without ever calling them into question.

To take this further, economic reality, including accounting, depends on peoples' conceptions which they take for granted. Thus, no objective unambiguously true or full picture of what is to be accounted for exist. The idea of what is to be accounted for is the sum of subjective actions, which have arbitrarily constructed among actors over time. (Hines 1991, 1988.)

As Morgan (1984, 483–484) concludes, accounting is by its nature perspective-based. In other words, accountants must interpret a complex web of reality and thus, the idea of objective accounting is a myth. According to him, it should be acknowledged that the decisions are made subjectively in a complex web of reality constructions not as an objective commentator. The selected grasps of the reality, which organization chooses to account for, build and sustain the perceived realities. Thus, accounting has a central role in constructing organizational reality. This view is radically different from that which understands that financial accounting reflects reality in an objective and truthful way.

Power (1991) notes that also the choice of what is accounted for deserves transparency and thus, accountability. He argues that due to its formalization and tendency to simplify complex matters into an abstract and objective accounts, accounting does not reflect objectively organizational reality. While it manages to make some things visible, it excludes others making them invisible. The process of choosing the accounts is left unaddressed and thus, makes them prone to manipulation. This is in line with Hines (1991, 1988), who argues that accounting represents mainly mainstream way of seeing things which from another viewpoint can be seen as a way of not seeing something.

However, the mainstream literature considers that accounting consists of rational calculative practices. This view mainly dominates accounting textbooks, universities, professionals and consultants, and thus, has become a powerful organizational practice. This so called rational perspective is built upon neoclassical economic model, which understands that firm's primary objective is profit maximization by balancing the two essential components; revenues and costs. The strong relationship between accounting and neoclassical economic theory is widely acknowledged. (Wickramasinghe & Alawattage 2007.)

Neoclassical economic theory claims to be value neutral and free from any political view or ideology. By doing so, it claims itself a status of an objective science. The theory presumes that individuals are rational and free to act in their economic self-interest which in turn, maximizes the welfare of society. Thus, private interests are included in both legal and socio-economic norms. However, this type of individualism is not value free and instead, makes a statement that individuals are the only participants in wealth creating process. The influence of this perspective is most apparent Anglo-American capitalist economies, where economic rights of capital owners, are inherently superior while negative impacts of modern corporate activity, such us environmental degradation, are considered externalities. (Collison, Ferguson & Stevenson 2014, 33.)

Collison et al. (2014, 33) raise the concern on how business schools, especially in accounting departments, still rely mainly on mainstream neoclassical thinking and accounting is taught as a rational value-free technical tool. In addition, the idea of shareholder capitalism is still dominant in most accounting courses. While some schools offer courses in business ethics and CSR, they are often part of elective studies. Ghoshal (2005) takes this idea even further claiming that business schools actively liberate students from any sense of moral responsibility. It is argued that accounting as discipline should courage both students and researchers to hold the corporate world more accountable and to serve more broadly interests of society in whole.

2.3.2 Social accounting

During the past few decades, accounting has taken interests in matters going beyond economics labeling itself, in these cases, as social accounting. In this paper, I use the term social accounting as a generic term to consist all accounts which go beyond the economics. It works as synonym to concepts such as green accounting, environmental accounting and corporate social reporting.

The underlying rationality for social accounting is that organizations are required to disclose information also on their social and environmental effects to a boarder group of stakeholders. Ideally this type of disclosure, often in form of reporting, would work as instrumental means of communication resulting in a more participative democracy. The idea is that, by reporting, responsible companies take part in the arena of global governance and deliver accountability to society in whole. (Spence 2009, 206.)

Already in the 1960s and 1970s, social accounting had gained some presence in both organizations and academic literature. At the time, research strongly focused on issues related to employees and employment matters. However, it was not until late 1980s, social accounting gained substance mainstream presence and recognition. (Gray & Laughlin 2012, 229.)

The Bruntland report on sustainable development (1987), led to an increased enthusiasm on environmental matters. It was the first paper ever to define the term sustainable development in a way that is still valid today. Hence, the field of social accounting had to re-discover the issues it should address by including wider scope of social and environmental challenges to its list. As a result, the agenda for social accounting researchers became more challenging and versatile. (Gray & Laughlin 2012, 230.)

In the beginning of 1990s, when the sustainability agenda was introduced, social accounting was inspired by already existing studies on sustainability issues mainly conducted by natural scientists. However, as social accounting gained greater presence in accountant literature it became associated with the typical core areas of accounting. Social

accounting got institutionalized reorienting its focus on concerns such as financial auditing, financial accounting, and annual reporting. While this happened, the original interdisciplinary focus got lost. (Bebbington & Larrinaga 2014, 397; Gray & Laughlin 2012.)

The current social accounting research has mainly focused on questions about disclosure of social and environmental data. This has resulted in the dominance of corporate reporting orientated research, in which researchers tend to ignore the prior work on sustainability and instead, actively utilize the existing management theories and methods commonly used in the field of accounting. As Gray and Laughlin (2010, 238) put it, much of the research "continues to pursue that holy grail of a reliable, non-tautological relationship between a range of corporate characteristics and social performance, financial performance and social/environmental disclosure." Thus, the critical understanding of organizations in a sustainable development context, does not develop within this literature. (Bebbington & Larrinaga 2014, 397.)

According to Hopwood (2009, 437) social accounts allow companies to selectively highlight things they wish to highlight and ignore matters which they do not wish to become public. In fact, paradoxically, reporting can lead to less transparency on company's actions. By reporting voluntarily to some extent on environmental and social matters, it is possible for companies to proactively lessen the amount of questions asked by environmentalists and human right activists. Hopwood's ideas are in line with Power's (1991) and Hines (1991, 1988) notes on accounts.

In theory, social accounting is considered to take concern on social and environmental issues which arise from advanced capitalism. It should offer tools to expose inherent conflicts between sustainability and commercial activity. However, as stated by Spence (2009, 206), "rather than expose conflicts, corporate social accounting has been deployed in order to obfuscate these and, in doing so, has further legitimized both corporate activity and the societal structures that such activity depends upon." It is argued, that despite the fact, that corporate social accounting has developed a more sophisticated and standardized framework, it has become less transparent in regards the fundamental conflicts between economic and socioenvironmental factors (Spence 2009, 212).

Mainstream business research, which also applies to social accounting, has suffered from its managerial perspective which privileges market forces. Research papers are often valued by their usefulness in management decision making. In case of CSR, it is often about how well they guide managers to integrate social, environmental and economic performance. Again, studies like these leave unquestioned the fundamental mechanisms of capitalism which, in theory, should be the core issues for social accounting to tackle. In a way, it embraces the agenda which is, by its most part, set by businesses themselves, and helps to sustain their existence. (Gray 2002, 699.)

According to Gray and Laughlin (2012) researches seem to be less eager to study the fundamental issues that originally developed the field of social accounting in the first

place. The most systematically studied area of social accounting has settled to develop positivist analyses around the CSR to serve managerial purposes. This type of research, by its nature, is mainly passive and conservative, since it narrows the scope of study to a phenomenon which was mainly constructed by corporations. (Gray 2002, 698.)

2.3.3 Accounting research

Ideally, sustainable accounting research should produce knowledge which would help societies to organize themselves in a way that reduces their negative ecological and social impacts on the planet. In order to do so, according to Thomson (2014, 15), sustainability branch of accounting discipline should critically acknowledge the unsustainable way the world currently is, create new accounting knowledge, processes and practices, and problematize, disrupt and engage constructively with the transformation process. Researchers in the field should question themselves how their work helps to address or solve the urgent ecological and social problems of our time. According to him "the majority of accounting research articles do not address or question the actions of corporations or financial markets that contribute to the planet's ecological and social unsustainability, with billions living in unacceptable levels of property, hunger, oppression, ill-health, species loss, ecological damage and resource depletion." (Thomson 2014, 15.)

Thomson (2014) conducted a review of over 3 200 articles related to sustainability accounting. The examined articles were published in 21 accounting journals during period 2008-12. The purpose was to gain in-depth understanding on what issues are mostly covered by the researchers in the field.

Vast majority of publications focused on social issues such as human conflicts (stakeholders, employees, and human rights), governance and accountability. Environmental topics such as land, air, water and biodiversity were the least studied topics. This can be said to be somewhat surprising, since climate change and environmental issues dominate the current sustainability discourse. Thomson concludes that there is an absence of strong sustainability dynamic in the research literature. He argues that popular content analysis lack theoretical framework and understanding of sustainability concepts and sustainability science. (Thomson 2014, 34–35.)

Another important point worth highlighting is that the sustainability related articles were not evenly distributed across the 21 selected journals. In fact, there is quite uneven distribution among them. Considerable amount of articles were published in a small number of journals, while there was almost total absence of research publications in the so-called "elite mainstream" journals. Also Gray and Milne (2015) highlight the fact that mainstream, mainly North American, accounting journals favor neoliberal, data driven corporation and investor focused studies to which latest econometric techniques can be

applied to. This is in line with claim, argued by several researches (Gray & Milne 2015; Lukka 2010; Modell 2010; Cho 2007) that accounting discipline is divided into "schools" to whom only one type of research is acceptable.

It is argued that there is a gap between accounting research and research on sustainable development. While there is an abundant amount of research on traditional sustainability topics such as ecosystems, biodiversity loss and nitrogen cycle, they are not translated into organizational research, not to mention accounting research. Bebbington and Larringa (2014, 401) argue that the existing gap is due to strict discipline boundaries; accounting researchers have too little exposure to ecological concerns which emerge from other faculties. McPhail and McKernan (2011) argue that the same applies to social arena. According to their overview, accounting research does not systematically consider social equity concerns, apart from some individual studies on fair trade and human rights.

In order to bridge the gap, number of academics (see, for example: Bebbington & Larringa 2014; Frodeman 2011; Grey, Kaustenhofer et al. 2011; Kates 2001) raise the need for interdisciplinary in the sustainability studies. While many disciplines seem to be working towards similar ends and goals, too often they remain non-integrative and autonomous which prevents the coordination of advancements of scientific knowledge. The new type of interdisciplinary research is today labeled under the title of "sustainability science". Sustainability science is described nowadays as an interdisciplinary field focusing on behavior and responses of the nature-society system. The root of the idea is often credited for an article (Kates et al. 2001) published in *Science* journal by 23 researchers, all with different discipline backgrounds.

Sustainability science is the denominator for studies which aim to apply a particular approach to knowledge production in order to seek ways towards a sustainable society. It adopts interdisciplinary approach both to problem setting and analysis. This is needed since the current global ecological and social issues are different in both scale and complexity. Sustainability science, by its nature, aims to be more participatory than traditional science where knowledge is often coproduced. Participatory approach refers to social learning by which new rational capacities can be created. It also refers to the idea of learning from feedback; sustainability science acknowledges that knowledge is incomplete and always for some part simply wrong, but despite this uncertainty both managers and policy makers must make decisions. (Bebbington & Larringa 2014, 402–404; Allen, Fontaine, Pope & Garmestani 2011, 1339.)

Accounting research in sustainability should focus on finding pragmatic solutions for global issues. Solutions should offer insight for both managers and policy makers. The inherent uncertainty in the knowledge production and the complexity of problem setting should be acknowledged and accepted. Accounting research, by utilizing sustainability science, could address these uncertainties through a post-normal approach. Post-normal

approach refers to a management conception of complex science-related issues and focuses on aspects of problem solving which often tend to be neglected: uncertainty, value disputation and urgency. It recognizes that new global issues are complex, and so is the knowledge involved solving them. As a result, both political and social contexts should be included in sustainability related studies, and the expectations for perfect accuracy and predictability should be abandoned. (Bebbington & Larringa 2014; Funtowicz & Ravetz 2003.)

2.4 **Socio-political perspective on corporate social responsibility**

2.4.1 *CSR and global governance*

Economic theories, or accounting theories, do not arise in vacuum. Instead, they are part of wider social and political context and reflect changes in it. Therefore, also different accounting theories are related to wider political context. As Wickramasinghe and Alawattage (2007, 447) put it "accounting histories are inseparable from social histories. Accounting histories are the micro-analysis of macro-level social changes."

Arguably the most significant development in global politics in late 20th century was the spread of neoliberalism (Kambites 2014). Neoliberalism, in brief, is a theory of political economics that proposes that human well-being can be best advanced by individual freedom, strong property rights, free markets and free trade. The role of state is simply to create institutional framework for such practices, but beyond this, it should not interfere. In other words, the state should keep its role as minimal as possible. The most visible proponents of the ideology are considered Margaret Thatcher and Ronald Reagan. Ever since 1970s, there has been a global turn towards neoliberalism in forms of deregulation, privatization and withdrawal of state from many areas of social and economic provision. Whether this turn has been voluntary encouraged by the idea of golden straitjacket, as presented by Thomas Friedman (1999), or result of coercive action as in case of Chile, neoliberalism has gained hegemonic status in 21st century. (Harvey 2005, 11–12.)

Corporate social responsibility can also be counted as one of the significant recent developments in the global political economy. In a political context, appearance of CSR can be explained in several ways. Theory on global governance explains that CSR is filling the governance deficit; the gap in global governance resulting from decreased state regulation which again is result of neoliberal paradigm. According to this view, CSR is a new source of governance and mechanism for corporations to reach collective decisions on international problems without government participation. (Kaplan & Levy 2007.)

It is the governance deficit that has allowed corporations to position themselves in the heart of institutional life and social structure. By doing so, they have become politically motivated. In the new political context, CSR has offered a tool for managers to gain and maintain legitimacy in the eyes of people and society. (Marens 2013.) According to Kinderman (2012), corporate leaders have embraced CSR as a tool to reduce regulatory restraints and mandatory obligations by emphasizing voluntarism rather than legal obligations or public accountability. The rapidity by which multinational companies have adopted several CSR standards is remarkable given the absence of legally binding regulation and financial incentives.

There are two distinctive ways to understand CSR's role in governance. The advocates view CSR as part of transition towards a civil society where the traditional political authority will spread among several civil actors such as NGOs, multinational corporations, transitional scientific networks, global policy networks and international institutions. This diffusion of authority is seen as a positive development that promises greater democracy, accountability and capacity to solve global issues collectively. The utopist outcome of this development would be a "moral economy"; a self-regulating cooperative civil society. Under this "civil regulation" corporates would not only be obligated to comply with governmental regulations but also standards advocated by the civil society. According to the scenario, CSR is not altruism, but instead, a political response of companies to social pressure. (Kaplan & Levy 2007.)

Another viewpoint, more critical one, sees CSR as an important tool in creating privatized system of global governance where private actors displace regulatory authority of state. In this scenario, a significant degree of global order is provided by individual multinational corporations and other private actors which together form private regime. The enforcement of these private regimes is done through reporting and auditing by other private actors and by establishing informal governance systems, industry-level codes, rules and code of conducts. For firms, CSR would comprise of elements that would protect against activist demands and regulatory pressure. Governments have begun to favor corporate self-regulation due to the financial and political savings it offers. Under the neoliberal era, states have faced also the pressures for global competitiveness, which have constrained resources and eroded the idea of welfare state. In some cases, private CSR initiatives have led to emergence of hybrid private-public governance systems. (Kaplan & Levy 2007.)

Corporations have traditionally embraced CSR practices and discourse because both have helped companies to sustain their legitimacy and autonomy in the face of concerns over global ecological and social issues. Firms have voluntarily agreed to adjust business operations toward more sustainable practices as long as their authority position and mar-

ket rationality remain unquestioned. As a governance method, CSR expects accountability from firms to its stakeholder but does not question corporation's role of being in charge of societal resources. (Kaplan & Levy 2007.)

The above stated scenarios are part of wider paradigm change in social, legal, and political science in which the idea of governance without government has received substantial attention. This governance framework consists of non-state actors, public-private collaboration, and non-coercive legal demands. While governments retreat to background in this framework, so does their traditional hard law ruling instruments. As a response, these are replaced with the so-called soft law instruments such as best-performance standards and principles. In this respect, current CSR practices exist mainly outside law, since it is a phenomenon in which corporations engage in policies that go beyond their legal duties. Thus, it is prime example of private governance. (Shamir 2010.)

