Ensuring legitimacy through rhetorical changes?
A longitudinal interpretation of the environmental
disclosures of a leading Finnish chemical company

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Research paper

Abstract

Purpose:
The study sheds further light on how corporate environmental disclosures are used to respond to institutional pressures stemming from the social context.

Design/methodology/approach:
Interpretive textual analysis is applied to discuss how the environmental disclosures of a leading Finnish chemical company developed during the period 1972-2005. This discussion is accompanied by an analysis of the social and institutional context in which the company has been operating. The development of the disclosures is reflected against changing social and institutional pressures identified from the perspective of new institutional sociology.

Findings:
The results show that during these 34 years there have been major transitions in the rhetoric used by the case company in its environmental disclosures. These transitions coincide with changes in the social and institutional context. It is argued that the case company has adjusted its disclosures to respond to the varying institutional pressures in order to maintain a legitimate position in society.

Research limitations/implications:
The subjective nature of the interpretive approach and the use of a single case limit the generalizability of the results. However, the longitudinal approach is argued to produce valuable insights on how corporate disclosures are used as a communication tool to portray the organisation in a certain light.

Originality/value of the paper:
The study adds to a growing body of literature using interpretive approaches in deconstructing corporate disclosures. The influence exerted by social and institutional pressures on corporate disclosures is highlighted, further research avenues can therefore be proposed.

Keywords: Corporate environmental disclosures, New institutional sociology, Legitimacy, Longitudinal study, Rhetoric, Finland

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Introduction

The literature on corporate social and environmental disclosures has burgeoned over the past two decades and provided the research community with various insights on how corporations report on their social and environmental achievements (see reviews by Gray, 2002; Mathews, 1997; Owen, 2008; Parker, 2005). This article contributes to the literature with a longitudinal study of the environmental disclosures of a leading Finnish chemical company over a 34-year period. So far, many longitudinal studies reported in the corporate social and environmental disclosures literature have taken a content analytic approach, either exploring whether certain issues have been reported at all, or quantitatively measuring the volume of disclosures on various issues (e.g. Adams and Harte, 1998; Adams and McPhail, 2004; Arnold and Hammond, 1994; Buhr, 1998; Campbell et al., 2006; Guthrie and Parker, 1989; Hogner, 1982; Tinker and Neimark, 1987). The research at hand, however, seeks to get behind the sheer volumetric measures and analyse what the case company has actually been saying in its disclosures (Kolk, 1999; Thomson and Bebbington, 2005). In particular, the study strives to answer the following research questions: Firstly, how have the environmental disclosures of the case company developed during the 34-year period and, secondly, has the company used the disclosures to respond to institutional pressures stemming from the changing social context?

Adams (2002) highlights various factors known to influence corporate social and environmental reporting. She divides them into three groups: corporate characteristics, general contextual factors and internal contextual factors. It is beyond the scope of a single longitudinal study to analyse all of these. This paper therefore focuses only on how the general context has influenced the disclosures of the case company. Drawing on a review of the literature Adams (2002) maintains that changes in the social, political and economic context affect how the nature and extent of corporate disclosures varies over time (see Adams and Harte, 1998; Burchell et al., 1985; Guthrie and Parker, 1989; Hogner, 1982). This study contributes by paying attention to the rhetorical features of the environmental disclosures in relation to the social and institutional context of the case company. The study thereby adds to a growing body of literature deconstructing the corporate social and environmental disclosures (Buhr and Reiter, 2006; Laine, 2005; Livesey, 2002; Livesey and Kearins, 2002; Milne et al., 2006, 2004; Tregidga and Milne, 2006). These studies have applied discursive and other interpretive approaches to reveal the strategic construction of the corporate disclosures to portray the organisations in a particular light (see Arrington and Francis, 1993; Hines, 1988). Furthermore, this recent literature has demonstrated how the organisations' disclosures draw on wider discourses and, in the case of social and environmental disclosures, on the business discourse of sustainability in particular.

The article is organised as follows. First a discussion of the literature on social expectations and organisational legitimacy is presented from the perspective of the new

institutional sociology. The case company and the dataset are next introduced, followed by the methodological approach. Thereafter, the results of the analysis are reported together with a discussion on the developing social context. Finally, the findings are discussed in light of the literature before some concluding remarks are presented.

Social expectations and organisational legitimacy

In organisational research, the theoretical approach of new institutional sociology (Carruthers, 1995; Powell and DiMaggio, 1991) has been adopted to explore how the institutional environment and social expectations affect the organisations. According to Carruthers (1995) new institutionalists believe that the world is socially constructed (Berger and Luckmann, 1967) and filled with taken-for-granted meanings and rules. Broadly speaking, in new institutional sociology it is maintained that the social and institutional context has much to do with the shaping of organisational structures (Meyer and Rowan, 1977). Furthermore, the importance attached to external legitimization (DiMaggio and Powell, 1991; Miller, 1994) is of particular interest. Factual organisational activities may become decoupled from the accounts given outside (Carruthers, 1995; Meyer and Rowan, 1977), leading to window-dressing (Mouritsen and Skaerbaek, 1995). The external appearance may be rationalized and used to help the organisation meet the social expectations and to "confer legitimacy upon the organisation" (Carruthers, 1995, p. 315; also Meyer and Rowan, 1977), even though the underlying factual organisational reality may remain unchanged.

DiMaggio and Powell (1983; see Miller, 1994) have presented an analytical framework depicting some of the ways in which rationalized procedures spread across organisations. They identify three mechanisms of isomorphic change in organisations: namely coercive, mimetic and normative isomorphism. Each of these has different origins and will be discussed next in more detail.

Coercive isomorphism is linked to external pressures exerted upon an organisation by other actors upon which the organisation is dependent (DiMaggio and Powell, 1983). The pressures may be both formal and informal, and may be felt as compulsion or persuasion to do something. Typical examples of such pressures are norms set by regulatory authorities. However, as environmental reporting has been a voluntary practice in Finland throughout the research period, such direct coercive norms cannot be assumed. Nevertheless, the normative environment in respect to other environmental issues, such as pollution and effluent limits, has tightened steadily since the 1970s (see Hakala and Välimäki, 2003). Finnish organisations have been forced to adhere to these norms, possibly creating incentives also to include these very issues in their annual reports. Thus, the regulatory norms may have exerted indirect pressure on the companies to make certain disclosures. An even more important source of coercive pressure affecting environmental disclosures may have been the informal cultural expectations, which have fluctuated throughout the research period. Public opinion regarding what is socially acceptable or ethically appropriate behaviour for an organisation has varied over time (e.g. Elkington, 2001; Konttinen and Peltokoski, 2004).

