

Supervisor: Jette Steen Knudsen

181,288 characters = 79 standard pages

Kandidatafhandling på uddannelsen Cand.Merc.Kom

Copenhagen Business School, Cand.Merc (Kom), 2010

Case company: A.P. Moller-Maersk Group & Maersk Line



*Case company: A.P. Moller-Maersk Group & Maersk Line*

# Value creation through CSR-communication and non-financial reporting

Værdiskabelse via CSR-kommunikation og ikke-finansielle rapporter

Lars Holsøe Rasmussen  
08-03-2010

## 0.0 Summary

I mit speciale har jeg udvalgt A.P.Møller-Maersk gruppen samt Maersk Line som case-virksomheder.

Jeg undersøger, hvordan Gruppen og Maersk Line skaber værdi igennem deres strategiske kommunikation af CSR aktiviteter. I specialet diskuteres en række teoretiske tilgange til kommunikation, CSR, økonomi og menings- og forståelses skabelse.

Formålet er at forstå de forhold der påvirker meningsdannelsen hos stakeholders, og hvilke krav det stiller til kommunikationen af CSR aktiviteterne for at opnå legitimering.

Rapportering og kommunikation af strategisk CSR er et stakeholder engagement, og det er derfor vigtigt for evnen til at skabe værdi i virksomhedens kommunikation.

Legitimering er det afgørende mål for den strategiske kommunikation, og igennem en kritisk diskursanalyse analyserer jeg case-virksomhedernes lingvistiske sprogbrug (internt og eksternt) og afdækker interne kommunikative praksisser. Disse sammenligner jeg med samfundets kommunikative praksisser.

Resultatet er blevet en forståelse af, hvordan virksomhederne forstår og italesætter deres CSR aktiviteter, samt hvordan de overfor stakeholders søger at opnå legitimitet igennem kommunikationen af disse aktiviteter.

Paradigmer, der omhandler økonomiske- og socio-økonomiske meningspræmisser, introduceres for at kategorisere kommunikationen og forventningsafstemmelsen hos stakeholderne. Analysen viser klare praksisser, der understøtter værdiskabelsen igennem legitimeringen af virksomhedernes aktiviteter, men den afdækker også visse praksisser, der skaber ulige magtforhold i argumenteringen overfor stakeholders.

## Index

0.0	Summary .....	2
1.0	Introduction.....	5
2.0	Problem field .....	7
2.1	Research questions .....	8
2.2	Overview of the thesis.....	9
3.0	The new Danish CSR law.....	10
4.0	Methodology .....	11
4.1	Hermeneutic.....	12
4.1.1	Hermeneutics “the Gadamer way” .....	12
5.0	Critical Discursive Analysis (CDA) .....	14
5.1	Similarities in CDA approaches.....	14

5.1	CDA the Fairclough way .....	15
5.1.1	Order of discourse .....	16
5.1.2	Genres .....	16
5.1.3	Intertextuality & interdiscursivity .....	16
5.1.4	Hegemony .....	17
5.2	Faircloughs 3-dimensional model .....	18
5.2.1	The problem .....	18
5.2.2	Empirical data .....	18
5.2.3	Transcription .....	18
5.2.4	Analysis .....	19
5.2.5	Results .....	20
5.3	Critique of CDA .....	21
5.4	Trustworthiness of data .....	21
6.0	Decision-making .....	22
7.0	Institutional theory .....	22
8.1	Stakeholder driven .....	25
8.2	Corporate Culture/identity and image .....	26
8.3	Reputation building .....	27
8.4	Auto-communication .....	28
8.5	Legitimacy .....	29
8.6	Strategic disclosure and communication .....	30
9.0	CSR .....	31
9.1	The non-definability of CSR? .....	31
9.2	What is the strategic benefit of CSR .....	32
9.3	Economic Paradigm .....	32
9.4	Socio-Economic Paradigm .....	33
9.4.1	Strategic CSR .....	33
10.0	Strategic CSR-Communication Strategies .....	35
10.1	The Stakeholder Information Strategy .....	35
10.2	The Stakeholder Response Strategy .....	36
10.3	The Stakeholder Involvement Strategy .....	36
10.4	Reporting standards .....	37
11.0	Corporate Governance .....	40
11.1	Stakeholder and Agency theory combined .....	40
11.2	Transparency .....	41