Shamir (2010, 533) argues that contemporary CSR is a product of capitalist crisis of legitimacy which began in the 1990s. According to him, the crisis was derived from public concerns that multinational corporations had escaped into a transnational no-man's land where legal and ethical rules did not apply. While CSR was first born in the context of well regulated, stable society as early as 1940s, it was not until early 1990s that multinational companies rediscovered it and developed a strategy of response. In his study, Shamir (2010) demonstrates multiple examples on business lobbying, mainly performed by influential business associations such as International Chamber of Commerce and BusinessEurope, in the late 1990s and early 2000s opposing many European Union's and the United Nation's initiatives trying to legalize CSR at national and international level. Because of successful lobbying, CSR has transformed from something that constraints business activity into an industry itself. Indeed, today, the CSR industry involves several actors; corporations, socially responsible investment funds, CSR consultancies and specialists, accountancy firms, CSR standard setting organizations, social and environmental auditing firms, CSR reporting, accreditation, and certification agencies, all responsible for private governance.

2.4.2 Political CSR

Corporate social responsibility is an oxymoron...Deregulation rests upon the suspect premise that corporations will respect social and environmental interests without being compelled by government to do so. No one would seriously suggest that individuals should regulate themselves, that laws against murder, assault, and theft are unnecessary because people are socially responsible. Yet oddly, we are asked to believe that corporate persons should be left free to govern themselves. (Bakan 2005, 109–110.)

The relationship between business and governments has experienced radical changes since the early 1970s. Couple of decades ago, only few corporations had some role in public sphere. Most corporations did not have lobbyist or offices at politically strategic places such as Brussels and Washington. Much have changed from those days, since today all major corporations have offices close to government entities and the amount of money spent in different industry groups, think tanks, and lobby organizations is massive. According to the article published in *The Atlantic* magazine (Drutman 2015), in United States alone, major corporations spend about USD 2.6 billion every year in lobbying. Out of 100 organizations that spend the most on lobbying expenditures, 95 present business interests. For every dollar labor unions and public-interest groups together spend lobbying expenditures, multinational corporations spend USD 34 dollars. It can be argued that the evolution of business lobbying into a proactive government friendly phenomena is one of the most important transformation in western politics over the last few decades. (Drutman 2015; Scherer & Palazzo 2011; Bakan 2005, 103.)

It is therefore just to say that multinational corporations have become increasingly political. Businesses have voluntarily begun to adapt both social and political responsibilities which go beyond their legal mandate and requirements. From late 1970s, private sector has increasingly engaged in activities that have traditionally been regarded activities performed by the government. This is the case, for instance, in health care, education, social security and security services. (Scherer & Palazzo 2011, 899–900; Bakan 2005, 103.)

Scherer and Palazzo (2011, 900) argue that research on CSR has not sufficiently considered the new political role of private businesses. Instead, most of the research is still based on the economic paradigm according which there is a strict separation of political and economic domains, despite their being extremely interlinked today. Some researchers use the term political CSR to describe an extended model of governance in which multinational corporations contribute to global governance. Habermas (2001) argues that there is currently a decline in nation-state's authority. This fragmentation of authority is due to globalization which has increased both ambiguity of borders and jurisdictions, blurring the lines between public and private spheres.

The blurring of the two spheres does bring into question the whole capitalistic society in which, at least in theory, political and economic realms remain strictly separated. In the capitalist system, corporations are entitled, even obligated by the law, to maximize profits within the rules of the system. The idea of the system relies on the assumption that corporations operate within a stable and well-functioning legal and moral framework. However, in the case of multinational corporation, the stable framework does not exist. In today's globalized world, Weber's idea of modern state, with its monopoly on the use of

force and capacity to enforce regulation within given territory, does not apply to multinational corporations. Instead, global governance rests on voluntary contributions with weak enforcement mechanism. Thus, multinational businesses operate in a complex environment with heterogenic legal and social demands. They are capable of shifting operations from one location to another based on what juristic environment suits their purposes the best. At extreme, corporations can act as regulators themselves, which is the case in many developing countries where regulation is not available or enforced. CSR is providing the framework to do just that. (Scherer & Palazzo 2011, 917–918.)

Matten and Crane (2005, 175) remind us to be cautious about the pivotal role which big multinational corporations have claimed in the modern society. If CSR remains only in the realm of corporate discretion through self-regulating codes of conducts, society is not able to claim traditional citizenship rights if they are being violated. Administration of the rights and responsibilities under managerial discretion becomes extremely problematic when corporations continue adapting state-like behavior controlling vital traditional functions of governments. From the above, the question arises; in order to match the power with responsibility, should big corporations adopt state-like accountability as well, which modern societies currently demand from their governments as a facilitator of civil rights? (Matten & Crane 2005, 174–176.)

The growing role of businesses in public sphere brings up a justified concern of a democratic deficit. If private sector players, such as corporations, adopt state-like roles, it automatically means that democratically elected governments have less power to regulate. To the contrast, actors relying in self-regulation, with no democratic mandate, are given substantially more regulatory power. The ultimate question with government-business relationships is how much we trust corporations to take part in setting up their own rules. How closely they can become partners of government, instead of being subordinated by them. The idea of “partnership” is very much rooted already in public discussions, while most initiatives, codes of conducts, aiming to regulate business, are indeed composed by the public-private *partnerships*. Bakan in his book, summarizes well the often overlooked paradox behind government-business relationships:

Partners should be equals. One partner should not wield power over the other, should not regulate the other, should not exert sovereignty over the other. Partners should share the same mission and the same goals. They should work together to solve problems and plan courses of action. Democracy, on the other hand, is necessarily hierarchical. It requires that the people, through governments they elect, have sovereignty over corporations, not equality with them; that they have authority to decide what corporations can, cannot, and must do. If corporations are indeed partners, we should be worried about the state of our democracy, for it means

that government has effectively abdicated its sovereignty over the corporation. (Bakan 2005, 108.)

Also McChesney (1999, 13) sees corporation self-regulation as a threat to democracy because corporations are totalitarian organizations without any democratic structure. According to him, if our society is centered around nondemocratic institutions, we are severely compromising our ability to have democratic system. In addition, in his book, Chomsky (1999, 20) reminds us that already the father of liberal economics, Adam Smith, emphasized the dangers of admitting political power to private actors. According to Smith, the principal architects of policy, merchants and manufacturers, use state power to serve their own interests however harmful the effect on others would be.

2.4.3 Corporation as moral agent

The ideas of corporate social responsibility and self-regulation are grounded in the idea that corporations are to some extent moral agents. As moral agents, businesses are thought of acting as somewhat ethical subjects, on which we can address generally accepted moral claims. By grounding CSR in ethics, businesses are treated as personified entities which have their own identity, values and moral, creating corporate personhood. Corporate personhood is an idea which deserves a closer look, since it is strongly present especially in the organization's discourse on sustainability. (Lampert 2016, 81; Barley 2007, 202; Bakan 2005, 16.)

Despite broad research on subject, there seem to be no consensus on the causal relationship between CSR and corporate profitability. Without the strategic business justification for CSR policies, theorists are increasingly arguing that corporations themselves have social obligations even if they would decrease the ability to maximize profits. The idea of corporate citizenship is based on the idea that business entities are ethical subjects, capable of taking intentional actions and holding moral values. In other words, corporations have become agents subject to moral address and sanction. (Lampert 2016.)

But as many scholars have pointed out (see, for example: Lampert 2016; Painter-Morland 2011), corporation do not qualify as a moral entity. And the idea, which has allowed assigning moral blame to them, dates to time, when the role of corporations in society was radically different. In the early 20th century, corporations were given the license to operate only if they were serving public goods. If their actions violated the goods, the license was taken away. However, today, corporations are no longer required to serve public interests, and nor is their right to operate taken away. Instead, today, laws provide corporations many rights and freedoms, and as seen during the recent financial crisis, government have even bailed out private companies. (Lampert 2016, 91; Painter-Morland

2011, 18.) Lampert (2016, 91) argues that as the legal accountability requirements have diminished, calls for business ethics have increased. According to him, the idea of businesses as moral agents is due to our loosening ability to restrict them legally.

The idea of moral agent becomes especially problematic when businesses are caught on violating laws or generally accepted ethical codes. When an individual is found guilty in crime, there are different punishments methods from community service, fines to imprisonment. However, in case of corporations, the only penalty that can be administered is a fine. The discussion on the inadequacy of the penalty for corporations provided by the law, is summarized by John Danley (1980, 146):

The corporation cannot be kicked, whipped, imprisoned, or hanged by the neck until dead...Usually one punishes the stockholders who in the present corporate climate have virtually no control over corporate actions. Or, if the corporation can pass on the cost of fiscal punishment or compensation, it is in the end of the consumer who pays for the punishment...If severe enough, hitting the pocketbook may result in the reduction of workforce, again resting the burden on those least deserving, more precisely, on those not responsible at all. (Danley 1980, 146,)

In fact, the rationality of responsible corporate citizen is based on two simplistic assumption. First, that acting in a responsible way is somehow related to good financial performance since stakeholders, such as customers and investors reward a well behaving company. Second, acting in an irresponsible way, company's license to operate can be revoked by the civil society. Unfortunately, both assumption have very little theoretical support. In fact, rather than losing their license to operate, many multinational companies, after being responsible to major environmental disaster and negative social impacts eventually have become stronger.

To give only few examples, despite being responsible for the Deepwater Horizon oil spill, British Petroleum license to operate remains strong and so does its CSR discourse. Nestle has been accused of child labor, unethical promotion, manipulating uneducated mothers, pollution, price fixing and mislabeling, and yet remains to be the world's largest food company. The 2013 collapse of a factory in Bangladesh, which led to death of 1129 people, was supplying garments for companies such as H&M and Walmart, both being part of Fortune 500 listing. (Jackson & Brammer 2014, 154.)

To make things a bit worst, empirical research seem to argue that being irresponsible pays off. Clement (2006) observed that in a 3-year timespan, 40 % of the Fortune 100 had committed an irresponsible act, associated with a guilty plea by a firm in relation to charges of misconduct, ruling against the firm by a government agency or a court, or an

agreement to pay fines or settlements. In addition, the professional service company Ernest & Young found out that approximately 80 % of the companies experienced at least one crisis event in a given 5-year period, with some experiencing many of those events. (Jackson & Brammer 2014, 154–155.) To take only one example, General Electric, one of the world's largest and highly respected companies, had during the period from 1990 to 2001 total of 42 legal breaches (Bakan 2005, 75–79).

In addition, when discussing whether corporations are morally acting entities, it is good to remember that corporation is a formal organization. Formal organizations have a clear distinction between workers' personal identity and their role within the organization. Inside organizations, individuals perform prescribed duties and follow the rational decision-making structure for some pre-given end, such as profit. Therefore, the decisions made by workers are depersonalized and made on behalf of the organization. These organizational impersonal procedures exclude rather than suggest moral agency. (Lampert 2016, 96–97; Ladd 1970.) In fact, Bowie and Duska (1990, 95) argue that in order to counteract the generally accepted practices of the firm, an individual must possess heroic characters. Also French (1977) concludes that corporations have goals, policies to achieve those goals and employees subordinate their own interests to those policies.

Bakan (2005, 79) continues arguing that it is the design of modern corporation that makes the illegalities inherent part of business. In general, the corporate structure protects individuals who own and run the particular company from legal liability leaving the corporate as the main target for criminal prosecution. Shareholders are protected with the principle of limited liability, and executives by the laws' inability to find individuals guilty for corporate actions, since most actions taken inside company are complex and result of numerous individuals' inputs. Thus, fine being the most common punishment, it can also be viewed as an additional cost of doing business subject to traditional cost-effectiveness calculations.

However, it should be worth highlighting that what we consider as a moral or “right thing to do” does not have much importance, if the legal framework does not encourage companies to act accordingly. As Bakan (2005, 37) concludes, in a system, which requires corporations to only pursue maximum profits, idea of corporate social responsibility seems illegal, at least when being genuine. If corporate interests are placed as secondary behind the needs of environment or society it is simply against the law. Corporate manager, being stewards of shareowners' money, have no legal authority to pursue sustainability goals as ends in themselves, unless it maximizes the wealth of the shareholders.

3 THEORETICAL FRAMEWORK

3.1 Ontology and epistemology

Knowing begins with the awareness of the deceptiveness of our commonsense perceptions...most people are half-awake, half-dreaming and are unaware that most of what they hold true and self-evident is illusion produced by the suggestive influence of the social world in which they live. (Fromm 1983, 28.)

In philosophy of science, theoretical framework consists of ontology and epistemology. The way these two link to each other, however, depends on the philosophical position which the researcher takes. It is crucial to acknowledge the chosen philosophical viewpoint, in order to understand what sort of constraints and limitations it brings along to the study.

Ontology defines how the nature of reality is being understood. It contains the ideas of the existence of people and world in general. In general, there are two distinctive ways to understand the nature of reality; objective or subjective. Objectivism considers that there is an objective reality "out there" which is waiting to be discovered. Thus, the reality is independent from its observer and same for everyone.

This work positions itself within subjective framework. The fundamental presumption is that people and organizations can shape the reality or at least our understanding of it. In more detail, the thesis focuses on studying the conceptions of reality and aims to describe how it is being shaped and by whom. To be more specific, the study is built on constructionism. This is because it considers the reality, at least how we perceive it, as something that is being produced constantly through social interaction. The underlying constructionist idea is that that an organization, through its action, has a power to shape the reality as we understand it.

Epistemology follows up ontology viewpoint but focuses more on defining the nature of knowledge. What is knowledge? How is knowledge produced? What are the limits to it? What is the researcher's role in knowledge production? The same way as ontology, also the viewpoints on epistemology vary depending on whether the knowledge is understood objectively or subjectively. (Eriksson & Kovalainen 2008, 14–15.)

However, it is critical realism, which most accurately represents this work. The paradigm in question lies in somewhere between the two extremes having features of both objective and subjective viewpoints. Critical realism separates the natural world from the social world. The former is something that objectively exists and is independent from the individual observing it. However, the latter is highly subjective since people interpret and

understand the reality in a very distinctive and unique ways. In more detail, social reality is built on and depends on human actions. (Fairclough 2005.)

In other words, there is a strict line between ontology and epistemology. As the father of the critical realism, Roy Bhaskar, has stated, we need to avoid the "epistemic fallacy". By this he emphasizes that we must avoid mixing our knowledge with the actual reality. We must acknowledge that whether something (objectively) exists does not depend on whether we *know* it exists (knowledge). Thus, there is an observable world independent of human consciousness but our knowledge on it is socially constructed. (Fairclough 2005.)

The discussion on organizational sustainability is indeed a great example on critical realism and how our idea of reality can be very different from the actual, observable reality. When talking about sustainable development in terms of environmental issues, this paper refers to an ecological concept which takes a stand on the ecological limits of the planet Earth. Without the need to focus on individual studies on climate change, we can with confidence say there is a scientific consensus on the fact that human activity is pushing Earth system outside of its stable environmental state. Also, without having to take position on how fast and in what way exactly this is happening, we can nevertheless conclude two important things: first, Earth's planetary limits exist and second, there is some sort of stable state which is now being shaken. Thus, an objective physical reality exists. The quantified data on the limits and measurements, for instance, are irrelevant here. All we need to do is to acknowledge the existence of nature, in other words, objectively observed reality which is independent of us.

To the contrary, organizational sustainability, sustainable development and discourse on sustainability are all part of social reality. And as stated above, social reality is subjective and only exists in social actions. Therefore, the way we perceive and understand sustainability does not have to be in line with the objective reality of the Earth's planetary limits, defined by laws of nature.

This explains why it is possible to have a mainstream consensus on what is considered as sustainable action or sustainable development even though our consensus might have nothing to do with keeping the Earth within its natural limits. Hence, our understanding on sustainability is socially constructed and at worst, does not reflect the objective reality of Earth's state. From the critical realism viewpoint arise the interesting questions to which the thesis aims to answer; how is the mainstream consensus on social reality constructed? By who it is being shaped? What is corporations' role in constructing it?

3.2 Critical discourse analysis

Discourse analysis has become an important and popular research methodology in organizational studies. Its purpose is not to study language per se, as in linguistics, but instead, social actions that are mediated through language in both written and spoken texts. Mainly three types of discourse analysis are used in organizational studies: Foucauldian, social psychological and critical. All three approaches emphasize the role of language as social practice, but differ in general objectives and goals. This work utilizes the latter, critical approach.

Critical discourse analysis does not provide one single or specific theory or methodology. Instead, studies utilizing CDA are often multifarious and interdisciplinary derived from different theoretical backgrounds. Weiss and Wodak (2003, 13) argue that such heterogeneity enables open discussion and debate which boost innovation. The CDA used in this thesis, derives the theory and structure from the version developed by Norman Fairclough since it focuses on the analysis of real instances of social interactions combining linguistic analysis and ideological critique. (Eriksson & Kovalainen 2008, 234; Fairclough 2005.)