The second form of institutional isomorphism identified by DiMaggio and Powell (1983) stems from uncertainty and is known as mimetic isomorphism. According to DiMaggio and Powell, organisations tend to model themselves on other organisations in situations when the operating environment is poorly understood or when the social environment creates symbolic uncertainty. Organisations may thus seek to embrace innovations likely to enhance social legitimacy. Therefore, organisations tend to emulate similar organisations deemed more legitimate or successful in this respect. Carruthers (1995) maintains that organisational fads and fashions are likely to spread through mimetic isomorphism. Similarly, Larrinaga-Gonzalez (2007) attributes the diffusion of sustainability reporting to mimicry of some trend. On the whole, mimetic and coercive pressures may well coincide instead of being fully distinct. For instance, an organisation may feel coercive pressures due to broader social expectations and seek solutions through other similar entities, culminating in the imitation of the practices of these other organisations. In such situations it may be impossible (and irrelevant?) to distinguish whether the process was indeed due to coercive or mimetic pressures. Instead, the rationalizing change taking place in an organisation may be a result of the interplay of various social pressures.

The third form of institutional pressure identified by DiMaggio and Powell (1983) is normative pressure, the main source of which is professionalization. DiMaggio and Powell name two important aspects with respect to normative isomorphism. The first is the formal education system and the similar cognitive background of specialists passing through the university system, an aspect which does not appear so relevant in relation to environmental reporting. The professional networks spanning organisations, the second aspect identified by DiMaggio and Powell, could be of greater interest here. Professional networks form an important medium for the rapid dissemination of new models, innovations and practices. There are, for instance, professional networks for those responsible for organisations' corporate social responsibility and sustainability issues. These formal or informal networks organise meetings, training sessions and small scale conferences, in which information on new ways of doing things diffuses (see Carruthers, 1995). Such events and networks could form channels for the dissemination of new reporting innovations such as the Global Reporting Initiative. On the whole, the ideas of corporate environmental management, social responsibility and sustainability have become increasingly institutionalized only in recent years, which may also have given additional significance to professional networks in this area. Therefore, normative isomorphism is considered to have more likely taken place in the later stages of the dataset.

As in the social and environmental accounting literature it is generally maintained here that organisations may seek to use reporting as a means of securing organisational legitimacy.[1] The study thus seeks to analyse the environmental disclosures of the case company in the social and institutional context, to assess the effect of the broader institutional pressures on the organisation's disclosures on environmental issues. More precisely, the three mechanisms presented by Dimaggio and Powell (1983) serve as a broad analytical framework against which the disclosures and the contextual social and institutional developments will be reflected. Whereas the original idea of DiMaggio and

Powell (1983) relates to organisations adopting similar rationalized practices through the isomorphic processes, the study at hand understands these pressures in a broader sense. The three types of institutional processes are used here to distinguish between the various social and institutional pressures encountered by the organisation in society regarding social and environmental issues. It is argued that these pressures eventually affect organisational behaviour, which here means changes in the organisation's approach to environmental disclosures.

Data

The study focuses on the disclosures of Kemira, a leading Finnish chemical company, over a 34-year period 1972-2005. Although with 7,700 employees and an annual turnover of 2,000 million Euros (Kemira AR 2005; Kemira's annual reports will be referred to by the abbreviation AR) the company is relatively small on a global scale, it was among the biggest companies in the Finnish chemicals industry throughout the period analysed. Kemira's main business sectors have been fertilizers and other agricultural chemicals, industrial chemicals and paints. These were the core business of the company until 2004, when the agricultural activities were divested into a separate company, Kemira Agro, and listed. In 2005 Kemira operated in 40 countries and all continents. At the time Kemira proclaimed itself the leading global supplier of chemicals and chemical solutions to the pulp and paper industry. It likewise maintained that it was the leading paint supplier in the North and East European markets (Kemira AR 2005). Kemira was fully state-owned until 1994, when it was listed on the Helsinki Stock Exchange. The State of Finland retained a majority holding in the company until 2005, when its ownership fell to 48.5 percent.

Kemira was chosen as the case company for several reasons. Firstly, it is of interest to analyse how over the years a company operating in an environmentally sensitive chemicals industry has presented its environmental impacts. Secondly, the corporate structure of Kemira Group has remained relatively stable throughout the period, which is unusual in the Finnish economy, where there have recently been numerous high-profile mergers or acquisitions. Thirdly, in the 1990s Kemira was ranked among the leading Finnish environmental reporters. Finally, Kemira's environmental report has been integrated into the annual report. As Kemira puts it (AR 1995, p. 49) *"Instead of separate environmental reporting the company favors concise discussion on important environmental issues as a part of the annual report."* This conciseness has partly facilitated the application of the interpretive approach, as the volume of text was manageable. Data was collected from 1972, the year ´the modern` Kemira Group was formed and the name of the group changed from Rikkihappo Oy [Sulphur Acid Inc.] to Kemira Oy, as the previous name *"did not reflect the full range of the company's activities"* (AR 1972, p. 1).

The dataset consists of Kemira's annual reports for the period 1972-2005, including the environmental reports published by Kemira as a part of the annual report from 1993 onwards.[2] Neither reports published by Kemira's subsidiaries nor information published on the company web-site has been included in the dataset. Some researchers

have contested the exclusive use of annual reports and emphasised the value of other sources, such as stand-alone social and environmental reports, corporate web-sites, advertisements or other publicly disseminated material (Adams and Frost, 2006; Campbell et al., 2003; Unerman, 2000; Zeghal and Ahmed, 1990). However, like most of the literature, this research concentrates solely on the annual reports (e.g. De Villiers and Van Staden, 2006; Gray et al., 1995), as it has been considered the most important medium through which corporations have communicated with external stakeholders (Campbell et al., 2006; Deegan et al., 2002).

At the beginning of the period the annual reports were typically around 20 pages long and contained around a dozen sentences of environmental information. During the period the length of the report increased steadily due to both mandatory and discretionary issues. In 2005 the annual report consisted of 116 pages, with 10 pages devoted to the environmental report. Since its inception in 1993 the length of the environmental report has remained more or less stable, ranging between 8 and 12 pages. In addition to the environmental report, environmental issues have regularly been referred to in other parts of the report, albeit briefly. For example, during the 34-year period environmental issues were discussed 22 times in the CEO's statement. In addition to the environmental disclosures the study also considered general social disclosures, such as corporate philanthropy, community involvement and general corporate responsibility. However, disclosures on human resources and employee issues have been excluded, since they would warrant a study of their own. Apart from the disclosures on employees Kemira has disclosed relatively little information on social issues. Nevertheless, the level has varied over the years and there have also been periods of more active reporting in this respect.