11.3	Relational or market based environments.....	41
12.0	Greenwashing.....	42
12.1	The 7 sins .....	43
12.2	Greenwashing or strategic communication? .....	43
13.0	The case company - APM .....	44
14.0	Analysis.....	46
14.1	Textual Analysis.....	46
14.1.1	Data .....	46
14.1.2	How APM communicate CSR.....	46
14.2	Discursive Practices .....	52
14.2.1	Data .....	53
14.3	Social Practice Analysis.....	55
14.3.1	Data .....	56
14.3.2	Practices .....	56
15.0	Conclusions.....	62
16.0	Recommendations .....	66
17.0	Implications for future research.....	67
	Literature.....	69
	Academic literature.....	69
	Sources & Web.....	71
	APM sources.....	72
	CSR Reports .....	73
	Appendix.....	73
A	Models - overview .....	73
B	Attended seminars .....	73
C	Documents for textual analysis .....	73
D	Interviews.....	74
	Model 1 .....	75
	Model 2 .....	75
	Model 3 .....	76
	Model 4 .....	76
	Model 5 .....	77
	Model 6 .....	78

## 1.0 Introduction

*“Find the opportunities in times of crisis, then you will stand stronger afterwards”* – this was Ban-Ki-Moons statement in 2008. Since then the world as we knew it has changed radically. A worldwide financial crisis has arisen, which has been felt even in our little Kingdom of Denmark. The crisis has caused not only increased unemployment and declining exports, but it has also been causing bankruptcies, volatile stocks and as seen with Roskilde Bank, mismanagement of shareholder & stakeholder trusts and funds.

In other words, times changes, and so do the markets we exist in. For the last year the mass media has done a lot to draw attention to what they perceive as irresponsible actions of companies and governments in order to emphasize the responsibility that they all have towards society.

This fact has gone a long way to further as well as limit how we speak of the term Corporate Social Responsibility (CSR). This is not a new term, CSR has existed for quite a long time, but now more than ever, it seems to be a “must have” or a “must be” for all companies. The CSR topic has been widely discussed well before anyone could foresee the economic crisis. It is an umbrella term used to cover many aspects, and no one can actually agree on its boundaries.

This is to some extent a problem for many companies – how do you implement a social responsible strategy, when few can agree on what it is to be social responsible? Many have argued that CSR is a waste of money, or on the other hand that it is the key to gaining stakeholder legitimacy. Either way, it is certain that CSR is a premise for how companies exist today, a fact not minimized by the new Danish law.

The CSR literature has two major conflicting paradigms. One is based on the shareholder perspective, arguing strictly economic benefits, perhaps best known from Milton Friedman’s statement in 1970 *“That the social responsibility of business is to increase its profits”*. The other is based on the stakeholder perspective, arguing social benefits from a broader socio-economic view.

Some researchers, like Porter and Kramer, have attempted to bridge the two “opposing” views. They argue that both approaches are valid in their own ways and that companies can actually use CSR strategically in their business model, thus not only earning profits but also strengthening their image and brand through relations management.

Yet, how does a company deal with CSR? How do they strategically use it, and how do they communicate their CSR initiatives and values? Critics often highlight CSR communication as a form of “greenwashing” of their activities, where companies utilize empty words and phrases in attempts to legitimize their actions, or to sell their product as “sustainable” – without these being so...

Many companies have ended up in a media created crisis, where they were on the receiving end of

critique for their communication and lack of corresponding social responsible actions. The fear of the media is often verbalized by companies when CSR is discussed as a business case, because communicating ones CSR endeavors, open the company up to media attacks (This is not an unfounded fear, but many companies do not approach their communication strategically, minimizing the risks through controlled and legitimate communication).

To make communication a strategic management tool, one must approach and use it in accordance with the strategic goal set by the company strategy. Is the communication used to engage or inform stakeholders about CSR policies through CSR reports, press releases or by personal contact? Each channel may be used differently, and the textual wording and tonality should be in accordance to the strategic focus.