Since ideological critique is at the heart of CDA, it is useful to define what is meant with ideology in this work. In social sciences, the term is vague and it could be defined in many different ways. In this work, ideology refers to “a system of ideas, values and beliefs oriented to explaining a given political order, legitimizing hierarchies and power relations and preserving group identities.” It explains both the division of labor of a society and the separation of rulers and ruled, producing ideas which legitimize the latter. (Chiapello & Fairclough 2002, 187.) Ideology allows people to organize their beliefs about what is right or wrong (for them) and act accordingly. The notion of power is essential to the term; as Goatly (2007, 19) argues, power often has a central role as a major condition and purpose for the development of ideologies. Also Fairclough (1995, 17) emphasizes that ideology is not a neutral term. It should not be confused with “worldview” as if every social group could have their particular ideology corresponding to their interest and position in society. Instead, ideology should be considered as means through which social relations of power are produced.

Gramsci's (1971) developed the idea of ideology further arguing that at some point it can reach hegemonic state; when there is consensus among people about social order which benefits those in power. Hegemony requires the naturalization of ideology into commonsense and thus, makes ideology hidden or implicit. However, ideologies should be understood ubiquitous, “as the air we breathe”. Same ideology may have both positive and negative features; they can simultaneously empower, be useful and adapt. On the other hand, they can disempower, distort and exclude. (Goatly 2007, 19–20.)

CDA is part of a critical research school in social sciences. Critical research understands social life both as constrained by social structures and as an active process that produces change. In general, four distinguishing characteristics of critical research can be identified. First, critical viewpoint requires in-depth examination of wider social structures and discourses in order to recognize socio-economic phenomenon within them. Second, the focus should be on contradictions, conflicts and struggles. Third, social practices, such as discourses, are always inseparable part from social histories and always reflect macro-level changes. And fourth, critical research often takes the side of mistreated, such as, workers, females, marginalized groups, society and nature. (Wickramasinghe & Alawattage 2007, 446–448.)

CDA builds on three cornerstones: discourse, power and ideology. Discourses are form of social practice and social practices create our social world. A particular discourse has a dialectical relationship between the situation, institution and social structure which frames it; discourse is not only shaped by these but also shapes them. In other words, discourse is both socially conditioned and constitutive. Thus, it does not only sustain and reproduce social status and existing taken for granted realities but has the ability to transform them. Discursive practices have ideological effects since they can sustain existing unequal power relationships affecting, for example, some social classes, gender, ethnic minorities by the use of language. (Fairclough & Wodak 1997, 258.) In case of CDA, discourse is always understood as social practice and presentation of social life. (Weiss & Wodak 2003, 12.)

In addition to discourse, power dynamics are always present in CDA research. Often in practice, the language of those in power is critically analyzed. Those in power, refer to actors who are responsible for the existing inequalities or who have the power and means to improve the unjust conditions. This is because for critical research, language is not powerful only per se on its own, but by whom it is being used. Thus, language gains power when it is being used by powerful actors in particular place and time. Language is part of social power in several ways; it signals and expresses power, and is involved where there is struggle over power, or power is being challenged. Language can be used to challenge or subvert power or alter its distribution in both short and long term. CDA is a tool to examine critically social inequality as it is expressed, produced, maintained and legitimized by the use of language and in general, discourses. (Weiss & Wodak 2003, 14.)

CDA does not only study the language used in texts but also what is left unsaid. In fact, often the things left unsaid reveal more about the sociocultural context in which the given texts positions itself. However, it is important to note that the line between presented things and absence is not a sharp one. In addition to clear absence of topic in the text, the things included “in” text can be implicit in forms of presupposition and implicature. Text can present ideas which are based on assumption or indirectly imply to certain behavior or thinking. Therefore, analysis of implicit content provides valuable insight

what is taken as granted, as commonsense and ideologies. In texts, ideologies are generally implicit assumptions, and naturally implicit propositions of an ideology are pervasive in discourses. (Fairclough 1995, 6.)

By studying language in its context, CDA aims to demystify discourses in order to unwrap taken for granted ideologies for critical examination. In other words, the goal is to denaturalize the already naturalized discourses. Overall it can be said that CDA is a moral project as it aims to reveal unjust power relations and ideologies. (Goatly 2007; Spence 2007, 858; Weiss & Wodak 2003, 14; Fairclough 1995.)

3.3 Discourses on CSR

Derived from chapter 3.1 and 3.2, four presumptions are highlighted. These presumptions not only provide framework for the thesis, but must be acknowledged in order to study prevailing discourses on corporate social responsibility.

- Whether something objectively exists does not depend on whether we *know* it exists since objective reality is separate from social reality
- Our knowledge and social reality are socially constructed by interconnected patterns of communication such as discourses and language in general
- Discursive space is not stable, but instead highly contested arena in which different actors provide competing discourses
- Powerful institutions, such as corporations, have an advantage in cultivating prevailing discourses, even ideologies, due to their powerful role in modern society.

The thesis is based on the idea that there is no universal taken-for-granted knowledge. Instead, the knowledge and mainstream ideas of the world are sustained by social processes and conventions of communications. Thus, our knowledge is built on social actions. (Eriksson & Kovalainen 2008, 20.) From this starting point, there is no right or wrong way to define organizational sustainability or CSR. All we have are different discourses on it and ideas on how it should be understood. Therefore, the idea of what is organizational sustainability is highly subjective and attached to specific socio-political context and culture. As any other global concept, the definition of CSR is a result of constant discursive struggle for which different actors from civil society take part in.

If our understanding on CSR is shaped by distinctive discourses, this unavoidably leads to a situation where we have more interpretations that could possibly be fitted under one conceptualization. Therefore, there is a continual competition between different discourses which aim to dominate and exclude other interpretation. No single discourse can ever completely fix its meaning but eventually some do reach a dominate position and

hegemonic status. At hegemonic state, the discourses become ideology and start guiding mainstream actions. This is due to the acquired taken-for-granted status while the incompleteness of particular discourses gets forgotten or at least unaddressed. (Spence 2007, 858.)

Spence (2007, 857) has referred to Gramscian theory when stating that civil institutions have a great influence in cultivating ideologies. Powerful institutions have an advantage position in discursive struggle and thus, better ability to reach consent among masses and force the hegemonic status for a particular discourse. Spence concludes that "hegemony is much more sophisticated and resilient than authoritarian political systems because it rests on the consent of the masses". The power to control discourse can be understood power to sustain certain discursive practices with particular ideological investment in dominance over other alternative practices (Fairclough 1995, 2).

Discourse on sustainable development is part of discursive struggle in which corporations have taken an active role. Companies actively employ the term sustainable development in their communications, despite the failure to define the very meaning of it. In fact, scholars note that while companies increasingly claim to contribute positively to sustainable development they left many critical questions unaddressed such as; what sort of development is considered as sustainable; is sustainability a reachable state which can be achieved; what is to be sustained and for how long? (Gray 2010, 56; Laine 2005, 396.)

Number of studies show that by talking on sustainability companies aggressively capture the sustainability agenda and reconstruct it into a discourse which does not question the fundamental unsustainable aspects of modern corporate activity. (see, for example: Spence 2009; Milne et al. 2006; Tregidga & Milne 2006; Livesey 2001.) Paradoxically, as concluded by Spence (2009, 212), while businesses have adopted the sustainability agenda with enthusiasm, they seem to have re-enforced unsustainable practices of business-as-usual. Companies, by taking an active role in the discourse, have transformed the radical idea of sustainability from a threat into a business-friendly notion. In current corporate world, ecological and social issues are no longer threat to existing capitalist system. Instead they are seen as business opportunities by which sustainable competitive advantage can be created. As a result, the gap between planet's ecological boundaries and our understanding on sustainability widens.

Discursive struggle on sustainable development exist also in the political level. Kamibites (2014), in her study, demonstrates how the idea of sustainable development has been adapted to comply with neoliberalism. She argues that the term was transformed to emphasize the compatibility of economic growth and environmental protection. Hence, the term, contrary to its original idea, has been used to avoid rather than facilitate radical action, which might require the transformation of the current way of organizing economies in forms of neoliberal capitalism.

The flexible nature of the concept sustainable development, has made it possible for dominant discourses to absorb it, and in doing so, to change its meaning towards economic friendly notion. The most visible technique to do so, was to demonstrate equivalence of different, originally contested, concepts. For instance, since 1990s, in political discourse, environmental protection was increasingly presented as equally important as economic development. In addition, economic, social and environmental aspects became equivalent in political discourse and the idea of the holy trinity still exists in mainstream sustainability discourse. In fact, the mainstream literature often underlines that in order for society to pursue environmental sustainability, it has to first guarantee economic viability (sustainability). (Kambites 2014.) Van Zeijl-Rozema, Corvers, Kemp and Martens (2008, 412) conclude that in today's political discourse, sustainable development includes a normative choice: a choice to prioritize globalized neoliberal economy at the expense of social and ecological spheres.

According to Massey (2010, 11) as a result from the neoliberal friendly discourse, economics and market forces have become equivalent to the laws of nature. In modern societies, the ultimate judgment comes from "the markets" within which socio-political reality must adjust. In a same way, sustainable development is only on sustainable basis if it does not conflict with the markets. In other words, capitalist social system, and marketization, have reached a hegemonic status in modern societies.

3.4 Discursive legitimation

3.4.1 *The art of rhetoric*

Rhetoric is the art of persuasion. Aristotle is generally credited for developing the basic ideas of rhetoric. He considered it being both logical and political in nature. In his book of *The Art of Rhetoric*, Aristotle defines rhetoric as “the ability, in each particular case, to see the available means of persuasion.” Rhetoric can be understood as resource to achieve intended outcomes through discourses and arguments. Discourses are formed by arguments and arguments derive power from the use of rhetoric. Rhetoric is understood as means of influencing others' opinions of a particular issue or to persuade others to change their attitudes, beliefs, values or actions. (Brennan & Merkl-Davies 2014.)

There are distinctive ways to conceptualize different rhetorical strategies. Most commonly used framework is based on classical Aristotelian rhetoric. The framework distinguishes three types of rhetorical strategies: logos (appeal to logic), ethos (appeal to values or to the authority of organization), and pathos (appeal to emotion). As the philosopher, himself puts it in his book *Rhetoric*, “of the modes of persuasion furnished by the spoken

word there are three kinds. The first kind depends on the personal character of the speaker; the second on putting the audience into a certain frame of mind; the third on the proof, or apparent proof, provided by the words of the speech itself.”

Logos relies its persuasiveness in facts and figures. It relies on domains of science, technology, law, and business. It is about appealing to audience’s logical reasoning. The aim is to present arguments that at least appear sound and logic. Logos is mainly concerned with the content, structure, and argumentation; argumentation should always prove something or at least appear to prove something.

Pathos aims to influence audience by provoking emotional response. (Brennan & Merkl-Davies 2014.) Emotional response can be acquired in multiple ways; storytelling, metaphors, or fear, for instance. Pathos can be seen as an intent to appeal to audience’s ethical judgement. It requires emotional intelligence, by which speaker can take advantage of the emotional state of the listener, and harness it to serve speaker’s own purposes. In other words, make the listener feel what the author wants them to feel. (Torkki 2006, 214.)

Finally, ethos highlights the authority and credibility of the speaker. It relies on the assumption that to be persuasive, the speaker must present himself as a credible in front of the audience. Ethos is often considered as the most important factor of the triangular rhetoric model. (Torkki 2006, 161). Even Aristotle himself argued that ethos is probably the most important factor in the art of persuasion. According to him, people tend to trust someone they find trustworthy in complex situation where facts are not clear. Torkki (2006, 162) also concludes, that often over the content itself, it is more important *how* things are said. However, often what counts the most is the speaker; *who* says. People tend to trust authorities and people with credibility, regardless whether the credibility is based in substance or just rhetoric.

There are also other linguistic tools which are widely used in order to make the text more powerful. Metaphors have a central role in building discourses through rhetoric and arguments. Many argue that they metaphors have power to construct and reproduce ideologies, and justify or reproduce certain behaviors (Goatly 2007, 48; Mey 2006). It is argued that metaphor can intensify selected perceptions while ignoring others. Thus, they can emphasize wanted things in a subtle way while ignoring others. (Goatly 2007, 48.)

Goatly (2007, 25) argues that metaphors in the discourses of race, politics, economics and environment, tend to determine our way of thinking, conceptualization and acting in these social spheres. Metaphor is ubiquitous and we tend to rely on them when discussing on abstract targets. Metaphors we use provide us already ready-made categories, which we regard as commonsense. Hence, we unconsciously carry the ontology or ideology of which they rely on. Some linguistics even argue that we cannot reach full objectivity since we only have access to the projected world – the world which we unconsciously organize

in our mind by the use of language. In other words, it is possible to talk only about things to the limit they have reached mental representation through language.

Metaphors also indicate writer's underlying values and beliefs and provide an insight of assumption underlying a claim. Hence, also the use of metaphors associated with ideologies affect the way we think and act. For instance, Goatly (2007) argues that metaphors, strongly associated with the dominant capitalist ideology, are strongly present in the current sustainability discourse. Metaphors in sustainability discourse, associated with capitalism, are linked to power and resource thinking. The dominant discourse on sustainability conceptualizes nature as a resource requiring expert human management. (Brennan & Merkl-Davies 2014; McGregor 2004, 596) As a result, in sustainability context, metaphors can reinforce social inequality, injustice, and environmental exploitation. (Brennan & Merkl-Davies 2014.) Often, metaphors involve implied comparison between two entities and govern how issues are interpreted and communicated. As Brennan and Merkl-Davies (2014) state: "using the metaphors of mother nature as opposed to nature as a resource denotes a specific view of the relationship between business organizations and the natural environment which, in turn, makes specific ways of acting possible, while excluding others."

Goatly (2007, 5) makes an interesting point on the usefulness of metaphors such as competition, quality as quantity, and quality as wealth. He concludes that "it would be perverse to deny the capitalist enterprise has, in the past, unlocked human potential for invention and motivated technological advances, many examples of which are conducive to an improvement in human well-being. It may be that once useful metaphors have, in a new cultural ecology, partially outlived their usefulness: growth is, for example, maladaptive for mature economies." Also Koller (2009, 131) adds, that it would be absurd to claim that every use of technical metaphor would be a conscious ideological move aiming to reinforce ideologies. However, we should not ignore the question on how certain linguistic terms became so relevant in corporate discourse in the first place. To reflect this question in the purpose of this thesis, it can be argued that it is important to understand who is driving the reconceptualization of current CSR discourse and for whose benefits. If certain patterns can be found, and these patterns reflect wider ideology, one should at least be aware about it. Especially, if certain ways of language use become, not just normalized but even reinforced unconsciously in our everyday life.

3.4.2 *Impression management*

Prior research demonstrates that companies, in their reporting, do engage in impression management. The term refers to strategic corporate behavior by which companies aim to control others' perception of oneself. This is often practiced though reporting when the

organization tends to associate positive events as internal causes and negative events as external ones. Thus, organizations deliberately take credit for the possible success and avoid blame for failures. The behavior usually contains self-serving attributional patterns, which are identified as opportunistic, biased or even hedonic. (Tessarolo, Pagliarussi & Luz 2010.)

Studies show that occasionally, disclosure of information does reflect more opportunistic rather than objective behavior. This leads to both exploitation of information asymmetry between the company and its stakeholders, and manipulation of information disclosed in sustainability reports. Motivation for such behavior seem to vary from the search for social legitimacy, brand and image building to hiding poor performance. (Diouf & Boiral 2017, 648).

Merkel-Davies and Brennan (2007) have recognized seven different management strategies for impression management. Two of these focus on hiding the poor performance. This is done by either narrative writing techniques which aim to confuse the reader, or rhetorical manipulation. Four other impression management strategies focus on highlighting good news by manipulating verbal or digital information through thematic choices, use of visuals, performance comparison and choice of metrics shown. The seventh strategy is about bias presentation of organizational outcomes.

Most of the research on impression management have focused on financial and annual reports. However, due to the fast increase in sustainability reports, some studies have started to analyze them as well. As a result, some scholars argue that impression management is also present in sustainability reports. First, CSR reports are claimed to be overly over-optimistic in their narratives. (Boiral 2013). Second, reports do not seem to meet the principles of balance, exhaustiveness and transparency (Dingwerth & Eichinger 2010), and third, as Boiral (2013) demonstrated in his study, in average, 90 percent of negative events are not clearly reported.