The method of analysis

The study considers the annual report as a medium through which the organisation may attempt to influence the perception among stakeholders and society at large of the organisation's position on social and environmental issues. Annual reports are corporate communication, with strategic choices regarding rhetoric and rhetorical arguments (Vaara and Tienari, 2002). Rhetoric is here understood to subsume conscious choices of expressions, metaphors, symbols and language, through which the organisation aims at (re)framing and (re)presenting itself as a certain kind of actor (see Craig and Amernic, 2004; Lawrence and Suddaby, 2006; Livesey, 2001; Suddaby and Greenwood, 2005). Or, as Gergen (1999, p. 42) puts it, text as rhetoric means "a language designed to do something within a community**".** In addition to text, the study also traces the development of the visual appearance of the annual report. This includes the use of photographs and colours and imagery in general. Following Preston et al. (1996; see also Davison, 2002; McKinstry, 1996) it is here maintained that the visual elements constitute corporate communication aiming at representing the organisation in a certain light. Therefore, these aspects are also taken into account while studying the corporation's strategic decisions on the contents of the annual reports. However, the main focus of the study is on the textual corpus and the visual appearance has been paid less attention.

To summarise the approach, the study analyses the case company's use of rhetoric and rhetorical arguments with respect to the changing social and institutional context. The approach is referred to as interpretive textual analysis (see Laine, 2005; Tregidga and Milne, 2006). On the whole, the interpretations have been formed through a process of subjective sense-making, which included numerous rounds of reading and various attempts to systematise the findings into a coherent interpretation, a process which will next be described in detail.[3]

The interpretation presented in this article was formed through a two-stage process. The first stage was executed by the researcher alone, whereas during the second stage a research assistant was also involved. The researcher initiated the first stage of the study by reading all the reports twice. During the first reading all passages which could somehow be considered social or environmental disclosures were marked. This included practically all sentences referring to any issues other than pure financial or economic matters. After a second reading of the annual reports all such parts were collected into a separate file. These excerpts contained short extracts from the original reports and were accompanied by notes on contextual features such as where the excerpt appeared in the report and what kind of issues were discussed in the preceding or following sentences and chapters. In some cases picking up direct citations was not considered worthwhile, and detailed notes on the issues were taken instead. An example of this would be the parts of the environmental reports discussing environmental technology at each particular industrial site. A chronological memo including thematically classified excerpts and notes was created and later transformed into a timeline including the developments in the disclosures [4]. This timeline included not only all the major factual changes in what the company claimed it was doing, but also the rhetorical changes observed in the way the company expressed itself during the research period. In addition, it included the time points at which Kemira introduced new environmental or social concepts in the disclosures, such as life-cycle assessment in 1994 and eco-efficiency in 1998. The final interpretation of the first stage was subsequently formed in an iterative process, with constant attention to similarities and dissimilarities between years; to dominant themes emerging and receding over time; to changes in the expressions, metaphors or symbols employed and so forth.

The research assistant joined the study about a year after the original interpretation had been made and written up. During this second stage of reading she conducted an interpretive textual analysis independently on the whole dataset, forming another way of seeing the development.[5] Next, the researcher made a careful comparison of the original interpretation and that of the research assistant, aided by discussions with the research assistant. On the basis of this comparison the researcher did yet another round of reading of both the original dataset and of the detailed research notes created during the first stage of analysis. Throughout this second stage emphasis was placed on the changes in the physical appearance of the reports, including photographs and artwork, the use of graphs and tables and colours. Finally, the researcher revised the original interpretation in light of the new round of reading, the assistant's analysis, and points raised in the discussions.[6]

Results of the interpretive textual analysis

The case company's disclosures on environmental issues can be divided into five periods (see Adams and McPhail, 2004; Buhr, 1998; Tregidga and Milne, 2006). In each of these the company applies a different rhetorical approach to environmental issues and to its own position on the natural environment and society in general. The findings are summarised in Table 1.

The construction of the time periods was data-driven. The analysis soon revealed major changes in Kemira's use of language in the disclosures during the 34 years. These rapid transitions were not explained to any extent in the disclosures. The external context in which Kemira had been operating was therefore examined in order to identify factors which could have affected Kemira's environmental disclosures. According to the new institutional sociology organisations adjust their actions with respect to institutional coercive, mimetic and normative pressures (DiMaggio and Powell, 1983). An analysis of the social and institutional context demonstrated that public interest in environmental issues has waxed and waned over the years. The following findings show that the rhetorical transitions in Kemira's disclosures coincide with changes in the social and institutional context.

The paper now moves on to present the different rhetorical approaches identified in Kemira's environmental disclosures. The discussion of the five time periods is accompanied with an analysis of the social and institutional context in which the company has been operating. First, however, we summarise the Finnish social context prior to 1972, when the data begins.

Finnish society had been interested in environmental issues since the late 1960s. The environmental debate began internationally during the 1960s, reaching one of its peaks on Earth Day in 1970 (Elkington, 2001). One theme was the hazards caused by the chemicals industry, not least due to the publication of the influential book *Silent Spring* by Rachel Carson (1962). As in most other industrialized nations, environmental issues came to be included in the official public authority system in Finland during the period 1968-1972 (see Weale, 1992). Even though the Finnish government began to pay more attention to environmental issues, the environmental legislation was still in its infancy (Haila, 2001; Hakala and Välimäki, 2003). In Finland the first wave of environmental activism is considered to have taken place from 1967 to 1970 (Konttinen and Peltokoski, 2004). Suhonen (1994) has shown that the volume of environmental articles in the major Finnish quality daily, *Helsingin Sanomat*, peaked in 1972. The environmental debate in Finland also concerned the chemicals industry, and there were local protests against polluting plants, including Kemira's (Haila, 2001). Kemira's annual report for 1972 was thus published at a time of considerable public interest.

	1972-1978: Reducing the environmental harm	1979-1985: Increasing awareness	1986-1993: The period of indispensability	1993-1999: Environmental excellence	2000-2005: Value-based benevolence
Rhetorical features of the disclosures	Problem-centred; reactive	Environmental investments; efficiency; being a leader	Defensive; indispensability; expertise; risk vs. benefit	Positive; environmental management; normalising activities; compliance	Values; social significance; image; visual
Kemira's orientation	Domestic	Domestic	From domestic to international	International	International
Peaks of media attention in Finland [A]	1972	1979	1986		
Environmental movements in Finland [B]	First wave: Late 1960s to early 1970s	Second wave: 1979-1982	Third wave: 1987-1990	Fourth wave: 1995-1998	Fifth wave: 2000-2003
International waves of public interest on business [C]	First wave: 1969-1973		Second wave: 1988-1990		Third wave: 1999-2001
Main sources of pressure at the point of transition	Coercive	Coercive, (mimetic)	Coercive	Mimetic	Coercive, Mimetic

Table I: Summary of the findings
(A: Suhonen, 1994; B: Konttinen and Peltokoski, 2004; Lindblom, 2005; C: Elkington, 2004, 2001)

1972-1978: Reducing the environmental harm

In the first years of the dataset Kemira is fairly open about the environmental impacts of its operations. The social context probably created informal coercive pressures for Kemira to take some stand on environmental issues in its disclosures. Kemira's annual reports for this period resemble official documents with formal narrative, some simple graphs and a few large photographs, mainly of factories and equipment. The length of the reports rises steadily from 20 pages to approximately 40 pages in 1978. The narratives generally contain relatively technical descriptions of the year's achievements. The financial statements are not yet in the modern form, being simple and brief.