You must establish whether you simply are informing all stakeholders (or perhaps your primary stakeholders) of your actions, if you are using your communication as a response to stakeholder queries, or if you are actively engaging and involving the stakeholders in co-constructing the corporate CSR efforts?

In December 2008, Denmark passed a legislation requiring some 1100+ companies to communicate about their CSR policies. This was a shock to many (not only in Denmark), and it may prove to be a future driver behind the development of strategic CSR-communication that many other countries will follow with time. The law demands that companies with CSR initiatives communicate these in their annual report, and so it is no longer voluntary for Danish corporations to decide whether they want to disclose their stand on CSR topics or not.

Many different theories argue in favor of communication and disclosure of sustainable policies and actions, contrary to whatever fear a corporation may have. But how do you create value through the strategic communication in the annual report? Is it all a question of the right words for you and your stakeholders? The challenge is how to address stakeholder concerns while avoid alienating any. This is done through strategic communication which is based on understanding of societal practices and norms.

In this thesis I will draw on critical discursive theory to create a holistic understanding of the communication processes in A.P.Moller-Maersk (APM) and Maersk Line (ML). By understanding what lies behind the spoken words, the corporate discursive practices and the broader social practices of CSR-communication.

## 2.0 Problem field

APM is one of the Danish companies which is affected by the new law. This thesis will concentrate on how APM engages stakeholders through communication to create value – economic and socio-economic.

The company has for some time undergone a period of change - moving from a “closed” company where few things were communicated openly towards a more “open” global actor. Since the company is not obligated to communicate their CSR policies before their upcoming annual report, I will concentrate on the reporting they are doing already, in the form of their HSSE report 2008 and website based texts.

I will analyse the report as a piece of corporate communication, but also look into how one of the strategic business units (SBU), ML influences the contents of the corporate report regarding their own CSR initiatives. This is done since a complex conglomerate such as APM has many different stakeholders. Some stakeholders overlap from Group to SBU, therefore it is interesting to see the degree of influence, one SBU has on the overall group-communication, and to see if they can target their own primary stakeholders through the report to ensure optimal business advantages.

The HSSE report contains several topics that all fall under the umbrella CSR (Health, safety, security and environment). The core issue for APM is, whether they can turn their reporting requirements into a profitable contribution to their business, or if it is simply a piece of communication created for satisfying a bureaucratic burden – or worse, end up being corporate spin perceived as greenwashing.

To understand the reporting practices, I draw on the Corporate Governance field, which has its roots in financial reporting, but the field has grown include non-financial reporting, such as the CSR reports.

The methodology and the theories behind the analysis of APM’s communication will be discussed and explained in chapters 4-12. Under each theoretical discussion I explain how each theory supports my findings and co-exist with one another.

## 2.1 Research questions

My main research question is:

**How does APM strategically communicate their CSR policies to create value?**

In order to answer this, I must first look into the following areas to gain the needed insight into how APM attempts to create value through CSR-communication.

- How does APM/ML linguistically communicate their strategic CSR?
- Are there any discursive practices evident?
- What social practices exist in CSR-communication and reporting?
- Do the practices create unequal discursive usage, denying value potential?

These questions are important due to my choice of a critical discursive analysis, and to understanding what value is to be gained by strategic communication. Value discourses will be discussed within the frame of two major paradigms for this purpose – the economic and the socio-economic paradigm.

### *The limitations of my findings*

My findings only have direct relevance to the relation between the APM Group and ML. Entirely different practices may exist in other SBU's that may have a different effect on the overall ability to create value through CSR-communication and stakeholder management.

The conclusions may not be applicable to other companies but the analytical design is another matter! The mix of a discursive approach, the institutional economic understanding of practices, the understanding of CSR-communication strategies and governance issues may be used by any national and global actor, in order to analyze their respective practices and ability to create meaning of the strategic initiatives to their stakeholders and thereby creating value to the business (both through the CSR activities, and the ability to manage the stakeholder relations).