While corporate rhetoric, including impression management, has been interest of academic research for a long time, only relatively few studies have focused on how the used narratives change after a corporate scandal when companies aim to restore legitimacy. According to Brennan and Merkel-Davies (2014), social and environmental reporting has a critical role during organizational crises. In addition, Linsley and Kjuter (2008) have studied how companies use verbal language as a remedy after a crisis in forms of excuses, apologies, and justification to separate negative events from the organization as a whole.

4 RESEARCH METHOD AND PROCESS

4.1 Case company: Volkswagen Group

4.1.1 *World's leading automaker and sustainability leader*

The Volkswagen Group with its headquarters in Wolfsburg, Germany is one of the world's leading manufacturers of automobiles and commercial vehicles and the largest carmaker in Europe. With its future programme "TOGETHER-Startegy 2025" the Group is laying the foundations for becoming a global leader of sustainable mobility. (volkswagenag.com 2017.)

The Volkswagen Group is one of the world's leading automobile manufacturer and the largest carmaker in Europe. Its global car market share in 2016 was 11.9 percent. The Group comprises of twelve brands: Volkswagen Passenger Cars, Audi, SEAT, SKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. However, each brand operates as an independent entity on the market. Volkswagen AG is the parent company of the Group. (volkswagenag.com 2017.)

The company has been an essential part of history of Germany during the 20th century. Founded in 1937, the company was set up by the Nazi trade union organization. In fact, the establishment of the company was part of a wider Nazi transport policy known as “motorization” which was considered as a key strategy to raise people’s standard of living. Since very few Germans could afford to own a car in the 1930s, the goal was to create a “people’s car” which would be able to carry a small family while being cheap to buy costing no more than a motorbike. (Bowler 2015; Rieger 2009.)

During the World War II the Volkswagen factory was redirected to produce military equipment and vehicles. This made it a target for Allied bombers, and by the end the war, the factory was destroyed. However, it was rebuilt again under British supervision and after assigned to be controlled by the West German government. After passing the company under West German control it became an important element of post-war West German regeneration and a symbol for the country’s struggle for survival and freedom. While drawing the attention away from the historical Nazi connection, and by narrating company’s success as the new West German success story, Volkswagen’s production expanded rapidly in the 1950s. Especially the rapidly growing exports to Western countries, supported the mainstream Western storyline highlighting technological advances that the East could only dream of.

The ownership of the West German government was mostly denationalized by the 1960s, when approximately 60 percent of company's stocks were sold public. Ever since, Volkswagen has become truly global operating throughout the world having factories in countries such as Mexico, Brazil, China and the United States. However, the image of German car remains strong. One could even argue that it is inseparable part of German national identity and national pride together with the rest of the automotive industry. Indeed, the automotive industry is one of the largest employers in the country, providing a living for almost one million workers, that is 2 % of the country's workers. In addition, the auto industry accounts for roughly a fifth of Germany's exports, turn over being more than €400bn per year. (Bowler 2015; Rieger 2009.)

Today, the VW Group does not only focus on automobile sector, but instead it also manufactures large-bore diesel engines for marine and stationary applications, turbochargers and machinery, special gear units, compressors and chemical reactor. In addition, the Group provides a board range of financial services, including dealer and customer financing, leasing, banking and insurance activities, and fleet management. The Group has 120 production plants in 31 countries around the globe. Europe remains the heart of production activities while Asia-Pacific region is increasing its importance. Through its brands, the company has presence in all relevant automotive markets in the world. Currently the Volkswagen Group employees over 600 000 people globally and positions in 22nd place in Global Fortune company listing. (volkswagenag.com 2017.)

During the past three decades, automobile industry, including VW, began actively taking part in discussions on sustainability and social responsibility issues. The participation can be seen as a response to tightening controls on emissions. Fossil fuel companies, and industries depending on these fuels, were shown to be the major contributors to climate change. Thus, sustainability became a factor by which it was possible to outstand from competitors. (Tomé 2017.)

Before the diesel emission scandal, Volkswagen Group was considered as a sustainability leader in automotive industry. The group and its brands had received great number of awards for environmental protection and sustainability projects. In 2013, Dow Jones Sustainability Index ranked Volkswagen as the industry leader in sustainability. In 2012, the World Forum for Ethics in Business honored the company's achievements in Business Awards in the category "Outstanding Corporation". During the same year, the Group received a World Environment Center Gold Medal award for its "holistic approach to sustainability across all aspects of its operations". (volkswagenag.com 2017; Volkswagen wins international sustainability award 2013; VW Wins Gold Medal Award 2013.)

However, the reputation of a sustainably leader did not come easily and without consistent work. The discussion on the close relationship between the automotive industry and the German government, has always been active. It is no secret that auto industry,

including VW, occupy a special place in the German political economy. German government has been often accused for hypocrisy for lobbying less tight rules on CO2 emissions in order to maintain the automotive industry competitive. In the beginning of 2010s, the lobbying over carbon emissions was accompanied by similar efforts to resist standards on particle pollution, which were the main cause of the diesel scandal. The lobbying was in line Volkswagen's strategy to reduce carbon emissions by switching to diesel cars, which now knowingly cause excessive particle pollution. However, as the country's Chancellor Angela Merkel has famously stated, "we need to ensure that in our drive to protect the environment we are not damaging our own industrial base". The connections are even more evident in person level. To name only few links, Merkel's re-election campaign in 2017 was headed by the former chief lobbyist of the car maker Opel, while both her previous federal office director, and debut government speaker now work as senior lobbyist for Volkswagen. In addition, previous transport minister Mathias Wissmann is currently president of the German's biggest automobile industry association. (Barkin 2015; King 2015.)

4.1.2 Diesel emissions scandal

In autumn 2015, the United States Environmental Protection Agency (EPA) revealed that the German automaker had installed a "defeat device" in many VW cars sold in the United States. The software made the cars perform better during tests in regards their nitrogen oxide pollutants (NOx) emission levels. After the notice became public, the company admitted it knowingly cheated in emissions tests performed in United States. As a result, the engines containing the software produced NOx pollutants up to 40 times above what is allowed in the US. (Hotten 2015.)

The company started the installation of the defeat software back in 2009. The first suspicions on the existence of the device emerged in 2013 by EPA. At first, VW did try to blame technical inaccuracies, but after a meeting with the regulators, company admitted the fraud due to EPAs decision not to certify company's 2010 diesel cars until they would be able to explain discrepancies in test results. (Zhakypova 2016, 6.) Financial consequences from the scandal are significant. The company has agreed to pay USD 2.8 billion in criminal penalties, USD 1.5 billion in civil fines, USD 2.9 billion in environmental remediation costs and USD 2 billion to promote zero emission vehicles. In total, the costs in the US. alone, are more than USD 20 billion. As a result of the scandal, among other operational changes, the group's CEO resigned together with other top level managers including research and development heads of Audi and Porsche. (Irving 2017.) In December 2017, a senior Volkswagen executive was sentenced to seven years in prison by US court. (Rushe 2017.)

It would be unfair to say that the dieselgate scandal was only Volkswagen's scandal. The German newspaper *Der Spiegel* exposed in summer 2017 that the scandal is a product of wider cartel which goes far beyond Volkswagen, including other German car makers Audi, BMW, Daimler and Porsche. According to the report, the companies worked closely together for two decades coordinating everything from development of cars, costs, suppliers, to markets, as if acting as a division of one single company. The article claims that just like many other issues, the companies agreed on the use of so-called AdBlue diesel exhaust liquid, which purpose is to control NOx particles. It was agreed that diesel cars would install only a moderate size AdBlue-tanks to avoid extra costs, since the bigger the tank, the bigger the costs. The tank size was decided in agreement despite knowing the size would be too small to control emission on a required level. (Schmitt 2017; Dohmen & Hawranek 2017.)

But it is only in the US that the company has plead guilty, not only to fraud, but also to criminal charges of conspiracy and obstruction of justice. In Europe, however, the story is very different. In the continent, despite being in the process of recalling millions of vehicles equipped with software capable of cheating emission tests, the company denies actually doing anything illegal. According to Volkswagen, the software was not needed to pass the emissions tests in Europe, where the regulation is less stringent than in the US. Therefore, it has refused to provide any financial compensation for its European customers arguing that the "defeat devices" are easily fixed with software update, and that they do not affect the car's market value. (Leggett 2017; Posaner & Oroschakoff 2017.)

The scandal has provoked active discussion about the helplessness of regulatory powers, such as European Commission in the face of big corporations. Some have argued that the dieselgate works as reminder that the legislation has already been shaped according to corporate taste because of extensive business lobbying. In the European Union, the day-to-day regulation of automotive industry, and the punishment of non-compliant companies, remains under the authority of national governments. Even if the European Commission wanted to impose penalties on VW, it simply can't. The EU executives are allowed to impose fines only on trade and competition issues. There is no EU-wide authority to control car testing in the continent, similar to the EPA in the US. Instead, in EU, there are 28 national agencies with varying standards. (Lewis & Ridley 2016; King 2015.)

In the aftermath of the crisis, Gerben-Jan Gerbrandy, a member of the European Parliament, has claimed that "dieselgate would not have happened if our national governments and the European Commission would have acted in their legal and administrative responsibilities" (Corporate Europe Observatory 2016). The British daily newspaper *The Guardian* revealed in 2016 that the European Commission was warned by its own experts that Volkswagen was suspected of cheating emissions tests in 2010, five years before the VW emissions scandal (Neslen 2016). European Parliament's report from 2016 confirms this arguing that the Commission did not investigate early evidence of car manufacturers

cheating on emission tests. In addition, due to choices of political priorities, some member states, avoiding to burden certain industries in the aftermath of 2008 financial crisis, constantly delayed and weakened the introduction of stricter emission testing rules. (Corporate Europe Observatory 2016; Committee of Inquiry into emission measurement in the automotive sector 2016.)

The Parliament's report highlights the striking car industry lobbying in Brussels. According to the report, more than half of the participants in meetings of EU advisory group on the new test procedure for car emissions worked for the auto industry lobby. EU Transparency Register shows that only in 2014 Volkswagen spent at least EUR 3.3 million on lobbying in Brussels, making it one of the ten biggest lobbyists in the city. The company occupies sits on 14 European Commission Expert Groups advising on everything from alternative fuels to emissions controls. In addition, it was German government, together with France and the UK, lobbying the Commission to retain weaker standards on emission testing. It is no coincidence, that all three countries are famous for their automotive industries. (Corporate Europe Observatory 2016; Dolan 2015.) Kathleen Van Brempt, another member of the European Parliament and the Chair of the committee drafting the European Parliament's report on the scandal has stated that "it is clear that Member States have made every possible effort to protect their own car industry, to the detriment of the health of their own citizens" (Corporate Europe Observatory 2016).

In addition, the scandal provoked critical discussion on the reliability of CSR and especially CSR reporting. As mentioned above, VW had been performing extremely well in sustainability rankings and its reporting was considered to be excellent quality. As a result from the scandal, the measurement of CSR performance, reporting, and information provided by the companies themselves, are topics that now require critical examination. Volkswagen scandal is a classic demonstration on the existing gap between the company's real actions and the content of disclosed information. (Dans 2015.)

4.2 Research process

As outlined in the previous chapter, CDA does not provide single particular methodology. Instead, it is a method that can be applied in several distinctive ways depending on the goals and context of the study. The research process chosen for the thesis follows up a four-step model developed by Vaara and Tienari (2004). Vaara and Tienari (2004, 342) argue that the model is especially suitable for business scholars who take interest in social and discursive construction of globalization. Since the topic of the thesis is strongly linked to globalized business environment, the decision to use the model seemed appropriate. In

brief, the model consists of four steps: (1) defining/refining the research question/interests; (2) overall analysis of the textual material; (3) close reading of specific texts; and (4) refining the findings and generalizations.

The research process begins by defining the research questions. Especially in discourse analysis, defining research questions is crucial, because the selected texts will be examined through them. The texts do not "speak for themselves" but instead, only after analysis, their content can be understood. Therefore, during CDA process, research questions are subject to modification and even radical change. In this work, the following research question were chosen before in-depth study of the reports: (1) How the image of "sustainable organization" is built in corporate sustainability reports by the use of rhetoric and how the rhetoric changes when company faces a corporate crisis and (2) which discourses form the idea of sustainable business. The selection of case company was done after the research questions and topics of interests were defined. Volkswagen Group was considered as suitable case due to reasons presented above in subchapter 1.2.

The second step emphasizes the importance of choosing the most suitable textual material. In this state, the purpose is not to profoundly study individual texts but to narrow down the selection from all the available texts related to studied topic. For instance, this thesis could have been carried out also by analyzing materials other than sustainability reports, such as newspaper articles, company's public statements and marketing material. The decision to focus on case company's sustainability reports was taken because according to mainstream literature, CSR reports should provide objective and truthful information on company's activities and their connection to sustainability issues. Thus, in theory, they should present "truth and fair view" on corporate activities. The decision to narrow the amount of reports into two was because of their extensive length and for the purpose to study changes in discourses after a corporate crisis.

At the second step, researcher should understand how the selected texts are linked to a wider socio-political and inter-discursive context. This is crucial to be able to read "between" and "across" the lines and understand the connections between different themes. Vaara and Tienari (2004, 348) remind that researcher should be able to recognize also things that are left unsaid or unaddressed. Fairclough (1995, 5) also concludes that from the perspective of sociocultural analysis, it is equally important to understand what is absent from the text than what is in it. To accomplish this, the work aims to provide an extensive overview on CSR as a phenomenon. The goal is to highlight concept's ambiguity and subjectivity. In addition, due to CDA's focus on political and historical context, the thesis attempts to place CSR as part of wider political discourse. Hence, the content and importance of subchapter 2.4 became clear only later during the research process, once the controversial nature of CSR became evident.

During the third step, the purpose is to conduct in-depth analysis of the selected texts. Vaara and Tienari (2004, 349) explain that analyzing text is creative work. Researcher

can try to proceed in somewhat structured manner by taking example of the existing work by others. However, the material in discourse studies tend to be unique and thus, scholars should have the ability to identify and describe "distinctive ways of making sense of the world that are linked with textual representation, specific socio-cultural practices and particular ideologies." In the model, it is encouraged to focus in following factors: genre, historical context, intertextuality and legitimation practices.

Genre, in this case CSR reports, include a unique kind of institutionalized use of language. Sustainability reports are manufactured by the companies themselves. Despite the missing legally binding framework, in theory, purpose of the reporting is to provide truthful and objective picture on companies' activities and their link to planet's ecological and social issues. Thus, the idea of reporting rests, for most part, in the idea that companies are voluntarily willing and able to publish relevant information for their stakeholders. This premise does set unique expectations for the utilized discourses: how is the objectivity preserved under the increasing pressure to legitimize current business practices in sustainability context? This set up becomes especially interesting in the 2015 report when the need for regain legitimacy for Volkswagen is critical.

It is crucial to position the reports against their historical context. It would be easy to think that same context could be applied to CSR reports across different companies and industries. This, however, is not the case. There are several peculiarities which to be considered in regards Volkswagen Group. First, automobile sector does face great pressures in sustainability context due to industry's significant burden on environment. Thus, it can be assumed that the need for VW to legitimize its operations is greater than for a company from less polluting industry. Second, VW was prior scandal ranked high in sustainability. Thus, their actions, or at least communication, in regards sustainability have been successful. Third, after the scandal, company's need to regain legitimacy, in regards sustainability, increased significantly.

Intertextuality is present in all texts. The discourses utilized in CSR reports are not isolated from surrounding society, but instead they are linked to an overall public discussion. For instance, Vaara and Tienari (2002) identified that the language used in discourse regarding the restructuring of the Finnish financial service sector leans strongly towards "rationalistic" discourse type which again draws on the ideology of global capitalism. The thesis aims to recognize the intertextuality embedded in VW reports and whether their language can be drawn on some particular public discourse.

In this paper, the chosen method for analyzing case company's legitimation practices is twofold. First, the purpose is to recognize the rhetorical techniques in the reports. The Aristotelian model was seen to be appropriate, due to its ability to identify textual means aiming to influence reader in subjective context. Since legitimation is often understood as means to create a sense of positive, beneficial, ethical, understandable, necessary, or otherwise acceptable action in specific setting (i.e. license to operate in sustainability

framework), identification of rhetorical means was a critical starting point for the empirical analysis (Vaara 2014, 503). Second, the objective was to identify discourses that build and maintain the idea of sustainable business. Since discourses rely on the used rhetoric, it was justified to perform the Aristotelian rhetorical analysis prior to identification of discourses.