Throughout this first period environmental issues appear in the reports, albeit rather briefly. Kemira discusses how it has started to reduce the environmental damage caused by its activities.

"The old Harjavalta processing plant, which has old worn out equipment causing problems with effluents, will be refurbished." (AR 1973, p. 5.)

"Measures to reduce the environmental damage caused by industrial plants have been continued intensively throughout the year." (AR 1974, p. 5; AR 1975, p. 7.)

It is moreover interesting to note how frankly the company admits that nature does suffer from its activities and that difficult environmental problems remain unsolved:

"The iron sulfate generated as waste during the titandioxide process causes a difficult and still unsolved problem." (AR 1972, CEO Statement, p. 1.)

"The massive volumes of waste plaster generated as a side product in the production of phosphorus acid cause a difficult problem." (AR 1973, p. 5.)

The disclosures of this period are often problem-centred and negatively framed. The company admits its uncertainty and emphasises the difficulty of environmental issues. As a whole the disclosures are mostly reactive and represent problems simply as problems, without any explicit discussion about why certain issues are considered problematic or what kind of consequences might ensue if these problems are not addressed. Such a problem-centred approach is unique to this first period and was subsequently drastically altered. Indeed, the annual report for 1976 marks a turning point in the company's environmental disclosures. Kemira was in financial trouble because of the widespread recession, allegedly making it impossible to use resources on environmental improvements. Instead, in the annual report of 1976 the company presents figures on its wastewater effluents from the preceding six years. Interestingly, these figures and the accompanying graphs are the only example of quantitative environmental information given 1972-1989 [7]. The caption of the graphs states as follows:

"The results of attitude education, continuous control and determined research and development work in environmental protection can also be attested. This is illustrated in the graphs above, showing the positive development in effluents from our fertilizer plants." (AR 1976, p. 8.)

The following two years Kemira seems to build on these results. The annual reports continue to appear relatively open in the sense that the company considers its environmental activities adequate. In 1977 the company reports that "*no major environmental investments took place*" and that "*the focus was on maintaining the accomplished level*" (AR 1977, p. 32). In addition, there is for the first time a short section dedicated to environmental issues and headed "*research on water pollution control*" (ibid). Similarly, the environmental disclosures in 1978 focus on describing various long-term plans and research projects the company is currently pursuing. However, neither of these two reports explains why the company no longer focuses on environmental investments to immediately reduce pollution. For instance, Kemira could have claimed that there were limited possibilities for major environmental investments and activities due to financial austerity. This suggests that the company may not have felt

any major coercive, mimetic or normative social pressures during the late years of the period. However, the social context was developing and a new wave of coercive pressure was imminent.

1979-1985: Increasing social and environmental awareness

The aforementioned frank reporting on the environmental problems disappears almost completely after 1978. Explicit mentions of environmental damage or hazards become very rare, in spite of some isolated mentions. All in all, the corporate rhetoric and the way it speaks of the environment and environmental issues changes from 1979 onwards. The new approach is summarised in Table 1. A good example of how Kemira's rhetoric changes during this time is the following quotation from the first annual report statement by the company's recently appointed CEO:

> *"During the last few years Kemira's development work has included a firm commitment to investments aimed at taking care of the environment around the industrial plants. They make up about 5-10 percent of total annual investments and are allocated mainly to protecting the water, but also partly the air." (AR 1979, p. 5.)*

Thus, the rhetoric is turned upside-down. The corporation is no longer explicit about causing negative impacts; instead, it focuses on how much it has done to protect the environment. Furthermore, the focus is also on efficiency and on making environmental protection more effective.

The change in the rhetorical approach could have been due to changes in the Finnish social context. The end of the 1970s witnessed a heightened interest in environmental issues in general in Finland. Suhonen (1994) has shown that the volume of environmental articles in the major Finnish newspaper peaked again in 1979. According to Konttinen and Peltokoski (2004; see also Haila, 2001; Hakala and Välimäki, 2003) the second wave of Finnish environmental activism also reached its peak in 1979. It is here maintained that the domestic social context caused coercive pressure on the company, to which it responded by changing the rhetoric in its disclosures. It is argued that the international pressures were less important at this stage, since Kemira could still be considered a domestic company. It was fully state-owned and even though some of the divisions and subsidiary companies were involved in international trade, the main focus of the company was on Finland and Finnish society. In addition, at the time the Finnish economy was still largely regulated, limiting the chances of international companies to access the Finnish markets. The period lasting until the mid to late 1980s is often referred to as the era of financial capitalism, indicating the power domestic financial institutions wielded in Finnish business as a whole (see Ojala and Karonen, 2006).

Even though no explicit statements are made in the annual reports, it seems that the rhetorical changes are also accompanied by a change in the putative audience. Until the late 1970s, the reports seem as if they were written by an entity being part of the state to the government officials and the state as a whole. However, from the late 1970s onwards

the company understands the audience in a broader sense, including other major stakeholders, such as customers and the media. The rhetorical position switches from that of a state-owned company to that of a company in the chemicals industry, which suggests that Kemira felt at least mild mimetic pressure to appear like the others in the industry. The physical appearance of the reports also changes during the early 1980s from an official-looking format filled with pictures of managers and factories to a more modern public relations style, exemplified in the 1985 annual report presenting the fertilizer division using pictures of fresh vegetables and the paints division with a full-page picture of a woman's bare foot in a shower.

In addition to the environmental debate the end of the 1970s in Finland witnessed a growing interest in the social responsibility of business and, especially, in the status of employees. At the time there was also some academic debate on how the corporations should report on their wider social impacts (see Näsi, 1995). These social expectations created more coercive pressures on companies to act in certain ways. In addition, the activities of other organisations imposed mimetic pressures on Kemira. Social accounting and value-added reports were developed (Kasurinen, 1991). Näsi and Näsi (1993) describe how Finnish paper companies disclosed value-added statements in their annual reports for a few years in the late 1970s, after which such disclosures disappeared. These interrelated coercive and mimetic pressures may have caused Kemira to publish a value-added statement at the end of the annual report every year between 1978 and 1983. Interestingly, the company did not stress this in any sense; the statement is disclosed solely in graphs and tables, mainly without any comments. Nor did the company mention why this practice was eventually abandoned after six years. However, it may well be that the value-added statement was removed because such reports were a mere passing trend (see Burchell et al., 1985).