My findings will not be an exhaustive list of practices and correlations in communication efforts. My chosen mix of theories gives a strategic overview of practices and communicative strategies for CSR-communication, but I have no way of uncovering all internal or external practices. Participating or observant fieldwork as a methodology might uncover some practices I could only find by being present during work hours at the sustainability departments or at the SBU sub-departments, when questions about CSR and the business model are discussed.

A more extensive use of Foucault in my discourse analysis would have assisted me in understanding the rhetorical aspects of the present communication. However it would not have given me tools to observe or understand the relationship between discursive practices and the ability to



communicate with the stakeholders. A Luhmann systemic approach would enable me to emphasize the challenges in communicating with different stakeholders, through their different “codes” and systematic thinking and meaning creation. Where this approach may work well in concord with institutional theory, the methodology behind discursive theory and how discourse is constituted or constitutes communication does not fit at all, since Luhmann believes everything we do is communication, and thus he does not catch the nuances of why we talk about topics the way we do.

All in all, I find my approach is useful in understanding the communicative challenges of APM, and it renders me a theoretical understanding of the challenges and the institutionalized practices that affect APM’s ability to interpret actions and communicate with stakeholders to create value.

## 2.2 Overview of the thesis

I will briefly inform you of the pages to come, in an attempt to assist your understanding of how I have addressed my research question. First and foremost I am using a critical discursive analysis which is a hermeneutical social scientific approach. The guiding scientific goal is the practices behind the understanding and interpretation of information.

Chapter 4 and 5 will assist you in understanding this and explain the analytic model I have chosen for my thesis, which may be found in the back as a fold-out page.

After this, the chapters 6-12 will provide you with the knowledge needed to follow my coming analysis, and to understand how I use the empirical data to gain insight in the communicative practices of APM, and their stakeholders expectations to the corporate CSR communication.

Chapter 9 is naturally very important since I highlight the CSR terminologies, but each chapter contains discussions of how all theories interrelate, and how they support each other in ensuring the trustworthiness of my findings. The conclusion will provide an understanding of the practices forming APM communication and give rise to afterthought of how value is created now, and how APM may remedy the practices that inhibit their communicative value creation.

Chapter 10 contains a communications theory, which I will use in my recommendations, to explain a managerial framework to assist in improving APM’s strategic communication.

All theories are needed to represent both economic and social constructive perspectives on my problem, thus giving my analysis a more holistic understanding of my empirical data. All analyzed data is included on the DVD.

Two major paradigms are of utmost importance in understanding my discussion. To understand and interpret communication we use economic or socio-economic arguments in deciding whether corporate actions are legitimate. Legitimacy is the one most important premise for communicative value creation.

All literature can be found according to the citations. Names from interviews have been anonymized and reduced to two letters.

### 3.0 The new Danish CSR law

On December 16 2008 the Danish Parliament passed an act amending the Danish Financial Statements Act. The amendment requires large businesses to account for their CSR policies in their annual report as part of the management review.

The Danish Commerce and Companies Agency states: *“The aim is to inspire businesses to take an active position on social responsibility and communicate this. The statutory requirement is part of the Government's action plan for CSR (May 2008) and is intended to help improve the international competitiveness of Danish trade and industry”* (E&S).

The law does not force Danish businesses to work with CSR as such, this is still voluntary, but does force large companies to take a position on CSR. The Act covers businesses in accounting class C and D (private and government owned) if they fulfil two of the following three criteria:

- Total assets/liabilities of DKK 143 million
- Net revenue of DKK 286 million
- An average of 250 employees

The law excludes subsidiaries from reporting if the parent company report on behalf of the Group. The Act entered into force on January 1 2009 and applies to financial years beginning on January 1 2009 or later.

The report on social responsibility must be included in the management review section of the annual report. Alternatively, businesses may include the report on social responsibility in a supplement to the annual report, or on the corporate website. However, the management review must indicate where the report has been published.

If a business has acceded to the UN Global Compact or Principles for Responsible Investment (UN PRI), it is sufficient to refer to the progress report that members are required to prepare.

Businesses which prepare a sustainability report or a similar report on their social responsibility initiatives may refer to this in their management review – however, this report must fulfill the reporting requirements (E&S).