Legitimation draws, produces and maintains boarder-level discourses, even ideologies (Van Dijk 1998; Vaara 2014). As Vaara (2014, 503) exemplifies, pro-globalization and pro-business discourses tend to reproduce neoliberal or global capitalist ideologies. Hence, after discourse identification, it was critical to place them within a boarder socio-political context. To succeed in this, and due to the interdisciplinary nature of the concept of CSR, it was required to read substantial amount of material on the subject from different fields such as sociology, linguistics, law, and political science. Due to further reading of academic literature on the topic, interpretations on the discourses began to emerge. The research process was a constant process of dialogue between data and theory, in which the preliminary interpretations were challenged constantly.

4.3 Data

The data chosen for the study consists of two CSR reports published by Volkswagen Group in 2014 and 2015. The sustainability report published in 2014 consists of 152 pages and includes information about the Group's sustainability activities in the 2014 financial year. The report is drawn up in accordance with the fourth generation of guidelines from the Global Reporting Initiative (GRI-G4). The report has been assured by the audit and assurance company PricewaterhouseCoopers AG.

The report from 2015, after the scandal, was published for the first time only online. It is worth noting, that due to ongoing external investigations associated with the emission issue, the report became public much later than normally, on 23rd of November 2016. Previously VW has published its sustainability reports latest during the second quarter after the fiscal year in question. Also the 2015 report is in line with GRI-G4 standard and has been assured by PricewaterhouseCoopers AG.

Both CSR reports were published in line with GRI standards and therefore, majority of the content and metrics come from the reporting framework. In order to focus only on content produced by the case company itself, I decided to leave unanalyzed content which draws directly from GRI. This is because analyzing content, required by third-party, does not reflect interests of my study, where the purpose is strictly focus on the content produced and selected by the company itself.

While corporate reports are often used as a research material, certain limitations apply. For instance, as Fairclough (1995) reminds, corporate reports are form of institutional talk

with institutional objectives. They do not present the values or opinions of the individuals who have produced them, but organizational objectives. Thus, they should not be studied as objective material, but as texts constructed to send certain message.

5 EMPIRICAL ANALYSIS

5.1 Rhetoric and legitimation practices

5.1.1 *Ethos*

Ethos, from Aristotelian rhetoric model, highlights the authority and credibility of the speaker. Volkswagen relies on strong ethos by establishing the idea of credible reporter. This is done by several ways. The most evident appeal to ethos comes in the form of expertise. Throughout the report, the company's superiority expertise both in business and technology is highlighted to increase the feeling of reliable reporter.

Volkswagen claims to be the leader in environmental friendly products. The global leadership in customer satisfaction and quality will be achieved through company's top specialists and experts who can take advantage of company's intelligent innovations. Company understands that its strength lies in combining the expertise and competence. The long-term success as a top technology company is guaranteed with the training to the highest standards across the Group.

Credibility is also achieved by practicing modest self-criticism. In 2014 report, company does not admit directly that there would be something to criticize about past, but narrative of continuous learner is been actively used. This learning metaphor creates an illusion of an altruistic actor who constantly aims to do its best and learns from mistakes.

*As I see it, our success is also founded in our **ongoing willingness to regularly call our own approaches into question and then break new ground.** In this way **we have learned** that our business is no longer just about technical aspects like horsepower and torque. We **have learned** that sustainability, environmental protection and social responsibility can be powerful value drivers. And we have **learned** to love electric drive – not just because it is so efficient, but also because it makes driving so much fun. (sustainability report 2014.)*

However, the level of required learning is rather modest. For instance, it is stated that only to some extent company needs to reconsider and redefine the key aspects of its business activities. Therefore, no dramatic changes are expected and past performance is not under criticism.

In the report, there is a strong commonality and appeal to similarities between the author and audience. It is most evident by the constant use of pronoun "we". In addition,

phrases such as "as we see it" are used to emphasize sense of community. Personal essays from top managements are also ways to build an image of human actor. The narrative of enabler, "we are here to serve you", is present throughout the report.

In general, the tone of the report is surprisingly self-confident. For instance, company quite directly aims to influence decision makers and shoots down number of allegations on controversial subjects or at least downplays their importance. These arguments are often based on company's superiority and expertise. For instance, in his essay on lobbying, Group's General Representative for External Relations argues that lobbying is a crucial part of democracy and its widespread aversion is exaggerated and unacceptable. Lobbying is not only presented as an activity in which also environmental associations do engage in, but in which they even sometimes manage to exhibit greater skill in equating their concerns with the public interest. Company's crucial role and importance is strongly emphasized. Company is presented as a neutral and objective information provider since politicians should rely on the expertise of the social and business players, on the knowledge and experience of those in the front line. Company's motives and expertise should not be questioned, because the information provided is open, reliable and competent.

5.1.2 Logos

Logos emphasizes logic and reason. Its rhetoric is not objectively rational but instead, it aims for the appearance of rationality. Volkswagen's report strongly applies argumentation, evidence and data. Major claims are justified by providing evidence that aims to appeal reader's logic and rationality.

There is a strong emphasis on different voluntary guidelines and principles. These voluntary undertakings are presented as guiding factors which are applied in business operations throughout the group and thus, are there to guarantee good business practices. For instance, with the help of Volkswagen Group Code of Conduct, the company provides managers and employees a guide to meet legal and ethical challenges in their everyday work. Also, by committing to UN Global Compact Volkswagen has committed itself to promoting human rights, protecting the environment and combatting corruption.

The chosen sustainability approach is based on rational processes. Key areas are identified through stakeholder dialogue and surveys which have covered some 126,000 respondents. The company has also long been engaged in close cooperation with official bodies, local authorities, and organizations representing environmental and social concerns.

Company's holistic approach towards sustainability is rationalized by explaining how well it is being managed:

*The Volkswagen Group has established a **clear structure** for coordinating CSR and sustainability. The **top sustainability body** is the Group Board of Management, referred to here as the **Sustainability Board**. At least twice a year the Sustainability Board is informed by the **Corporate CSR & Sustainability Steering Group** about topics relating to corporate responsibility and sustainability. The Corporate CSR & Sustainability Steering Group includes **top managers** from central Group business areas, members of the Group Works Council and representatives of the brands and regions. It meets four times a year, decides on the **strategic sustainability goals** and are also secured to signs off the Sustainability Report. (sustainability report 2014.)*

In this context, company's success relies in the work of dedicated specialist who are there to deliver sustainability outcomes. Sustainability is not just and insignificant function, but instead, a strategic practice to which top management is highly committed. Through representing sustainability under management discourse, the report reinforces they idea of systematic approach towards the subject. The Volkswagen Group has made a commitment to sustainability-oriented, transparent and responsible management.

Volkswagen does not only engage in systematic approach but also has established reliable control systems. As it is stated: "In the long term, a company can only be successful if it acts with integrity, complies with statutory provisions worldwide and stands by its voluntary undertakings and ethical principles even when this is the harder choice." There is an entire Compliance organizations to prevent potential breaches before they occur. The integrated governance and compliance system is in line with existing management system which again fosters compliance within our organization and sharpen our employees' awareness.

Company's credibility is backed up with examples from successful past. For instance, according to the report, number of stakeholder groups have showed great appreciation for company's early commitment to tightening CO2 emission regulation. Company's role as an innovation leader is justified by demonstrating how the car models have developed throughout the history. Based on this narrative, positive development can therefore be expected to continue in the future as well. In addition, number of established initiatives demonstrate how current practices are indeed promoting sustainability:

*There **are already numerous examples** of how this works – from the modular transverse matrix, via the dual vocational education and training system and in-service training opportunities that we bring to the various regions, to mobility services, concepts for road safety and social responsibility, and biodiversity projects. In this way we turn our*

size and growth to good advantage and exercise our responsibility for our employees, the environment and society. (sustainability report 2014.)

Some public allegations are reversed by questioning their truthfulness and by providing quantified data. For instance, in his essay on the discussion on SUV's significant emission, company's head of sales coordination, depreciates environmental organizations' claims of SUVs being "gas guzzlers" or "climate killers" by stating that the higher level of fuel consumption is not a proven fact. In fact, according to him, company by obligation is required to offer these "off-roaders", "everyday companions" for customers despite of their controversial nature. By providing quantified data on SUV models' CO2 emissions and fuel consumption, the company has managed "to resolve apparently contradictory aspirations such as compliance with climate protection goals on the one hand and responding to the simultaneous rise in individual customer requirements on the other, while making and express commitment to fulfilling its ecological responsibilities, today and in the future." Thus, no conflict exists between SUV models and environment; to contrary, company is being sustainable by simply responding to customer needs.

5.1.3 Pathos

Pathos refers to readers' feelings and thus, is linked with the audience. It aims to utilize persuasion techniques which would trigger favorable emotions in readers, such as empathy, happiness, anger, and satisfaction, towards the objective of the narrator. Metaphors, storytelling, and the discussion on contemporary values are examples of persuasive techniques under pathos.

Emotional feeling is present throughout the report. It seems as if the report itself does not aim to be objectively report on company's actions, but instead, it works to demonstrate company's genuine interest for sustainability issues. The text, for many parts is somewhat informal since it aims to build strong connection with the reader by utilizing often personal pronouns.

There is a strong pathos in the way the concern for the welfare of people is demonstrated. In fact, it is clearly the well-being of people, both customers and employees, that the company is most concerned about. The concern over environment gets secondary position. Environment is a resource which must be considered now in a new way in order to fulfill customer needs also in the future. Environmental well-being is not the end itself.

It is surprising, being to contrary to mainstream climate change literature, that no negative future scenarios are demonstrated to highlight the urgency of global environmental solutions. In fact, topics, which are often considered worrying and even scaring, such as global warming, atmosphere contamination and ecosystem collapse, are not mentioned.

The word pollution is mentioned twice in the whole report as a parenthesis and atmosphere only once.

Report utilizes a journey metaphor. Organization is being presented as a learner who is doing its best to adapt to radical external changes. In fact, in many parts, the chosen perspective is how environment affects the company, not how company affects environment. In fact, at times, there is a sense of victimization:

*Climate change, resource availability and urbanization are just some of the major global **challenges facing the Volkswagen Group from an environmental perspective**. These challenges are reflected in growing **demands from all sides**, be it politicians who enforce ambitious worldwide environmental regulations, investors who expect us to anticipate and manage the risks, or customers with their growing interest in fuel-efficient vehicles. (sustainability report 2014.)*

Also, organizational learning is constantly emphasized:

In a world that is undergoing ever more radical changes, however, targets can never be more than milestones: reach them and they are already out of date. (sustainability report 2014.)

In addition, company search sympathy from readers who are expected to identify themselves with the feeling of confusions in a today's society:

*We are experiencing a volatility in economic affairs such as we have not witnessed for many years. **Who would have thought**, for example, that the price of oil could fall so dramatically in the wake of the fracking boom and a global slowdown in demand? (sustainability report 2014.)*

The report is not afraid to state subjective opinions on controversial matters. There are strong claims on the important role of lobbying in democracy, the importance of free trade agreements and corporations' role in global governance. At times, the tone is quite confident, domineering, and declaratory. In addition, contemporary neoliberal values such as individualism and free trade, are highlighted:

*Politics and business **must** therefore work together to seek a healthy balance between necessary regulation and entrepreneurial freedom, in order to maintain an attractive economic system founded on **personal responsibility and individual initiative**. (sustainability report 2014.)*

*The power relationships in the global economy are shifting, so it is important that trade barriers between the industrial nations continue to be dismantled – **even if the** popularity of the concept of free trade has **sadly** diminished in recent times. The current negotiations on the Transatlantic Trade and Investment Partnership provide a **clear illustration** of how important a free trade agreement is when it comes to establishing common standards and **regulations to facilitate trade**. (sustainability report 2014.)*

It should be worth noting that in general, the report provides rather positive and optimistic outlook for the future. There is only little, if any, discussion on negative events, since issues are translated into challenges which the company is both prepared and capable to tackle. Challenges are turned into opportunities and company builds trust on reader by firmly stating that by being a technological leader, VW is able to overcome global challenges.

From the report, published prior the diesel scandal, some conclusions can be drawn. First, all three Aristotelian rhetoric means are being utilized. It is, however, the credible speaker, ethos, that strikes out most evidently and around which the other two means logos and pathos rely on. There is no question on the fact that Volkswagen, through its unique expertise is capable to not only build exceptional business, but can offer its expertise for the rest of society as a responsible citizen. Second, the arguments presented in logos context, support ethos as well since the claims made with such an authority are hard to be questioned. Reasoning fosters the image of credible speaker and respectively, the arguments themselves are credible because of the claimed authority status. Nevertheless, for not to present itself as distant authority, the company uses pathos to create sense of belonging with the reader. Volkswagen as a responsible corporate citizen is just like any other citizen; constant learner, doing its best in the in the given, and increasingly demanding, circumstances.

5.2 Sustaining license to operate: rhetoric after a corporate crisis

The sustainability report published after the diesel scandal, is structured in a same way as the previous year's report. Also, its content, form most part, has remained the same. However, it is the beginning of the report in which the most evident changes can be noticed. In addition, the overall tone of the report has changed. After carefully reading the report, some generalized observations were made.

For most part, the report resembles the last year's report. Its structure remains the same; first, company's strategy is discussed and how sustainability is integrated part of

it. After, the three sustainability dimensions, economy, people and environment are broadly discussed in their own sections. In the last part, GRI indicators are presented. Both in content and title level, same wordings remain.

In the most informal part of the report, in the beginning, the company discusses directly on the diesel scandal. The first part of the report is utilized to ensure company's honesty. The first paragraph in the strategy section states that:

Volkswagen does not tolerate any infringements of rules or laws. We are doing everything in our power to earn back our stakeholders' trust. We are striving to complete a comprehensive realignment. (sustainability report 2015.)

The introductory part differs most radically from the last year's report. While the introductory essay last year was highly confident and declarative on company's success, the most recent one is written in a form of letter starting by "Dear Readers and Colleagues". From time to time, quite confident way of expressing is gone, and the tone of letter is apologetic, reassuring, and human, while seeking both understanding and creating optimism. The company does not present itself anymore so strongly as infallible actor whose expertise will overcome all challenges. Instead, after having learned a painful lesson, company is aiming to do its utmost in becoming a role model "on the brink of dramatic structural change".

Volkswagen is not only reassuring by talking. It claims to be in the middle of the most far-reaching process of change, in which a new vision has been created. In 2014, the company wanted to become the world's most successful, fascinating and sustainable automobile manufacturer. However, now the purpose is to transform the Volkswagen Group from one of the world's best automakers into one of the world's leading providers of sustainable mobility. Thus, crisis has not only led to corrective actions, but instead, to a new kind of thinking.

In addition, the different aspects of CSR get emphasized in a slightly different way. In 2014, sustainable development was about maintaining *appropriate* balance between economic, environmental and social interests. No discussion on what determinates the optimal balance, existed. However, in 2015, company has set economic, social and ecological goals, which have all been given equal priority and equal parity. It is thus highlighted, that no single aspect is more important than the other.

In the main content part, very little is discussed about the diesel scandal. Some additional sections, such as "integrity", have been added in reference to the subject. In the section in question, however, the scandal is not discussed directly but reader is expected to link these developments to the scandal. By the integrity talk, company aims to assure

stakeholders on its commitment to perform radical cultural change inside the organization:

*The Volkswagen Group is currently undergoing **the most far-reaching** process of **change** in the Company's history. We intend to **turn ourselves into the perfect** example of a modern, transparent, successful enterprise – and integrity will play a key part in this process. Integrity is about more than legal or regulatory compliance. It is about aligning the entire Volkswagen Group with clear, convincing **values** that give guidance and a sense of direction to everybody in the Group. Integrity will be the key to our business success. Integrity will foster a **culture of cooperation** and close **collaboration** within the Volkswagen Group. (sustainability report 2015.)*

Integrity is presented as of the new leading guideline for everything that the company does. Emotionally strong words and superlatives are used. These words are then linked to business success. Integrity is not just an abstract value but something that is being unanimously and unreservedly supported by the Group's Board of Management. In addition, new management position for "Integrity and Legal Affairs" has been appointed with the responsibility to create integrity management system. Also, there are integrity ambassadors and integrity management teams. Integrity is presented as something that can be managed in a systematic way and from which results can be expected. After all, the company is trying nothing less but to live a life founded on integrity.