Another notable change in this period is the company's efforts to demonstrate its dedication to improving environmental protection. Previously such activities included no detail on size, cost or other impacts. Now, the most important measure seems to be the cost of the investment:

> *"The air-protection project, which will cost over 20 MFim [3.5 MEur], was started this year. The project will finalize a broad series of environmental protection investments reaching a total cost of almost 50 MFim [8.5 MEur]. This project will put Säteri plants among the world's leaders in environmental protection in its sector." (AR 1981, p. 31.)*

Apart from the financial figures Kemira does not provide any other quantitative information about the results of this increased work on environmental protection. It seems that the monetary figures were used to convince the public of the company's commitment. As discussed above, during these years society imposed coercive pressure on organisations due to an interest in how the companies were using their profits. Thus, we speculate that the company aimed to enhance its legitimacy in the eyes of society by emphasising its environmental investments. However, it is significant how seldom the company states whether these investments were voluntary, or in fact an official

requirement of environmental permitting. By omitting this information the company was able to represent itself as an environmentally active party, using its meagre resources for the common good.

1986-1993: Indispensability (the chemicals industry as a sine qua non of modern society)

The middle of the 1980s witnessed a number of incidents which tarnished the image of the chemicals industry in the public perception. Firstly, there was the explosion at the Union Carbide plant in Bhopal, India in 1984. Secondly, even though not directly linked to the chemicals industry, there was the nuclear meltdown in Chernobyl in the former Soviet Union, in 1986. Thirdly, there was the massive fire at the Sandoz plant, also in 1986, causing serious damage to the Upper Rhine ecosystem. In Finland, the public environmental debate intensified in the mid 1980s and, according to Suhonen (1994), the volume of environmental articles in the Finnish media reached its third peak in 1986. Konttinen and Peltokoski (2004) maintain that the third wave of Finnish environmentalism took place between 1987 and 1990. Thus, it is likely that these events and developments in the social context caused coercive pressures and caused Kemira to adopt a defensive rhetorical orientation to environmental issues. Table 1 includes a summary of this approach.

> *"By applying the knowledge of chemical phenomena the chemical industry has been <u>crucial</u> in creating the preconditions for human well-being. We have been able to produce considerably more food. Chemical industry has a <u>pivotal</u> role in curing illnesses and in lengthening our lives. The clothing, housing and self-decorating would not be as they are today without the chemicals industry. Every one is free to ponder whether the result is good or bad." (AR 1986, CEO statement, p. 3. Emphases added.)*

It seems that Kemira recognised a need to enlighten the public about how important the chemicals industry, and especially Kemira, is to modern society. During the late 1980s and early 1990s the company continues to discuss the costs of environmental investments. However, as this apparently does not suffice as a response to the coercive social pressures, the company begins to employ the rhetoric of progress and modernity to gain further legitimacy, as seen in its emphasis on the indispensability of the chemicals industry and chemical products to modern society. Excerpts such as those below are often accompanied by a brief discussion of environmental issues, in the sense that the company concedes some environmental impacts, but mitigates them by stating for example:

> *"The agricultural chemicals sector is filled with strict regulations and restrictions on use. On the other hand it is acknowledged that these substances are <u>indispensable</u> for modern agriculture." (AR 1988, p. 49. Emphasis added.)*

> *"Hundreds of thousands of different chemicals are known; and they are by no means all poisons, but useful and <u>essential</u> commodities." (AR 1993, p. 35. Emphasis added.)*

At this stage the annual reports consist of approximately 50 pages, with about 20 devoted to financial information. The format remains relatively stable: each industrial sector is discussed in a couple of pages, illustrated with one or two graphs and photographs. Note that the pictures seldom feature production facilities or personnel; the emphasis is more on the company's products and their possible applications. This suggests that the visual appearance may also be intended to demonstrate Kemira's indispensability for society and to downplay the industrial nature of the company's activities.

In modern society one way of constructing legitimacy is through rationality and expertise (see Beck, 1992). After the industrial catastrophes in the mid 1980s Kemira needed to convince the public of the safety of chemical operations in general, and of Kemira's operations in particular. During this period Kemira constantly refers to "*public opinion*", which is often antagonistic to the operations of the chemicals industry. The rhetorical device Kemira uses to counter the accusations and respond to the coercive social pressure is to emphasise the company's expertise. Operations in the chemicals industry require expert knowledge and skills, which the company is keen to promote:

> *"In chemical production processes there may be immensely dangerous raw materials or intermediate products. Therefore, the techniques used in the chemicals industry have to be of the highest level. In addition, the professional skills of the employees have to maintain high standards." (AR 1986, CEO's statement, p. 3.)*

> *"Environmental issues have become established as one of the most important topics of societal discussion... The chemicals industry is in many ways in the focal point of this discussion. The chemicals industry is able to provide means for cleaner production methods and for cleaning the already polluted environment. On the other hand, at its worst the "poison discussion" represents all chemicals <u>sensationally</u> as harmful, or catastrophic, even in very small portions. It is hoped that the discussion on chemicals would be <u>more relevant and competent</u>." (AR 1993, p. 35. Emphases added.)*

Thus, society is advised to trust the experts, since they know best, and Kemira is indeed an expert whose views should be trusted (see Beck, 1992; Eden, 1999). Interestingly, Hoffman (1999) presents similar findings on the discussion in a major US chemicals industry trade journal from the late 1970s to the mid 1980s on the relationship between risks and social benefits.

1993-1999: Environmental excellence

Kemira's rhetoric changes once again by the middle of the 1990s. The talk of indispensability is replaced by a broader and more assuring rhetoric of environmental excellence. There is no longer any talk about environmental damage or hazards. Instead, the disclosures abound in laudatory phrases about the company's care of environmental issues (see Table 1). In point of fact, this rhetorical orientation partly overlaps with the

previous one. Kemira's first integrated environmental report in 1993 is an explicit manifestation of the broader rhetoric of environmental excellence, whereas the rest of the annual report still follows the former defensive rhetoric. This might have happened, for instance, if the environmental report was produced elsewhere in the organisation than the rest of the annual report. Be this as it may, the rhetoric of environmental excellence dominates from the next annual report onwards. As Kemira puts it:

> *"Environmental products contribute 6 % of the annual turnover. For Kemira this rapidly growing sector means a gradual shift from a polluter to a cleaner." (AR, 1993, p. 43.)*

Remarkable changes took place in the Finnish economy during the late 1980s and early 1990s. The economy was rather swiftly deregulated and Finland in many respects opened up to international competition. For instance, foreign direct investments in Finland had been legally difficult until the 1990s, and really started to pick up only in the late 1990s (Ojala and Karonen, 2006; Hjerppe and Jalava, 2006). Likewise, foreign ownership was liberalised in 1992. Ojala and Karonen (2006) describe these major changes in the Finnish economy as a transition from financial capitalism to global capitalism. Moreover, Finland joined the European Union in 1995, which also affected the business structure. For Finnish companies, including Kemira, these profound changes in the social context meant an increasing need for a more international approach. As the Finnish markets opened up, Kemira's orientation was no longer only domestic but truly international. Kemira had given its divisions official English names in 1990, "*to better reflect the increasingly international focus of the company*" (AR 1990, p. 7). In addition, the opening up of the markets not only made the institutional context more international, but also intensified competition. Therefore, it became essential for Kemira to follow international developments and competitors in the chemicals industry more closely. Simultaneously, mimetic pressures began to constitute a new source of institutional influence.