APM is affected by this law, but the SBU ML is in fact exempted for reporting on its own, since the Group reports on behalf of several SBUs in their HSSE-report (including ML) , and have stated that they will do the same in their upcoming CSR-report.

The Group is in fact signatory of UN Global Compact, having committed themselves on February 26, 2009 (APM LOI). As such they may in future use their communication on progress (COP) to live up to the requirements, if they clearly state this in their management review. Due to the rules on COPs the Group is not required to hand one in for the year 2009, which is why the HSSE report and their website communication will not be supported by a COP in the analysis.

It is however interesting to note that no press release or any media coverage was public for some time after having committed themselves to UN Global Compact, which in itself would be big news due to the size of APM on a Danish scale, and would have declared official intentions to the social responsibility of the Group.

The law and its contents are included here to affirm the reason that forces some companies to actively communicate their CSR initiatives, and as a proof of societal practices of CSR-communication.

## 4.0 Methodology

In this chapter I will present my methodological approach for the thesis. This includes my scientific approach and my research method. The research method and the empirical data will be discussed to assert the trustworthiness of my findings and show the relation between theory and methodology.

### *Scientific approach*

My research approach will be a “critical discursive analysis” (CDA). CDA draws upon a hermeneutic scientific philosophy, which deals with two central concepts: interpretation and meaning (Fuglsang2004: 309).

This scientific approach is quite natural for me, being a Business Administration and Corporate Communication student. This combination of integrating management theory, economy and communication into the same field where communication is the managerial tool of the corporation, understanding how communication plays an active role in not only managing the company, but also how it may affect the economic situation. This is the ideal position to finding a holistic mix of social sciences and economy theory, and such a mix is the premise for my research. To look for and find answers of how communication about CSR may create value for APM.

This also explains my combination of social constructive theory and economic theory, since the integration of both approaches strengthens the holistic interpretations.

## 4.1 Hermeneutic

The basic assumption in the interpretative social sciences is that interpretation and understanding must come before explanations. The social phenomena and actors which are studied have meaning and sense-making connections embedded, and it is these that should be studied and interpreted in the scientific research (Fuglsang 2004: 309).

Hermeneutics is focused on the interpretation of texts, dialogues, conversations and social actions and practices, which is why CDA draws upon this methodology. Hermeneutics consists of three epistemological parts: **understanding, interpretation and application.**

### 4.1.1 Hermeneutics “the Gadamer way”

Different researchers have contributed to the hermeneutical science, each with their own focus, point of view, and belief in how acknowledgements brought by their research may be used. On that note; I am not drawing on what has come to be known as the critical hermeneutical approach by Habermas, but rather on the methodological approach of Gadamer.

Though some would argue it would be logical, since my linguistic analysis is critical, but the differences lie in their points of view and their way to interpret research. CDA tries to uncover unequal power structures and lessen these through the acknowledgement of the practices.

Habermas feels that such inequalities are by definition neutralized through the critical hermeneutical approach, since the acknowledgements about power and communicative context produced through the understanding of prejudices and practices automatically neutralizes these. This is based on the belief that such acknowledgements free individuals and institutions of the prejudices and causes the change needed for equality.

In my opinion Gadamer has a more useful view on the acknowledgements process. Since he claims that people orientates and interprets on the basis of prejudices and attitudes embedded in themselves (just as CDA orientates toward the communication is constituted by former communication), I find that a total rejection and neutralisation of said acknowledged prejudices, would cause an existential crisis. Such strongly embedded practices cannot simply be replaced when you realize something is wrong with them, but change is possible through acknowledging such practices (through the analytical research’ acknowledging conclusions), and by bringing them into focus through discursive interactions (Fuglsang 2004: 335). This is in fact how Fairclough sees changed realized through the use of CDA.

### *Hermeneutical circle*

This approach to hermeneutics, which I am using in this thesis, is characterized by interesting itself with rules for interpretation. A misunderstanding is in fact failed communication between people (or institutions). The better the rules are, the better the interpretations will be. Gadamer argues that

understanding and interpretation is one and the same thing (Fuglsang2004: 311).