The most evident difference to the last year's report is the tone of the whole report. As in 2014, the report's tone could be described as declarative, confident and dominant. In 2015, it could be, at many parts, be described as conciliatory.

*"The irregularities in the handling of emissions tests contradict everything we stand for. We **regret this immensely** and are aware that we **have let** our stakeholders **down**. We will do everything in our power to **prevent** incidents of this kind **from recurring**, and are fully committed to re-embracing our standards and **winning back public trust**." (sustainability report 2015.)*

Interesting perspective worth highlighting is the fact that according to the report, the company has failed to live up to their own standards in several areas. Thus, the core issue is not seen in existing value system nor in company's ability to set sufficient standard. The emission scandal is result of not acting according to Volkswagen's way of doing things, since the irregularities stand everything the company itself stands for. In fact, company

seems to have been guided by the right principles before. However, the deployment of these principles in operational level has not been sufficient:

*We **remain** committed to this principle – especially in light of the misconduct uncovered in the 2015 financial year, which **runs contrary** to all of the values that **Volkswagen stands for**. Compliance must be second nature to all **Group employees**. (sustainability report 2015.)*

In general, the report is less focused on important individuals in the top management which contrasts with previous year. In 2014, many strong personal essays were given on different subjects by different members of top management. However, in 2015, besides the introductory letter, no direct communication was presented from individuals from top management. In fact, the only voluntary reference, by name, to top management was about the new integrity and legal affair manager, who was appointed to lead new integrity process. Also, the fact that the new manager was first female on Management Board, was highlighted.

But we will only succeed in becoming a role model if we ensure that everything we do is based on solid values and flawless integrity. By contributing her enormous experience and expertise to the Group's Board of Management, Christine Hohmann-Dennhardt is already helping us to make progress towards this goal. (sustainability report 2015.)

As conclusion, it can be said that the report published after the crisis is not used to provide transparent platform for investigations of misconduct. Instead, it is used as a tool to regain back public's trust and to apology for the unfortunate events. In contrast to previous year's report, the post-scandal report relies much more to pathos. It seeks to find reader's understanding and to gain second chance in their eyes'. However, it is important to highlight that at any point, company does not question its ethos, authority as a credible reporter. Despite some unfortunate events led to the scandal, the events were all along against company's core values. Thus, company is not a bad corporate, but instead, a good corporate citizen with its human weaknesses.

6 SUSTAINABILITY DISCOURSES IN CSR REPORTS

6.1 Defining sustainability

The sustainability definition in Volkswagen's report is strongly in line with mainstream CSR literature. It embraces the common three bottom line thinking in which the integration of economic, social, and environment aspects is highlighted. The word sustainability appears the first time in report's introductory essay on VW's strategy written by the company's Chairman of the Board of Management. The term, however, does not receive much attention yet in this part since it is mentioned only once in a two-page long essay. Nevertheless, the Chairman describes sustainability as something that presents business opportunities and can guarantee success also in the future.

*As I see it, our success is also founded in our ongoing willingness to regularly call our own approaches into questions and then break new ground. In this way we have learned that our business is no longer just about technical aspects like horsepower and torque. We have learned that sustainability, environmental protection and social responsibility can have powerful **value drivers**.* (sustainability report 2014.)

Sustainability is separated from environmental protection and social responsibility. As a concept, it appears to present business opportunities which results from constant voluntary learning process. In addition, company's definition for CSR in 2014 seems to be in line with mainstream literature highlighting the tribble bottom line thinking; economic, social, and environment. However, the balance, between the three aspects, is simply said to be "appropriate". In other words, it is left unsaid, how much, for instance, economic account can overdrive environmental interests:

As we understand it, sustainable development means taking equal account of economic, environmental and social interests and maintaining an appropriate balance between them. (sustainability report 2014.)

Volkswagen Group has placed sustainability as part of its core strategy. In the beginning of the strategy section, it is stated that the company aims to become the world's most successful, fascinating and sustainable automobile manufacturer. The meaning of sustainability is defined more accurately as follows:

*For the Volkswagen Group, sustainability means that we conduct our business activities on a responsible and long-term basis and do not seek short-term success at the expense of other. Our intention is that everyone **should profit our growth** - our customers, and investors, society and, of course, our employees. In this way, good jobs and careful **treatment of resources** and the environment form the basis for generating lasting values. (sustainability report 2014.)*

The bottom line of the sustainability approach is to sustain business operations in the long term and growth. Growth is a positive thing and everybody can profit from it. Environment is seen as a resource through which company can generate value. Sustainability can be achieved through long term business success, which is result of company's business practices. By talking about business practices in a present form, company does not provide any indication that current, or past, practices would not be in line with sustainability, nor that these practices should be organized in the future somehow differently. Thus, VW assures it is capable performing in an acceptable and required way both now and in the future.

In both reports, social dimension of sustainability is highly emphasized while the environmental aspect receives secondary position. The main goal is to achieve growth which then benefits key stakeholders and society. The role of employees is highlighted. Growth is needed to assure good jobs and thus, makes it compatible with sustainability. The importance of jobs is mentioned prior resources and the environment. In addition, the word choice "careful treatment" does not indicate whether, for instance, the use of resources should be reduced. Also, continuous utilization of resources in general is not being seen to conflict with the idea of sustainability.

Company's role in delivering social benefits to society is highlighted even further:

*Every year the Volkswagen Group produces more than 10 million vehicles. This gives **rise to positive effects** such as new jobs, regional prosperity and **individual** opportunities for participation, but also to emissions and resource consumption. Our **most important tasks**, as we see it, are therefore to ensure responsible and efficient **production**, and to make **mobility** not only as safe, convenient and environmentally compatible as possible, but at the same time affordable for large numbers of people. After all, **individual mobility remains a basic human need**, and fulfilling this need this need is the central corporate objective of our group. (sustainability report 2014.)*

According to the statement, VW's business generates primarily positive effects in forms of employment and prosperity. Effect on environment is acknowledged only as an afterthought. Positive contributions outnumber the negative side effects. The company's main responsibility is to provide vehicles for large number of people since individual mobility, according to the company, remains as a basic human need. Thus, the increased production of vehicles for the growing population is compatible with the idea of sustainability. Environmental aspects do not receive same attention as goals associated with traditional business such as growth, profit generation and employment.

When defining sustainable development, VW has adopted the commonly shared definition for the term published by the Brundtland commission by stating that "we are making our contribution to sustainable form of development that will give future generations the same opportunities as the present generation has." Hence, VW assumes it can positively contribute to sustainable development by providing in the future, more mobility for more people. This way, it claims to provide same opportunities for future generations, just as the commonly accepted definition requires. However, this is an interesting viewpoint and approach since the mainstream understanding on sustainable development, in contrary, often includes actions towards a decrease in number of traditional automobiles.

In general, sustainability is understood something to which traditional management doctrines can be applied to. There is a clear sustainability strategy according to which responsibility and environmental protection have become value drivers. Moreover, in line with the strategy, everything the company does in the interests of sustainability also serves to achieve their corporate goals. In addition, the challenges derived from the shift in society's values are manageable, and sustainability performance can be accounted for and, of course, reported.

The word sustainability is sometimes utilized in unexpected places. For instance, the existing pay system assures that employees have a sustainable share in the success and profits of the company. Also, the long-term incentive system for management is built so that its components reflect sustainable development by the company. Sustainability is presented most often as an adjective. It reflects the ideal situation and how things should be done. Therefore, sustainability can be applied to all areas of business from profit generation to incentive systems.

The discourse on sustainability is mainly from company's own perspective and highlights business opportunities. In total, very little is said about the environmental and social issues, which sustainable actions are aiming to address. In fact, when referring to climate change, resource availability or biodiversity, company either discusses about them as challenges which must be overcome, or when linking them to some positive business initiative. At any point, there is no critical evaluation on company's, or the automobile industry's, roles of being partly culprit in creating these issues in the first place.

The purpose of the reports is to clearly highlight the company's strategic approach. Sustainability is about selecting systematic approach and delivering outcomes. There is also a strong focus on describing how new challenges can be turned into business opportunities which again provide further information on the company's goals.

The overall tone of both reports is highly optimistic. There is no doubt that current environmental and social concerns would place impossible barrier for future business. VW clearly argues that as a company, it has both the capability and willingness to address current environmental and social issues. Thus, the arguments do not focus on what has been the company's role in generating sustainability issues but instead, how these new challenges, which have arisen outside company's control, are being tackled while ensuring current business. The idea of continuous growth being consistent with sustainable development is reinforced throughout the report.

As a conclusion, it can be said that the company does not only argue for its license to operate, but emphasizes its critical role in building a more sustainable future. In fact, in general, the report seems to be built on an idea that sustainable future would not be possible unless company provides its products and services to consumers. Sustainability is something that can be easily integrated into core business and makes it thus compatible with more traditional business goals. This however, requires good management, something in which VW has already been proven been successful based on company's successful history. In general, sustainability is a positive adjective that can be linked to many positive developments within business context, from growth to payment incentives.

6.2 Identified sustainability discourses

6.2.1 *CSR as a management tool*

Three dominant discourse types were identified. First, both reports highlighted strong business case approach. Sustainability was described as an essential requirement for future success. Sustainability is a management tool, which can be lead and managed. Second, organization was presented in a form of responsible corporate citizen who does not only have the responsibility but also the ability to spread well-being across society. The company presents itself as a responsible actor capable of acting on voluntary, self-regulating basis, and offers its expertise in ensuring more democratic society. Third, organizational learning is well presented in both reports, but does get greater role in post-scandal reporting in which crisis is considered as a learning point. Corporations, just as individuals, are objects, not subjects, of radical changes, such as globalization and climate change and doing their best at given circumstances.

The discourse, which most strongly emerge from the two reports, is the business case discourse. In this discourse, CSR is justified by presenting it as a business activity, which, if well managed, will lead to greater business success. In this context, CSR becomes a normalized corporate practice, part of everyday business.

There is a clear managerial view on CSR. The language in the report draws from management accounting language, emphasizing the need for control systems, corporate objectives, and performance measurements. There is a strong focus on different sustainability indicators. The measurement of different indicators is considered as the best way to describe objectively efficient management of CSR activities. Partly, this approach is likely to result from GRI framework, which relies largely on quantified indicators.

CSR can be said to construct a management system itself. Sustainable management is used as a synonym for sustainability-oriented, transparent and responsible management. Both reports rest on the idea that sustainability issues are only matters of managing them in a right way. It is about building best practices, creating right organization structure, and circulation this information around the corporation. If mistakes happen, they are often fault of temporary faults in existing management system and lack of education and training.

Managerial view gets also emphasized in a way the sustainability issues are presented as externalities. They are part of the new competition environment. Similar to phenomenon such as digitalization, for instance, also environmental issues are challenges that can be overcome with right strategy and turn into business opportunities. CSR is not the end itself. It is a new strategy approach through which corporate objectives can be achieved. Therefore, it can be argued, that CSR is a way to seek growth and boost profits.

Just like any other business function, CSR is expected to be in line with boarder corporate strategy and vision. The chosen perspective does link itself to current strategic management literature, in which it is commonly agreed that different corporate activities take part in strategy formulation (see, for example Simons 1990). Thus, CSR is not only a tool to serve corporate strategy, but instead, it affects the strategy formulation itself. Strategy creation and implementation are seen as a dynamic process in which CSR has an important role.

There is more intertextuality to strategic management literature in the way CSR is seen as a holistic and generic approach to strategic positioning (see for example Roslender & Hart 2003; Simons 1990). There seems to be a strong idea of CSR being inclusive philosophy which would encourage employees to think in terms of sustainability. It is expected to empower organizational learning and interactively influence corporate strategy.

CSR is not only presented as a tool in a management toolkit, but as a necessity. It has a special value-adding function which justifies the engagement in CSR activities in the first place. In fact, different sustainability factors, such as responsibility and environmental protection, are used as synonyms to the word “value-driver”, which again ensure

achievement of long-term corporate objectives. This type of justification might stem from the more traditional reporting rationalities. By utilizing business case narratives, corporations provide rational justification for CSR expenditures from economic perspective. The underlying assumption is that these expenditures are investments which will be rewarded by the markets. Traditionally, corporate activities are justified to shareholders and investors in economic terms.

Business case narratives in both reports utilize mainly Aristotle's rhetorical techniques ethos and logos. Company emphasizes its role as a credible reporter by providing seemingly hard data of its operations. However, as stated in the previous chapter, by providing arguments which appear rational does not make them truth or false. The style of argumentation is declarative, affirmative and normative. Also after the scandal, rhetoric relying on technical expertise and quantified data remains strong.

6.2.2 *Organization as a responsible corporate citizen*

The idea of corporate citizen is evident in both reports. It is clear, that Volkswagen believes it has a boarder responsibility for society beyond legal and economic responsibilities. The discourse emphasizes strongly company's ability to share well-being for all stakeholders. While the main objective is sustainable economic growth, it is believed, that the growth benefits everyone. As a side product, business operations produce higher standards of living and quality of life for the communities that surround it; "In the regions in which we are active, we aim to be an attractive employer, a respected business partner and a good corporate citizen".

Throughout the report, the business-society relationship is presented unambiguous; corporations are vital for the well-being of people by sharing economic benefits for all stakeholders. This discourse contains the idea of trickle-down effect which assumes that ensuring good environment for businesses benefits the society as a whole. At any point, the company does not see itself harming its environment. The discussion on the utilization of resources often remains abstract and neutral. Resources will be used carefully and in an optimal way, and operations are designed to be as environmentally compatible and efficient as possible.

The discussion on negative impacts on environment is barely existent. Negative issues, such as pollution, are discussed as externally created problems which company is addressing efficiently. There is no reference to an idea that the automobile industry, for instance, could be held partly culprit for current environmental issues. For instance, when discussing on the water consumption, company highlights its progress instead of concrete negative impacts its operations are causing. The word choices used, create an image that

water is a valuable (instead of scarce) resource which can (and should) be managed by the company:

*Despite the increase in the number of production locations within the Group, water consumption per vehicle manufactured was reduced in 2014. **We are well aware** that in many parts of the world water is a very **valuable resource**, and that **managing** this resource is an increasingly **challenging** task. That is why we adopted water as our focus topic. (sustainability report 2014.)*

Another example on discussion of negative impacts can be found from the essay on rebound effect by Group's Chief Officer for the Environment, Energy, and New Business Areas. Rebound effect is a concept known for a phenomenon in which actual savings, such as CO₂ emissions, are negative due to increased usage. In his essay, the author begins by acknowledging the existing concern on that despite more energy-efficient vehicles, their usage might not lead to less emissions since the consumption of automobiles is increasing. However, rapidly, the tone of essay shifts to promote group's accomplishment in producing more fuel-efficient cars and lecturing the importance of not restricting corporate growth: "It's about sustainable growth. Restricting corporate growth is alien to any competitive system. As economic history has shown many times over, there are no innovations without growth and competition." The initiative concern of rebound affect, remains unaddressed and unanswered. In addition, the meaning of "sustainable growth" remains mystery to reader, if, in fact, the growth was resulting in increased CO₂ emissions.

Both reports build image, not only of a responsibly company, but as vital one for the modern society. It is argued, that throughout the history, well-being of people is result of efforts of innovative companies, such as Volkswagen. Such companies' licenses to operate should not be restricted in order to ensure "sustainable growth". The company acknowledges, that due to its considerable size, it bears a special social responsibility, and just like in the history, the goal is to put creative powers to good use for benefit of people and environment.

Volkswagen does not only see its role vital in terms of sharing economic benefits. It argues to be essential part of democratic process. The company, by its expertise, can help politicians to take better decision. Corporation, such as any other citizen, is allowed to take part in the democratic process of handling differences of opinion. The company's position in political arena becomes evident in statement made by the company's Representative for External Relations in 2014 report:

*A company **with such a great responsibility** for vocational education and training, employment and regional development, prosperity and quality of*

*life has to have fundamental interest ensuring that political decisions are taken on the basis of **objective** considerations and do not place obstacles in the way of future business success. We at Volkswagen assure politicians **of full and open information** and **reliable** and competent advice. (sustainability report 2014)*

It is also reminded that the political sphere should not only protect its citizens but corporate citizens as well. In 2014 report, Chairman of the Board of Management argues that “politicians need to be fully aware of the scale of the challenges we face. Because the political framework is always a key factor in determining success or failure.” In addition, the opinions on politically significant topics, such as trade barriers, are stated clearly even if the popularity of the concept of free trade has “sadly” diminished in recent times.