The internationalisation is also apparent in the visual appearance of the annual reports of this period, as many of the pictures are taken outside of Finland. Otherwise the appearance of the annual report is largely unchanged. However, it is interesting to note that the newly added environmental report breaks away from the general pattern: these pages contain no pictures, but only narratives and numerous graphs. It seems that this format aims to equate environmental information with financial statements as a source of highly reliable information.

It has been argued here that during the earlier periods Kemira adjusted its rhetoric mainly with respect to coercive social pressures. Even though Elkington (2001) maintains that the second international wave of environmental pressure on business peaked in the late 1980s and early 1990s, Kemira's rhetorical turn in 1993 is more likely due to mimetic than coercive pressures. Kemira's adoption of a positive rhetoric of environmental excellence coincides with the talk about good environmental management in business life in general (see Levy, 1997; Newton and Harte, 1997; Schmidheiny, 1992). In the distal context the ICC Business Charter for Sustainable Development was published in 1991.

Kemira committed to the ICC Charter that same year (AR 1991, 6) and in 1992 the company also subscribed to the Responsible Care initiative of the international chemicals industry. Furthermore, numerous business front-groups, especially the Business Council for Sustainable Development, were active participants in the UNCED 1992 Earth Summit in Rio de Janeiro, promoting the business view of win-win solutions in environmental questions. Voluntary environmental reporting was also becoming increasingly popular internationally (e.g. Gray et al., 1996). It is thus suggested that these international developments caused mimetic pressure on Kemira to initiate environmental reporting and to relinquish the earlier defensive rhetoric.

"Environmental management is part of the normal activity." (AR 1993, p. 44.)

The new rhetorical orientation is again accompanied by a broader understanding of the audience: The reports are now also aimed at potential (and subsequently current) investors, as Kemira became a listed company on the Helsinki Stock Exchange in 1994. The general rhetoric in the annual reports is now positive, and many environmental issues are represented as future business opportunities. During this period the company starts to refer to some of its activities as "environmental business operations". Most of these business areas had already been part of the company in the 1980s, but it was only at this point that the company started to use positive rhetorical expressions to describe them.

Furthermore, one of Kemira's operating principles is *"Respect the environment"* (AR 1995, p. 3), and their goal is to have *"satisfied customers and high profitability"*, which will be achieved by *"innovative solutions aiming at sustainable development"* (ibid.). This rhetoric pursues legitimacy through normalising environmental issues as a part of the business-as-usual, implying the company will take care of them like any other important business issues.

> *"The Kemira Group considers environmental protection to be an important and integral part of its operations." (AR 1997, p. 9.)*

Likewise, another way of normalising environmental issues into the general business activity is to emphasise how important environmental issues are for business:

> *"The good management of environmental affairs is an important element of successful business and also represents an opportunity." (AR 1996, p. 6.)*

In the previous decade Kemira was more or less silent about environmental legislation. The company emphasised the resources it had invested in environmental improvements, but did not discuss whether these investments were de facto mandatory due to the environmental permitting limitations. However, during this period the authorities and environmental permits play a new role. They are used as legitimating devices to further prove the excellence of the company's environmental management. In the disclosures the permit limits are frequently depicted as *"strict"* or *"extremely challenging"*. Curiously, the company often seems able to do even better, resulting in disclosures such as *"the effluents were clearly below the limits"* (AR 1997, p. 53). Yet another way to use the

permits is to mitigate the possible increase in effluents by comparing the situation to the limits:

> *"Nutrient releases at the Uusikaupunki plant increased slightly from the all-time-low of the previous year, but are still 30-70 % of the permitted levels." (AR 1996, p. 53.)*

To conclude, the 1990s witnessed a remarkable transition in the way Kemira discussed environmental issues. The transition occurred at a time when business in general changed its attitude to environmental issues. This development might have led to emerging mimetic pressures on Kemira, as its appearance in relation to other companies came to be perceived differently from before. Thus, the earlier defensive rhetoric of indispensability could have proven counterproductive.

2000-2005: Value-based benevolence

The new millennium witnessed another rhetorical change in Kemira's environmental disclosures. During this period the disclosures on social and environmental issues are frequently linked, making it difficult to distinguish between them. This new major rhetorical approach is here called value-based benevolence and is summarised in Table 1.

The previously dominant rhetoric of environmental excellence remains in the background, albeit in a different form. In effect, the nature of the disclosures changes from being mainly detailed informative documents to more general brochure type reports, in which the details are less important than the image to be conveyed. It is interesting to note that the less detail is provided the more the company exalts its reliability. Thus, the public should trust the company even if it appears reluctant to fulfill its accountability by producing transparent reporting on its activities. In point of fact, the company links its new corporate values to the social expectations by stating:

> *"We believe [our new] values are well in line with the recent discussions on the transparency and social responsibility of multinational corporations." (AR 2000, p. 60.)*

Moreover, the company emphasises in various ways how valuable its existence and production are for society. Society will gain not only essentials, but also higher objectives:

> *"We are doing our part to ensure that the world has an adequate supply of pure water and nutrition, a pleasing environment and a foundation for culture and leisure pursuits." (AR 2000, p. 6)*

> *"… we want to play a positive role in social development …" (AR 2004, p. 2.)*

Thus, coercive pressures appear to have an effect on the company, since it sees a need to act and disclose in concordance with wider social values. Elkington (2004) maintains that

this was the time when international public interest in corporations' actions again reached a peak. High-profile protests involving a number of NGOs and other interested citizens occurred at the WTO meetings in Seattle and Gothenburg, for instance. These activities also spread to Finland and the fifth wave of Finnish environmentalism is located around 1999-2001 (Lindblom 2005). In addition, new mimetic pressures also emerged while other companies were extending the scope of their social and environmental disclosures to sustainability or corporate social responsibility reports. Kemira's major rhetorical transition coincides with this peaking of public interest. Its reporting starts to emphasise how benevolent the company actually is. The activities are presented as being built on strong human values, the pursuit of which will lead to balancing social, environmental and economic dimensions. This was something companies were expected to do, and Kemira's new rhetorical orientation presents its activities as ethically and socially appropriate in the midst of coercive and mimetic social pressures.