The “hermeneutical circle” describes the process wherein the parts and the whole co-exist and interact. The parts can only be understood, if the whole is considered. It is the connection between the parts and the whole that creates meaning, and it is the relation between the whole and the parts that makes understanding and interpretations possible (Fuglsang2004: 312). The relation between the whole and the parts is dynamic, which means that multiple parts and wholes may exist in the same field of study. This explains why I draw on many different theories whilst conducting a discursive analysis to get a thorough understanding of the parts (texts) and the whole (social practices).

The ontological consequence of the hermeneutical circle is that the relation between the part and the whole includes the researcher as the object (text or practice). It is not then just a method but a prerequisite for human cognition. As a researcher I cannot position myself outside the hermeneutical circle, and objectively make my observations, since I am already a part of it, and this circle constitutes the structure for how the world is understood and interpreted (Fuglsang2004: 321).

This understanding of the world and the circle are the same basic assumptions CDA draws upon when stating that our communication is pictures and other visual elements that are formed by, and is forming, the discursive and social practices. This is in fact the last of the three parts hermeneutics is based on – the application. Application is the experiences, attitudes and institutional practices (or the knowledge) we attain through interaction with others – a hermeneutical acknowledgement based on the spoken words.

As mentioned before I will use CDA for my analysis as part of my understanding, interpretation and the applications of findings to address my research question.

Discursive theory shares the same understandings as the hermeneutic methodology of how meaning is created and understood. Discursive theory is not just one separate theoretical approach, but many. Discourse is not only speech and writing, but also actions and knowledge that form the “object” of which we speak.

Discourses are as bodies of knowledge that systematically form the object of which they speak. Just as discourse limits and restricts the way of talking about the topic.

(Fairclough 1992a)

## 5.0 Critical Discursive Analysis (CDA)

CDA poses theories and methodology for empirical research in understanding discursive use and social- & cultural developments in different situations. The term CDA is actually used in two different ways, which may cause comprehensive problems. The father of CDA, Norman Fairclough, uses it to characterize both his own particular research methodology and theoretical framework, but also to describe the broader analytical approach within discursive analysis (Fairclough 1995a, 1995 b). His own approach is as such a composition of philosophical premises, theoretical methods and methodological techniques and guidelines for linguistic analysis. The broader approach is characterized by many different approaches without clear frames for whom or what is included (Fairclough 1997). Both approaches have similarities, but also some differences, which is the traditional prime point of questioning the trustworthiness of this theoretical analysis.

CDA has been used extensively in organizational analysis (Mumby 1997), in mass communication & economy (Chouliaraki 1998, Thomsen 2009, Richardson 1998 and Fairclough 1995 a+b/1998).

### 5.1 Similarities in CDA approaches

Common among the different approaches are the following characteristics (Fairclough 1997: 271).

*Social & cultural processes and structures are partly linguistic/discursive in their existence.*

Discursive practices, wherein you produce (create) text and consume them (understand and interprets), are in fact an important form of social practice and it contributes to constituting the social world (hereunder social identity and social relations). The purpose of CDA is to analyse the linguistic /discursive dimensions of social and cultural phenomena's and processes.

*Discourse is both constituting and constituted.*

In CDA discourse is an important form of social practice, which both constitutes the social world and is constituted by social practice. This is radically different from some of the other discursive approaches outside CDA, such as Laclau's discursive theory, where discourse is only constituting. With CDA I'm able to analyse APM's discursive practice, but also how the discursive practices may be influenced by the greater society. As Fairclough puts it: *"Society's discursive constitution is not brought on by ideas in peoples own heads, but through social practice, which i embedded in and orientated against real material social structures"* (Fairclough 1992: 66). Fairclough means that analysing discourses as only constituting would be the same as saying that the social reality only comes from within peoples own heads – not also from societies structures and norms.

*Language must be analysed empirically in the social context.*

CDA uses linguistic textual analysis of language use in social interaction. This is different from Laclau's discursive analysis, which does not make systematic linguistic analysis, and from discursive psychology, which concentrates on rhetorical and not linguistic aspects.