The company, through its expertise, believes it can have a vital part in ensuring more sustainable future. “Through pioneering technologies and social competence, we are making our contribution to a sustainable form of development that will give future generations the same opportunities as the present generation has”. The concept is derived directly from Brundtland commission’s definition for sustainable development, but what are the needs of future generations? According to the report, it is the individual mobility, which not only is but remains, as a basic human need. It is stated, that the main corporate objective is to fulfil that need. Whether owning an automobile can be classified as a basic human need remains answered by other researchers who are more familiar with Maslow’s hierarchy.

However, it is the company’s contributive role, even leadership, that gets highlighted constantly. Whether being in forms of taxes, people employed, or expertise, company contributes mainly positively to society. Also, the group seem to have a vital role in shaping the global megatrends, such as digitalization. As it is stated, Volkswagen’s ambition is to be the engine that’s driving change. In addition, the title of the opening essay of 2014 report from the Chairman of Board of Management is ambitiously “How can we shape a changing world?”. The idea of responsible corporate citizen gets enforced also in a way company presents itself as the active party adapting to a new more demanding business environment. Volkswagen is not only committed to initiatives such as GRI and UN Global Compact, but proactively develops its own self-regulatory tools beyond legislation.

6.2.3 Organizational learning and journey metaphor

Corporate citizenship is a long-term commitment. Something, which has developed throughout years. Sustainability is not only a contemporary trend, but an integrated part

of corporate personhood; its values and moral. Being responsible is presented as an inherent part of being corporate. As it is stated in both reports, Volkswagen Group has a long tradition of resolute commitment to environmental protection. The inherent part of corporation is to aim for continual improvement.

Journey metaphor builds up an image of an organization which is constantly doing its best in adapting to a new business environment. Volkswagen seems to be moving away from the business-as-usual in order to call itself as a sustainable company. Sustainability is often understood as a process, not as a particular state with concrete requirements. The abstract objective, like being sustainable, does not limit any interpretations nor obligate the company to follow certain substantive progress. The journey itself seems to be a merit, the commitment and willingness to do something.

Hence, the sustainability journey is less concerned of the concrete destination but instead, it is about the constant learning. And like in every learning process, mistakes happen which is only natural. Learning metaphor is present both before and after the scandal. In the first report, learning is presented as something company is capable of doing on its own thanks for the willingness to regularly call own approaches into question. This way, company has learned that business is “no longer just about horse power”, “learned sustainability can be value driver”, and “learned to love electric drive”. Also, when answering to the accusations of company’s role in Brazil during the military dictatorship, company diplomatically states it is “working to come to terms with this chapter of the company’s history”.

The journey metaphor becomes most evident after the emission scandal in 2015 report. The scandal in fact is offering an opportunity for better change. The company is now “reinventing itself”, since it is “about to initiate the most wide-ranging process of change in Volkswagen’s history”. The transformation is not only a challenge but an opportunity. Hence, there is a strong need to find the silver lining of the emission scandal. Instead of focusing on the negative aspects of the crisis, it is better to concentrate on how the unfortunate events can be turned into something good. The crisis has offered a potential to “redo everything in the company”. Since the company “failed to live up its own standards”, it has now the opportunity to re-embrace their own standards, rebuild sustainable management, and rework the sustainability concept.

To sum up the discussion on the identified discourses, few notes can be concluded. First, sustainability is a management tool of a responsible corporate citizen who is constantly engaged in improving its operations and making them more sustainable. The three discourse narratives remain the same both before and after the crisis. However, it can be said, that they become clearer after the crisis when the need to legitimate business practices increases. In other words, the unfortunate events can be overcome by making more efficient management procedures. The core values of responsible corporate citizen become more evident in the light of unfortunate scandal, which again was due to not living

up to those values. In addition, no matter how bad the scandal may seem, it luckily offers a silver lining; an opportunity to learn from the mistakes. However, while the three narratives remain the same, the rhetorical tools that build them vary. In post-crisis reasoning, pathos takes the leading role in all three narratives. While both ethos and logos remain strong as well, they are linked more often to emotionally appealing arguments.

7 DISCUSSION OF THE RESULTS

7.1 Introduction

As we recall, the general purpose of this study is to contribute to critical accounting literature in which the mainstream CSR discourse is highly questioned. It encourages to both examine critically the current trends in CSR discourse and observe possible conflicts within it. For the sake of clarification, the purpose of this study is not to take a stand on how sustainable the case company is. As has already been shown, determining this would be an extremely difficult, even impossible, task to do due to the ambiguity and subjectivity of the concept sustainability. Instead, the purpose of this study is to wake up to pay attention to inherent discrepancies that the current CSR discourse keeps inside, and which the mainstream literature too often overlooks.

The study is motivated by the fact that multinational corporations have become important actors in modern society and thus, have essential role in shaping it. The following questions were addressed: 1) How the image of “sustainable organization” is built in corporate sustainability reports by the use of rhetoric and how the rhetoric changes when company faces a corporate crisis? 2) Which discourses form the idea of sustainable business. In this chapter I discuss the results of empirical findings, presented in both chapters 5 and 6, through the selected research questions.

First, in chapter 7.2, certain observations of the used corporate rhetoric are pointed out. Several elements emerge, such as the context relatedness of chosen language, the idea of corporate personhood and board use of impression management both prior and after scandal. After in chapter 7.3, the identified discourses are discussed in the light of existing literature presented. The importance of managerial view is highlighted in constructing the organizational reality of sustainable business. Furthermore, the discourse of corporate citizenship is analysed, and I point out that despite the new way of presenting companies as responsible citizen, the underlying motivation to do this is far from being revolutionary. Finally, the chapter 7.4. discusses on how the identified discourses are linked to wider socio-political context, and the political nature of CSR and CSR reporting.

7.2 Rhetoric of corporate personhood

The chapter five, comprehensively examines different legitimation practices used by the case company in building the image of credible reporter. In line with prior literature (e.g. Brennan & Merkl-Davies 2014), the study demonstrates that the selected rhetoric styles are context related and aimed for influencing readers’ opinion on sustainability issues, or

persuade to change the attitudes towards the company. Furthermore, we learn that that the context relatedness applies both to pre- and post-scandal reporting. Second, as Boiral (2013), and Dingwerth and Eichinger (2010) have implied, impression management is present in both reports. In addition, the used rhetoric of corporate personhood supports prior literature (e.g. Lampert 2016; Barley 2007; Bakan 2005) on the fact how corporations are increasingly seen as moral agents, having their own values and standards.

First, the change in the tones of the reports, before and after the emission scandal suggests that the rhetoric strategy has been adjusted to suit the particular purpose and objective. This is in line with Brennan and Merkl-Davies (2014) who claim that rhetoric is used to influence others' opinions and to persuade or even change their attitudes or beliefs. Hence, this study demonstrates how the rhetorical means differ before and after a crisis. What we learn is that before the scandal, the case company relies on strong authoritarian ethos. The claims were declarative and confident. However, after the scandal, the tone becomes apologetic and conciliatory and arguments more emotionally appealing. In addition, we can observe that after the scandal, the content of the report becomes more impersonal while maintaining personal way of speaking to reader. Before the scandal, many arguments were directly made by certain managers, but after crisis, it was the company as one united entity reassuring the reader.

Furthermore, empirical study supports Torkki's (2006, 162) and Aristotle's claim that ethos is the most essential aspect of the triangular rhetorical model. In both reports, Volkswagen strongly emphasizes its authority and credibility as a trustworthy reporter. Whether it is through the size, expertise in business and technology or simply strongly grounded values, company seeks to convince readers of its good intentions. Even after the crisis, Volkswagen looks for reassurance relying on the fact that despite the unfortunate events, its superior knowledge enables it to create more good than harm. However, to add to Torkki's observations, this study suggests that post-crisis reporting relies more strongly to pathos. After a scandal, more emotionally appealing arguments are required to maintain the status of trustworthy reporter.

Second, my finding support the claim that companies engage in impression management in their reporting. The case study is in line with Boiral's findings (2013) which show that CSR reports are overly optimistic in their narratives. As observed before, despite the critical topic of CSR reports (sustaining life on earth), the tone of both reports is highly optimistic. There is no doubt that current environmental or social concerns would place barriers to business. Nor, that current business practices would harm the environment. Very few negative events are presented. Instead, challenges are turned into business opportunities while most part of the report focuses on providing case examples and success stories of corporate activities in a very positive light. As a result, I would add to Boiral's (2013) observation, that after the crisis, the confident optimistic future outlook is even clearer. Hence, based on this study, I would argue that a corporate crisis increases the

amount of impression management rather than objectively balanced and transparent reporting.

I would supplement Merkl-Davies and Brennan's (2007) observation, according which companies in their financial reporting highlight positive events over negative ones, by arguing that this is especially the case with studied CSR reports. There is only little discussion on negative events, conflicts or contradicting objectives. This applies to both reports, but is more evident in the 2014 report. In 2015, due to the scandal, more complex issues are raised but only the ones that are directly linked to the emission scandal. This leaves reader to wonder whether there are other topics that are left unaddressed unless publicly forced to, for instance, in form of corporate scandal. Hence, we learn that even post-crisis reporting would lead to disclosure of more topics, it is done only to the extent required by public pressure. This provides more support to my claim that impression management remains strong after corporate crisis and doesn't lead to increased transparency.

Merkl-Davies and Brennan (2007) also argued that in financial reporting, companies tend to hide poor performance by using narrative techniques and rhetorical manipulation. Again, I would say that my empirical findings strongly indicate that this applies to CSR reports as well. For instance, when controversial topics, such as lobbying, free trade negotiations, rebound effect and SUV emissions are discussed, they are left partly unanswered by turning the discussion into positive things. My study adds to these findings by demonstrating that the overly positive narratives become more evident after corporate crisis when even a scandal (very recent one, still uninvestigated) triggers mainly opportunities for positive change and transformation.

Most importantly, the empirical findings manage to provide evidence for an important topic, which yet remains under researched; the importance of CSR reporting in corporate crises. As noted before, few researchers (e.g. Brennan & Merkl-Davies 2014; Linsley & Kjuter 2008) have already indicated that sustainability reporting has a critical role in corporate crisis. The argument, according which, companies after crises tend to use verbal language as a remedy in forms of excuses and apologies receives strong support from the study. What we learn from the study is that CSR report provides an excellent platform for the company to seek forgiveness of stakeholder, arguably, not in the most objective way. According to my findings, the reasoning is more rhetorical than objectively balanced. Hence, my study suggests that CSR reports cannot be considered purely as an objective accountability tools.

Third, the empirical findings support Lampert's (2016) observation on the existence of the moral agent and corporate personhood discourses. However, based on the case study, I would add that it is the corporation itself actively building and maintaining these discourses. Volkswagen actively by the use of language reinforces the idea of corporation

being an ethical subject capable of holding moral values. In both reports, the company presents itself as moral agent with its own values, standards and identity.

My study suggests that the discourse of moral agent intensifies after the crisis. The scandal is result of failed corporate culture and failure to live according company's *own* values and standards. In fact, paradoxically, the scandal is against everything the company stands for, as if the scandal was something external to the company. The fault is not of certain individuals, but instead, the corporation's as if it was an artificial person. Hence, the empirical findings support the existing literature (e.g. Lampert 2016, Barley 2007; Bakan 2005), according which the idea of corporation as a moral agent is increasingly present in sustainability discourse. Based on the rhetorical analysis, I would supplement these findings, by adding that CSR reports offer great platform to enforce and build this idea.

To sum up the discussion on the rhetorical legitimation practices, few main results are worth highlighting. First, the study suggests that sustainability reporting should not be considered as an objective accountability tool due to the extensive amount of impression management. What we learn is that in contrast to mainstream view, corporate scandal does not seem to lead to more transparent reporting but instead to increased use of impression management. Overly optimistic narratives increase in post-crisis reporting. Second, this study emphasizes that CSR report provides an excellent platform for company to advocate its interests and wanted discourses. Especially in post-crisis communication, it is a powerful place to take reader's attention away from negative things and set focus on more optimistic future outlooks. Finally, the case company actively builds the image of moral agent. For most part, the chosen rhetoric rests on the idea of corporate personhood which gets reinforced throughout the reports.

7.3 Discourses

7.3.1 *CSR as an organizational practice constructing reality*

In line with prior literature (e.g. Bebbington & Larrinaga 2014; Gray & Laughlin 2012; Gray & Laughlin 2010), this study supports the idea that CSR has become a powerful management tool. As a management tool, its purpose is to help company to reach its business objectives, which are both growth and profitability. Sustainability is not the end itself, but instead, a value driver for business as usual. Hence, in regards the motives behind CSR, the case company confirms that the use of CSR as management tool is

mainly motivated by the traditional corporate objectives. Business case arguments remain strong and relevant both prior and after crisis.

Second, the study provides evidence that the issues related to objectivity of accounting practices are strongly present in CSR reporting. The study suggests that in sustainability reporting, Power's (1991) claim of accounting's failure to reflect objectively organizational reality due to its tendency to simplify abstract matters into objective accounts, is valid. CSR reporting, despite its interdisciplinary nature and complexity, is treated in a conservative and objective way. Furthermore, the study highlights that the content of CSR report and reporting practices are highly abstract and interpretative. Specifically, the case study emphasizes the subjective nature of sustainability accounting since, based on the empirical findings, even the concept of sustainability is highly interpretative and ambiguous. This is in line with Hines' (1991, 1988) argument that reality is socially constructed and depends on actors' conceptions,

Hence, this study is in line with prior literature (e.g. Power 1991; Hines 1988) arguing that no absolute truth or full picture of what is to be accounted for exist. The idea of what is to be accounted for, is the sum of subjective actions, which have arbitrarily constructed among actors over time. The process of why something is being measured, and what is not, is not transparent in the studied reports. Reader does not have the possibility to understand why something, which is beyond GRI measurements, is being measured and why something is not. Unlike standardized financial reports, such as IFRS, no standardized content for CSR reports yet exists. This fact, however, is ignored and left unaddressed in both reports. This lack of transparency in accounting and reporting processes is broadly in line with Hines (1991) who argue that accounting practices tend to ignore their historical and social context.

As a result, my findings suggest that by linking CSR to established organizational practices, such as reporting and accounting, the idea of sustainable organization gets reinforced. This is not to say that CSR reporting would only serve corporate interests. However, the objective status, which both accounting and reporting have already claimed in modern societies, arguably provides a credible platform for companies to promote the discourse of sustainable business.

7.3.2 Corporate citizen with traditional values

The study strongly supports the prior literature (e.g. Kaplan & Levy 2007; Matten & Crane 2005; Bakan 2005) which emphasizes corporations' ever increasing role in modern society which overlaps the traditional economic realm. In more detail, the study highlights the case company's proactive role in claiming this position. The empirical analysis,

demonstrating the way the company presents itself vital for the overall well-being of citizens, supports Marens' (2013) and Kinderman's (2012) views on CSR as a tool through which corporations can gain and maintain this role. Furthermore, my findings, make transparent the traditional, business as usual rationalities, behind the discourse of responsible corporate citizen.

Broadly this study supports arguments made by some critical researchers (e.g. Marens 2013; Kinderman 2012; Kaplan & Levy 2007) arguing that CSR works as a tool for companies to maintain the legitimacy and autonomy of current business practices while facing people's concerns over global issues. As the empirical part demonstrates, the company utilizes discourse in which it presents itself as a responsible actor. The company does not only exist to provide jobs and make money for shareholders, but to share well-being across the society to all stakeholders. However, the empirical findings highlight important aspect of these arguments, which is often overlooked in mainstream CSR literature, in which companies are presented to some extent altruistic actors. The idea of corporate citizen, which goes beyond traditional economic view, and which at first glance seems to challenge Milton Friedman's view on the purpose of corporation is, however, build on the very traditional assumption. Indeed, the company does acknowledge its boarder social responsibility but the argument relies strongly in traditional economic view; the social responsibility is assured only through increase in growth and profitability by the mechanism of trickle-down effect. The logic approved by Chicago boys as well.

Furthermore, my study demonstrates the way the company not only acknowledges its wider scope of responsibility but instead, is ready to embrace it and take the role of the leader in the global arena. Topics, which can be linked to sustainability discourse, offer a reason to claim this role since global environmental and social issues can only be solved with the knowledge and expertise of the company. Company is needed to provided information to better decision making and to remind people about the negative consequences of constraining business activities. Again, the discourse analysis points out that the underlying taken for granted assumption behind these claims is anything but new and revolutionary; if corporations perform well (i.e. make more money) it benefits the whole society.