The visual appearance was also changed to support this rhetorical transition. The annual report of 2000 differs from the previous ones and the pictures show personnel working for Kemira. The following two annual reports 2001-2002 have an even stronger symbolic appearance: there are no photographs, but drawings and artwork. The 2001 annual report features drawings by the company's board of directors, apparently in order to represent the board as ordinary people rather than as tough captains of industry 'above the others'. The next annual report in 2002 is illustrated with artwork featuring a smiling couple in various settings, symbolising intimacy and value-filled thinking. Even though the annual report of 2003 still contains some drawings, it resembles more those of the following years, 2004-2005, which mainly contain pictures of smiling personnel happily working for Kemira, representing the corporation and its personnel as one big happy family.

Furthermore, the readers are constantly being assured of the great benefits and feats the chemicals industry is accomplishing. Actually, the company is again promoting its indispensability, albeit in a different way. For instance, production is no longer about the products per se, but about the superior services these products facilitate:

> *"Kemira's Chemicals' business units will continue to have an important social significance in the future ... Pulp and Paper Chemicals serves information exchange as well as education and training by making efficient and environmentally sound paper production possible." (AR 2000, p. 45.)*

In general, contemporary society is becoming increasingly aware of the limits nature may impose on economic growth. However, at the same time the World Business Council for Sustainable Development continues to claim that business will be able to deliver sustainable growth (Holliday et al., 2002). This chimera is set to combine further economic growth with solutions to the existing environmental and social problems without any major changes in the current economic order (but see Beder, 2002; Gray, 2002; Rutherford, 2003; Welford, 1997). Kemira's rhetoric contains a similar promise:

> *"Sustainable economic growth is often dependent on the availability of pure water." (AR 2002, p. 19.)*

"…continuous flow of new products and solutions that benefit humanity." (AR 2003, p. 9)

Thus, Kemira aspires to legitimize its activities with disclosures promoting business-led development towards a sustainable society. Its rhetoric of value-based benevolence responds to the interweaving coercive and mimetic pressures by manifesting a simultaneous contribution to social wellbeing, environmental protection and further economic growth.

Discussion

This study focused on the disclosures of Kemira, a leading Finnish chemicals company, in the period 1972-2005. Before the findings are synthesized, the limitations of this study will be ennumerated.

The process of interpretive textual analysis is admittedly subjective, and the results are inevitably biased by the researcher's personal position. In addition, as with all accounts, this study has only given a partial representation of the social and institutional context. Furthermore, other factors such as the corporate characteristics or the internal contextual factors may also have affected the disclosures (Adams, 2002). Therefore this analysis should be understood as only one of several possible interpretations, albeit a well-informed one. Moreover, the study focuses on the disclosures of a single company and cannot be generalised to other industries, to other countries or to business as a whole. However, it is argued that the interpretive approach applied here offers interesting insights for corporate social and environmental reporting research. Accordingly, a growing research tendency has arisen in the literature to employ similar interpretive analytical methods relying on discursive, rhetorical or other similar methodological approaches (Buhr and Reiter, 2006; Laine, 2005; Livesey, 2002; Livesey and Kearins, 2002; Milne et al., 2006; Milne et al., 2004; Tregidga and Milne, 2006).

Many earlier studies on corporate social and environmental reporting (e.g. Buhr, 1998; Deegan et al., 2002; Patten, 1992) have been based on legitimacy theory and maintained that organisations use disclosures to maintain their legitimacy in society. In parallel with this major body of literature it is argued here that Kemira changed its rhetoric in the disclosures according to changes in the social context. Thus this paper further underscores the influence the general contextual factors have on corporate environmental disclosures (see Adams, 2002). Furthermore, the study answers calls by Larrinaga-Gonzalez (2007) and Owen (2008) and uses new institutional sociology to identify the various forms of social and institutional pressures.

The findings collected in Table 1 show the link between Kemira's environmental disclosures and the changing coercive and mimetic pressures. As a whole, it appears that the coercive pressures were the main factor affecting Kemira's environmental disclosures until the early 1990s. The transition points at which Kemira changed its rhetorical approach in 1972, 1979 and 1986 coincide with peaks of public interest in Finland. It is

maintained that this is no coincidence, but occurred because Kemira has felt a need to adjust its environmental disclosures in the face of coercive pressures. After changing its rhetorical approach, Kemira adhered to the new course until the next major wave of social pressure.

The role of mimetic pressures has grown from the early 1990s onwards. At this stage both Finnish society and Kemira itself were absorbing more influence from abroad. It is argued that the rapid development in how international business at large addressed environmental issues in the early 1990s was decisive for Kemira's environmental disclosures. The general discourse of good environmental management contained a positive message which also appeared viable for Kemira. Presumably broader social expectations had earlier given impetus to the greening of business. However, according to Elkington (2001) international public interest in environmental issues in business was already fading in 1991-1992. Similarly, the activity of Finnish environmental movements was in decline (Konttinen and Peltokoski, 2004). It is thus argued here that Kemira's rhetorical transition in 1993 was mainly due to mimetic pressures and a result of Kemira following the diffusion of the discourse of good environmental management.

Kemira's last observed rhetorical transition occurred in 2000, at a time when the social expectations of business were very high. All major companies had to consider whether they should somehow react to the coercive pressures. During uncertain times the developments in other business organisations also created mimetic pressures. It is maintained that these interrelated institutional pressures caused Kemira to alter its rhetoric and start representing itself as a value-based and benevolent organisation.

It should be noted that no normative pressures (DiMaggio and Powell, 1983) were identified during this study. This, however, does not necessarily imply that no such pressures have existed over the years. It is possible that normative isomorphism has played a part in the diffusion of practices in professional networks, for instance. The diffusion of the idea of corporate social responsibility during the last decade has led to the emergence of new networks focusing on social and environmental aspects of business. Similarly, numerous seminars and training sessions have focused on corporate social and environmental reporting in general and the Global Reporting Initiative in particular as the popularity of non-financial disclosures has increased. Nevertheless, the data do not permit any definite conclusions to be drawn on whether normative pressures stemming from professionalisation have influenced the case company's environmental disclosures. Kemira's reporting offers no evidence of the company's employees taking part in developing the Global Reporting Initiative or in any other similar endeavours. Thus, even though the existence of some normative pressures in the later stage of the dataset is considered possible, it is here maintained that recognising such pressures and mechanisms is more or less beyond the scope of a study focusing merely on corporate disclosures. Studies tackling the significance of professional networks and consultancies in the diffusion of new disclosure trends are thus called for.