*Discourse functions on an ideological level.*

CDA argues that a discursive practice contributes to creating and reproducing unequal power positions between social groups – this is seen as ideological effects. This does to some degree separate CDA from other discursive theorists, such as Foucault and Laclau, who have their own definitions of power. They claim that power is not a coercive force, but something that is produced between agents and subjects. To challenge CDA, some researchers actually do use a Foucault's interpretation of power in their analytical work, which undermines the overall trustworthiness and muddles the CDA boundaries.

CDA does try to uncover the discursive practice, and its role in maintaining the social world and the social relations, which involves unequal power positions. The purpose of CDA is then to contribute to social change in the direction of more equal power positions in the communicative processes and in society as a whole (Jørgensen 1999). In my thesis this comes to light in the unequal position between the economical and the socio-economical paradigms in the order of discourse, in the hope of my findings will cause more equal discursive practices in the future.

*Critical analytical research*

CDA is not an unbiased social science. The critical analyst does take the oppressed social group's side uncovering the role of the social practices in creating the inequality.

As mentioned I use CDA to understand how the CSR-communication are used in APM. Through CDA's framework and an understanding of social practices, I hope to be able to identify how the corporation create value through CSR, and to uncover whether any strategic communicative actions are subjected to practices that reproduce unequal power, that denies untapped value resources for gaining legitimacy.

**5.1 CDA the Fairclough way**

Faircloughs discursive approach combines three different traditions in the textual discursive analysis (Fairclough 1992a: 72).

- 1) Detailed linguistic textual analysis
- 2) Macro-social analysis of social practices (drawing on Foucault's theories)
- 3) The interpreting micro-social tradition wherein social life is perceived as something people themselves create through a set of "common sense" rules and procedures

Fairclough uses a detailed form of textual analysis to gain an insight into how discursive processes may be seen linguistically in texts. However he often criticizes the traditional linguistic approach to be too narrow scoped by concentrating on textual analysis and for simplifying the connection between text and society. Fairclough believe that textual analysis in itself is not sufficient as discursive analysis, since it does not encompass the connection to society and the cultural processes and structures. He combines the different approaches to get the best of all worlds and to gain a holistic insight in the analytical setup. So by using the textual analysis in connection with a broader macro-social perspective and the interpreting micro-social tradition, he attempts to create a understanding of how people discursively makes sense of actions, in a norm ruled world of social practices.

To exemplify, if I used a purely linguistic approach to my thesis, I would only find out what APM written (and spoken) discourse is, nor how it interrelates to the rest of society and the cultural structures. This is a huge blind spot due to the possible subconscious and unknown societal processes that would be left out of the analysis entirely.

Fairclough uses different terminologies in his analysis depending on the situations. Key terms are: order of discourse, genres, intertextuality & interdiscursivity, and hegemony.

### 5.1.1 Order of discourse

These are the discourses and genres that are used within a social institution or in the social domain (Fairclough 1995b: 66). The order of discourse is hierarchy wherein the used discourses' rules, norms and actions are placed in order of power, in regards to the way we speak, create and negotiate meaning. As examples of the order of discourse; we have the media order of discourse wherein there are different discursive practices, through which text is produced, consumed and interpreted (Fairclough 1998: 145). Another example is the two paradigms, the socio-economic and the economic order of discourse, wherein different practices are constructing meaning and a power structure between the discourses (Thomsen 2009).

### 5.1.2 Genres

Genres is a specific language use, which is connected to, and constituted by, a certain social practice, such as the news genre, the commercial genre and the interview genre (Fairclough 1995b: 56).

### 5.1.3 Intertextuality & interdiscursivity

**Interdiscursivity** is a form of intertextuality. This is seen when different discourses are articulated across different orders of discourse. Discursive reproduction and change can thus be analysed through the relational contexts between different discourses and orders of discourse (Fairclough 1995: 56). This is why I look on the relations between the "economic" and "socio-economic":



paradigms in APM's communication and in societal practices. By using CDA it is apparent that simply mapping the relations of the discourse within APM would not be enough to gain a meaningful understanding. It is only when these findings are compared to how discourses are articulated in the broader social context that the trustworthy conclusions can be made.