The identified journey metaphor enforces corporate citizen discourse. The journey itself, towards "sustainable" goals, is a merit alone for responsible citizen. While the journey metaphor has been widely acknowledged to be present in business communication, my study suggest that this discourse is especially evident in post-crisis reporting. I would even argue that journey metaphor works as a precautionary shield for possible scandals since it inherently includes the idea that mistakes are only natural part of learning process.

In addition, my findings suggest that the journey metaphor has an essential role in discursive battle over the meaning of sustainability. Describing sustainability as a journey, allows companies to set abstract goals. Sustainability is an adjective, not a certain

state which could be defined or achieved. The empirical study provides support to existing critical literature (e.g. Gray 2010; Laine 2005) in which it is noted that while actively employing the term sustainability companies fail to define the very meaning of it. However, what we learn from the study is that it is the journey metaphor itself that enables the abstract nature of sustainability discourse.

7.4 **CSR as a political tool enforcing private governance**

My study strongly refutes the claim that multinational companies are purely economic actors in modern societies. Instead, it provides additional evidence for studies which have already acknowledged the political role of corporation. Multinational companies are no longer only objects operating in a stable framework, but instead, influential actors with political agenda, and thus, should be treated and studied from this viewpoint. My study firmly suggests that when it comes to multinational corporations, political and economic realms cannot be discussed separately.

Furthermore, the study suggests that CSR report to some extent works as a political tool. The political aspect in both reports is both direct and indirect. We learn that the case company directly claims to be part of public sphere (and democratic process) by providing information for politicians. It strongly advocates controversial topics such as free trade negotiations, lobbying and deregulation. Dangers of regulating business activities are presented and company's role as partner of governments is highlighted. Furthermore, the strong focus on voluntarism, deregulation, and urge to highlight company's ability to regulate its action through standards and code of conducts justify Kinderman's (2012) findings, who argues that CSR works as a tool to reduce regulatory restraints by emphasizing voluntarism. My findings show that CSR report does not only provide a platform to state company's opinion on self-regulation, but works itself as a tool reinforce this idea.

The empirical findings are in line with Kambites (2014) who argues that discursive struggle on sustainable development exists in the political level since the term has been adapted to comply with ideals of neoliberalism. This claim receives support from both reports since topics such as deregulation, free trade and individual rights are constantly highlighted. The general discourse in the reports constantly places economic viability as the ultimate goal, even within the sustainability discourse. By acting "as environmentally friendly as possible" and by the "optimal use of resources", being sustainable requires a normative choice of prioritizing economic objectives at the expense of social and ecological sphere, as suggested by Van Zeijl-Rozema et al. (2008).

My findings provide evidence that the utilized metaphors and word choices in the studied CSR reports reproduce the neoliberal ideals. The findings support Goatly's (2007)

observation that capitalist ideology is present in forms of metaphors in current sustainability discourse. In case company's reports, nature is considered as resource requiring human management and the company is a steward of these resources. In addition, the company is the "engine driving the necessary change" so that all the stakeholders can "travel with them", which is required to "fuel the journey into our automotive future". In addition, according to the reports, healthy balance between necessary regulation and entrepreneurial freedom is needed to maintain an attractive economic system founded on personal responsibility and individual initiative.

My study provides further evidence for Shamir's (2010) argument that CSR reports are in line with the new political shift towards private governance. The case company proactively advocates non-coercive regulation and speaks against any laws that might constraint current business operations. It also sees itself as an essential partner of governments. Public-private collaboration is strongly emphasized in both reports.

Again, this study provides further evidence against the mainstream idea of CSR reporting being purely an accountability tool. What we learn, however, is that these reports contain much more information on corporations' interests which go beyond traditional economic interests. My study suggests that sustainability reporting in its current form may be too subjective to provide sufficient control in a world which increasingly relies to private governance tools.

8 CONCLUSIONS AND EVALUATION OF THE STUDY

8.1 Conclusions

The purpose of this study was to make transparent the way multinational companies construct and maintain the image of sustainable organisation. In more detail, the objective was to critically examine the current CSR discourse and recognise some inherent paradoxes in it. The study was motivated by the findings of scholars, who have recently argued that the contemporary CSR discourse is taking us further away from solving the global sustainability issues while promoting the traditional business objectives, which have created the issues CSR should address in the first place. Most importantly, the study confirms that by talking on sustainability, companies capture the sustainability agenda and reconstruct it into a discourse which does not question current business practices or capitalist system. The empirical findings show in detail the way this construction is done and how it is linked to wider socio-political discourse. By knitting together the findings, it can be concluded that in boarder level the contribution of this study is threefold.

First, this study indicates that corporate scandal strengthens the existing rhetoric and discourses that support the idea of sustainable business. Whether it is in the form of impression management, moral corporate citizen or active learner metaphor, these discourses become stronger after the crisis. Corporate scandal does not make company to discuss critically its business operations. To contrary, the rhetoric becomes only apologetic but highly optimistic with confidence with company's capabilities to avoid issues in the future.

Furthermore, the study reveals that corporate scandal highlights the discourse of corporate personhood. After the scandal, the statements are made more evidently as one morally acting corporate citizen instead of them being linked to certain executives and managers. It is the corporation as a separate actor to be blamed, not workers or executives. In other words, the decisions and actions taken inside the company, which led to the scandal, are depersonalized and the corporation as a separate moral entity is the subject for blame and sanctions.

Second, this study contributes to our knowledge about CSR report working as an "enabler" in promoting corporate interests. Reporting framework, as standardized organizational practice, together with third party assurance, offers arguable a credible platform for company to advocate its interests. This certainly is the case with CSR reports, since their unstandardized content leaves substantial place for impression management and biased interpretations. As already noted, in CSR report company can maintain discourses that construct and maintain the image of sustainable corporation, defend itself after corporate

scandal, and even advocate political agenda. To have all this information after assured by influential third party accounting and consulting company is somewhat obscure.

Moreover, the study focuses on CSR reporting due to its increasing importance as an accountability tool. Because the more we move towards a world of private governance, more careful we should be about the accountability tools used. If we can arguably claim that CSR reports are not objective, and to contrary, can serve more corporate interests than public sphere, we should critically question their usefulness. Therefore, this study strongly suggests that accounting, and business research in general, should take more critical view on accounting as constructing organizational reality. If subjectivity and manipulation exists even in financial reporting, how can we expect that accounting for sustainability, the term on which definition there is no consensus, would be reliable? How do we apply common accounting principles, such as true and fair view for such subjective issues?

Third, the study clearly demonstrates that multinational companies, such as the case company, are not just economic actors but political as well. Thus, the theory of the firm should be updated and academic research abandon the traditional separation of these two realms. I would argue that organizational studies have too long focused to study factors in business environment shaping the company. As the nature of multinational corporation have changed, organizational and business studies should focus more on how corporations shape the environment we live in.

In addition, the study emphasizes that it is the company itself proactively claiming its role in public sphere. By promoting the discourse of moral agent and corporate personhood, it is not anymore an object adapting to changing business environment. To contrary, it wants to be the one leading the change. This study increases our knowledge of CSR report being a political tool linked to wider contemporary shift in public sphere towards private governance. It also shows how corporations in their CSR reports are actively contributing to this shift.

In general, this study contributes to our understanding of the concept of corporate social responsibility. It offers a critique to mainstream literature in which the relationship of corporate business objectives and sustainability is often presented unambiguous and conflict free. To contrary, this study takes a more subjectivist point of view of the concept highlighting its interpretive nature. In addition, corporations' role in building our understanding of CSR is highlighted. The study demonstrates, that despite altruistic statements on global issues, companies are still driven by the traditional business objectives and thus, are motivated to present the relationship of profit maximising business, and environmental and social sustainability as harmonious one.

This study comprehensively analyses the way the case company builds and maintains the idea of corporate sustainability. In more detail, it demonstrates different rhetorical

legitimation practices that are used in CSR reports. In general, the discussion on the utilized rhetoric shows that the findings are for most part in line with prior literature. However, due to the novelty of studied topic, this paper provides further and much needed evidence that many issues often identified in financial reporting, and lack of objectivity are strongly present in CSR reporting as well.

The study does not only analyze the rhetorical tools used in CSR reports but identifies several discourses present in the reports. These discourses are most clearly supporting and constructing the idea of sustainable business. Previous discourse analyses have mainly studied rhetoric of CSR reports in general. This study adds to existing literature by observing how corporate scandal affects to used legitimation practices and discourses. In addition, the study acknowledges that discourses are always inseparable from social histories. Therefore, this study contributes to our knowledge of CSR as a macro level phenomena, not just something that exists in managerial studies.

The main contribution of this thesis to current CSR literature is derived from its interdisciplinary nature and peculiar research method in accounting research. The existing business research on CSR has mainly focused to develop positivist analysis around the concept, for instance, by seeking linkage between profitability and CSR operations. This type of research has mainly served managerial purposes and settled to study CSR as a phenomenon constructed by corporations. To contrary, this study contributes to existing literature by obtaining a critical viewpoint. By examining CSR in sociopolitical context, it is not understood only from managerial viewpoint. Instead, this study is interdisciplinary by its nature and places CSR in a boarder context while considering many blind spots of accounting and organizational research. The study criticizes mainstream accounting research for accepting too often common conceptions based on taken for granted assumption neglecting their subjective and social nature.

The thesis also has managerial relevance, as it emphasizes the corporations' influential role in building the contemporary CSR discourse. Hence, it matters how they use this power in CSR reports. This study encourages corporate managers to pay attention to company's communication and to observe what effects different discourses have on stakeholders or society in general.

8.2 Evaluation of the study and future research possibilities

This study is a qualitative case study. The three concepts of reliability, validity and generalizability provide the basic framework for the evaluation of qualitative research study in social sciences as well as in business research. In case of discourse analysis, also the importance of applicability and relevance should be considered.

To begin with the evaluation, it is important to acknowledge that this thesis naturally has some potential limitations. For instance, it is a case study and thus, the selected material consisted of two CSR reports of only one case company. The analysis was limited to report text only while excluding other material, such as internet site, company's media discourse, press releases or other type of corporate communication. Moreover, in addition to text, also visual materials could have been studied, while they were excluded in this study. In addition, the subjective role of a researcher in CDA brings its limitation for the interpretation of texts. However, I have considered these limitations throughout the research process and consistently worked to overcome them.

In addition, even though the scope of generalisation of this study was to include only global multinational companies such as the case company, Volkswagen as a company also bares cultural and social peculiarities, which set some limitations to the generalisations across the globe. First, the company was established as part of social project, with public interests in mind and throughout its history, it has had relatively significant implications on social welfare of German people. This, for part, can explain why the social aspect and corporate citizenship were especially highlighted in both reports. In addition, the company has enjoyed relatively high legitimacy by often been referred as part of German national identity. Thus, its need to acquire legitimacy for its operations might differ significantly from other multinational companies. In addition, the company has had a substantial role in national politics, which might explain to some part its active statements on matters often considered political.

By considering the above mentioned potential limitations, research process was conducted by keeping the common evaluation criteria of qualitative research in mind. Reliability is one of the classic evaluation criteria which aims to answer to which extent the same results would be achieved by performing repeated trials. Thus, it relates to the degree of consistency in the findings; how well another researcher could replicate the study and come up with similar findings. (Eriksson & Kovalainen 2008.) In order to fulfill the reliability requirements, in chapter 4.2, I have described my research process openly and transparently so that reader can easily follow the steps that have led me to the conclusions made. The presented quotes are also there to justify these conclusions. The analyzed material has been chosen to correspond to the theory part so that there is always a justification for the conclusions presented in the discussion part.

The validity is another classical evaluation criterion. To have valid findings, conclusions drawn during the research should be accompanied with accurate description or explanations of the processes leading to these findings. Findings should be accurately presented and backed by evidence. In qualitative research, the research process and results depend always to some extent on the researcher's subjective choices. This is especially the case in critical discourse analysis where the chosen data is studied through selected

research questions. Other researchers could have chosen to analyze other topics from the same reports, since the length of the reports is extensive.

I trust my results to have high validity. Acknowledging the subjective role of the researcher in CDA, analyzing public material avoids the danger of bias in creating the material, like in interviews and surveys. The studied material is publicly available, and thus accessible to everyone. Anyone is also capable of reviewing the material and compare their own interpretations and findings to mine. The research can also be replicated, even though I trust that the results would not significantly change as a result of replication. In addition, I have built my theory and conclusions on substantive literature review utilizing studies from different research fields to avoid one-sided or biased conclusions.

According to Parker and Northcott (2016), the most challenging issues with qualitative accounting research is the generalisability of the findings. Especially in accounting research, the field is largely dominated by the positivist quantitative research in which the generalisability is much more straightforward and mainly related to technical and practical issues. As a result, qualitative research has suffered often from prejudicial perception by providing results of less generalizable. However, Lukka and Kasanen (1995) argue that generalizability in qualitative accounting research is possible if the following requirements are fulfilled: 1) theoretical knowledge of the subject is provided, 2) prior empirical studies and their interpretations are presented, and 3) the empirical results and their interpretations are thoroughly analysed. I would argue that all the mentioned issues are well considered in this study, while they build a coherent and convincing story. Also, the underlying conditioning argument of Lukka and Kasanen (1995) is considered which requires that companies ought to be fundamentally similar or operate at least in similar conditions in order to draw generalizations. As has been stated, the conclusions of this study are expected to apply only to global multinational companies similar to the case company. For instance, small, mainly locally operating and private companies are drawn out from the scope of the review.

According to Eriksson and Kovalainen (2008), discourse analyses should be evaluated basis on how much they feed new knowledge to society. In more detail, how the knowledge produced by discursive studies can be applied in practice. Out of the main two routes through which results can be applied to, by influencing policy makers or by influencing practitioners, most business researchers rely on the latter. However, this study while also having managerial implications, is mainly a critique to current mainstream thinking and practices, and aims to influence both policy makers and active citizens who take interest in CSR issues and well-being of our planet and its people. In addition, it contributes also to academia by encouraging researchers to adapt more holistic views on organizational issues that might benefit society as a whole, not just corporate executives. For these reasons, and for the urgency and importance of the studied topic, I would argue that the study is highly relevant.

Lukka and Kasanen (1995) have also argued that in order to be successful, case study has to be fascinating to read. It should offer new and fresh perspectives and observations increasing the understanding of the studied topic. It should convince the reader of the validity and make a credible impression. In this study, I have aimed to use diverse material in order to explore the studied phenomenon, organizational sustainability, from fresh and under-researched viewpoint. It has been my goal to provide new insight for the field, and encourage researchers to make new openings around the subject. The literature review, empirical part and conclusions have been written in a way that would build a coherent story; story, which might also encourage those with little prior knowledge on sustainability issues to get familiar with the subject. However, the value of my study and how well the goals have been reached remains to be decided by the reader.

The issues studied offer several further research possibilities. The future CSR research should focus on the sustainability issues more from society's viewpoint, if the ultimate aim is to sustain life at earth, not only corporations. Hence, somewhat naïve egalitarian presentation of economic, social and environmental aspects should be questioned, since it is clear that in the current CSR discourse (and legal framework) the economy aspect remains the strongest. It is also worth remembering that the broadly accepted definition for sustainable development of Brundtland Commission was constructed to work within the current (capitalist) system. Hence, we should be able to treat it also with criticism, since 30-year-old definition reflects more the values of that time than exhaustive truth. If the global issues, which also CSR aims to address, were caused by the current system in the first place, maybe it would not be so wrong to critically question the whole system itself?

Future research should address more aggressively paradoxes of current responsible corporate citizenship discourse, since it is not line with the existing legal framework. Instead, we should ask why any corporation should and would admit its part in accelerating the planet's ecological change. It simply is not their legal responsibility. Maximizing shareholder value is. Arguable, there are numerous win-win situation from which both the company and boarder society can benefit from, but we should not forget that the traditional business case is the ultimate driving force behind corporate action. Thus, if we assume that prioritizing social responsibilities over economic ones is not an inherent task of modern corporation, another question arises; why companies are trusted the voluntary power to self-regulate themselves on sustainability issues? The power should be matched with the responsibility. Otherwise, legally binding legislation is needed.

Finally, future research should more openly acknowledge the political and social nature of multinational corporations. The research should be more interdisciplinary since sustainability requires more holistic approach. Organizational studies, including accounting research, should derive more insight form other streams of research, such as social sciences, since corporations are nothing more than collections of contracts and property

rights subject to socially accepted rules which again are composed by socially behaving actors with bounded rationality.

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