There are differing views in the literature on whether the developing corporate social and environmental reporting actually helps to solve the deepening environmental crisis. In a

longitudinal study on the sustainability disclosures of a leading New Zealand reporter, Tregidga and Milne (2006, p. 237) are rather cautious and maintain that reporting may undermine "the sense of tension between business and environment – through knowledgeable and careful management, these can now be balanced, and images are supplied to reinforce this notion." In contrast, Buhr and Reiter (2006) are more positive about how the mere existence of social and environmental reporting has the potential to change corporate behaviour. In this respect this study is closer to Tregidga and Milne (2006) and maintains that the corporate rhetoric is used to persuade the public about the beneficial outcomes of business-as-usual. The findings summarised in Table 1 demonstrate how Kemira has applied various rhetorical approaches in representing its activities. Theoretical insights provided by new institutional sociology (DiMaggio and Powell, 1983) claim that the external appearance of an organisation may be rationalised and used to help it conform to the social expectations. An analysis of Kemira's environmental disclosures has demonstrated that this has likely been the case. The observed rapid transitions in the environmental disclosures suggest that the disclosures were decoupled (Carruthers, 1995; Meyer and Rowan, 1977) from the factual organisational actions. This is not to rule out possible changes in how things are actually done in the organisation and in the environmental impacts of these activities. However, social and environmental reporting are here understood as tools of corporate communication (McKinstry, 1996), through which organisations' activities are represented as socially appropriate. Corporate rhetoric and image management are powerful tools used to strengthen the broader social beliefs on how business-as-usual mitigates environmental problems and delivers sustainability, despite numerous current indicators pointing in the opposite direction (Gray, 2006). Therefore, a better understanding of the linkages between organisations' actions and disclosures is needed. Ethnographic studies could provide opportunities for rich descriptions (see e.g. Dey, 2007), even though difficulties in gaining access to companies and limited research resources complicate such endeavours.

A longitudinal study of this kind provides insights on the interlinkages between the disclosures and the developing social context. However, numerous aspects are beyond this approach. For instance, we need more detailed accounts to provide information on how and why the disclosures are produced in different social contexts and situations (see Adams and McNicholas, 2007). This entails not only discussing why certain issues are reported, but also why the issues are or not reported in a particular way. Furthermore, it would be interesting to learn how the people in charge of the social and environmental disclosures in organisations conceptualise the social context and its effects on the disclosures (e.g. Spence, 2007; also O'Dwyer, 2002). Exploring many of these themes may entail combining different research approaches, such as ethnography and textual analysis. By gathering data through interviews and participant observation it would likely be possible to shed further light on how coercive, mimetic and, especially, normative pressures affect organisations' disclosures.

The means of corporate communication have changed rapidly over the past decade. The previously dominant annual report has now lost ground and other forms of disclosures, such as corporate websites, seem to have taken over (e.g. Adams and Frost, 2006).

Nevertheless, the importance of the social context should not be underestimated. The findings presented here show how the case company's disclosures went through major rhetorical transitions, which coincided with developments in the social and institutional context. From the perspective of new institutional sociology it is therefore argued that the case company used its disclosures to maintain legitimacy with an appropriate external appearance in the changing operating environment. There is no reason to believe this feature is specific to the annual report. Hence, future disclosure studies should pay considerable attention to the general contextual factors in order to gain a more profound understanding of organisations' disclosure practices.

Finally, this study has not considered the reception of the reports (see Ferguson, 2007). There are numerous papers in the literature scrutinising corporate disclosures in various ways. However, there is too little understanding of how these texts are eventually received in society. For instance, it is not known whether the rhetorical changes observed in Kemira's disclosures actually had any effect on the eventual readers of the reports. It should be noted, however, that a longitudinal setting limits the possibilities to gather data for this purpose. Still, who actually reads the reports, why, and how the reports are understood are examples of poorly understood issues. Approaching such themes is more complex than sticking to the publicly available corporate disclosures. Nevertheless, since papers like this claim that the disclosures are used to influence the public at large, it would be essential to know more about their reception by the public.

Concluding remarks

The study shows how the rhetoric of the case organisation changed numerous times during the 34-year period. It is argued that the environmental disclosures are used as rhetorical devices in responding to social and institutional pressures so that the organisation would appear to conform to social expectations. The rapid changes in corporate rhetoric further stress that the disclosures are not really about the corporate activities, but about representing these activities. Elegant expressions and catchy phrases take precedence over factual actions and developments in the material impacts. A decoupling (Carruthers, 1995; Meyer and Rowan, 1977) of internal reality and external accounts is suggested to have taken place. Therefore, in light of the findings there is serious doubt whether social and environmental actions and the accomplishments of companies may be compared by analysing their disclosures. One can only hope that universal standards of social and environmental reporting, such as the Global Reporting Initiative, will help in this respect, even though this may be in vain (see Moneva et al., 2006).

The periodical alterations in the disclosures make one wonder whether the current trend of corporate social responsibility reporting will turn out to be a similar kind of passing phenomenon. As the social expectations again evolve over time, will the business rhetoric in the disclosures change once more, as the corporations again seek to respond to the institutional pressures?

Notes

1. Legitimacy theory has been perhaps the most prominent theory in the corporate social and environmental disclosures literature (e.g. Brown and Deegan, 1998; Buhr, 1998; De Villiers and Van Staden, 2006; Deegan, 2002; Deegan et al., 2002; Patten, 1992; but see Adams and McPhail, 2004; Campbell et al., 2003; Guthrie and Parker, 1989). According to legitimacy theory, corporations use social and environmental disclosures to maintain their legitimacy in society (Gray et al., 1995). Corporations use alternative strategies to gain, maintain or repair (O´Donovan, 2002; Suchman, 1995) the legitimacy, depending on the prevailing situation. Corporations may, for instance, seek to alter how society perceives the corporation, try to change the public expectations of the corporation's activities or attempt to divert society's attention to some positive matters (see Deegan, 2002; Gray et al., 1996)
2. In addition, the company once published a separate environmental report. This report, published in early 1991, discussed the environmental issues of the group and was aimed explicitly at the company's personnel. Since it is the sole exception to the usual practice, it was decided not to include the report in the study.
3. The analytical method employed here could be included in the broad family of discourse analysis (Fairclough, 1992; Phillips and Hardy, 2002). However, this study does not aim at analysing broader social discourse and the interplay between the text and the discursive context (see Ferguson, 2007). Therefore, the analysis is referred to as interpretive textual analysis, even though the influence of social constructionism and discourse analysis on the method is in general acknowledged.
4. The fairly general classification was based on issues and themes appearing in the reports. This was used to help the researcher to form a broad understanding of the disclosures.
5. The research assistant had an MSc in environmental policy and prior experience in narrative and discourse analytic research. She was given all the reports and instructed to make her own interpretation of the development. Prior to this study she was only aware of the researcher's work on a general level and, therefore, could form her ideas fairly independently. Due to lack of resources the research assistant's role was limited to reading the reports, writing her personal interpretation, and subsequently discussing her ideas with the researcher.
6. In addition to the interpretive textual analysis, the annual reports were also scrutinised using detailed content analysis. The framework was adapted from Deegan et al. (2002). It should be noted that this volumetric analysis would not have shown the rhetorical changes that became apparent through the interpretive textual analysis, since the quantity of certain kinds of disclosures may have remained the same even if the way things are discussed, i.e. the rhetoric, has changed dramatically.
7. There is a graph showing environmental investments in the annual report for 1984.

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