**Intertextuality** is the practice where all communicative actions draw on earlier actions – meaning that you never start from scratch. You never use words and terms that have never in some way been used before by others. This is in fact an example of how a story affects the text, but also how the text affects the story and an example of how discourses are both constituting and constituted (Fairclough 1992a: 102). Other researchers like Fiske see intertextuality as an expression of the language's instability and its constant changeability. Fairclough however sees this as an expression of both stability and instability – continuity and change. By using existing discourses in new ways, one creates change but the possibility of change is limited by the power relations, which dictates the different people's access to discourses. This view closely affects his views on hegemony as discussed below. Discursive interrelations function as focus for the conflict and social battle in the order of discourse. This is important when remembering that some discourses may be more powerful in some rather than other genres.

#### 5.1.4 Hegemony

Hegemony is not just a question of an all powerful discourse. Hegemony is a negotiation process wherein a meaning-consensus is created. Thus it is never constant but ever changing – or as Fairclough defines it; a contradicting and unstable equilibrium (1992a: 93).

Hegemony is a way for the researcher to analyse how discursive practices participate in larger social practices where power relations take part. This shows how the discursive practices can be seen as an aspect of the hegemony struggle for consensus, which creates reproduction and transforms the order of discourse.

So if a corporation primarily communicates by responding to stakeholders (due to a strong cultural bond of “the less said the better”), they create and reproduce meaning through the interaction by simply responding to the query; thus reproducing said queries power relations and understanding of legitimacy – the struggle for legitimacy-consensus is highly affected by this!

If you strive to involve the stakeholders more, it will still be a question of creating meaning, but the process is built around co-construction of the consensus. This is an entirely different premise for reproducing and creating meaning and legitimacy since both parties will have a more equal position to negotiate from, and the corporation may legitimize its core competences connections to CSR issues thus creating value.

## 5.2 Faircloughs 3-dimensional model

With the view that discourses are both constituting and constituted, he has created a model for CDA, which encompasses the three dimensions - textuality, discursive practices and social practices.

**See the fold-out page in the back.**

This model is an analytical frame for empirical research in communication and social studies. All three dimensions must be analysed, as explained above, to gain a comprehensive understanding of the communicative process.

To use CDA the Fairclough way, there are **5 steps** in working with the 3-dimensional model which one must follow. Fairclough explains this process in his chapter 8, of Discourse and Social Change (1992a).

### 5.2.1 The problem

Fairclough uses the model in his formulation of the problem. The discursive practices are fundamental in relation to other social practices wherein the discourses are socially embedded. A discursive practice is dependent on the social practice, which it is part of, and thus the social practice is part of the formulation of the problem. To narrow down the problem, one has to draw on the disciplines that handle this social practice. In my case this is the CSR-Communication and Institutional theories.

By simultaneously utilizing the discursive analysis with the social practices, you analyse the interdisciplinary relation between the discursive practices and the social practices. This is the main purpose of the CDA analytical framework, as mentioned before. In my case I will analyse APM's CSR-communication, in view of the broader worldwide social practices.

### 5.2.2 Empirical data

The choice of empirical data for the research project is dependent on the problem, ones knowledge of what materials are relevant to the social domain and institution and how and if one can gain access to these. I draw on interviews, the APM/ML websites and the 2008-HSSE report to gain an insight in APM's CSR-communication, and other non-financial reports, academic papers, websites and interviews to get a thorough understanding of the social practices.

### 5.2.3 Transcription

Fairclough dictates that when drawing on interviews, one must at least transcribe parts of these. The researcher must decide what is important in relation to the research. It is not just a question of choosing what is important, but that the researcher in the choosing also interprets the spoken word (Fairclough 1992a: 229). This is especially important when more than one speaker is involved. Since more voices may speak at the same time. I have chosen one-on-one interviews in order to avoid this problem. But yes I still choose how to systemize my transcription, and how to present it in text. This

ensures that I interpret the spoken words and frames the way the reader should understand and in turn to interpret the transcriptions in my intended way.

### *Empirical transcription*

The supplied empirical data in the appendix has been processed to uncover practices and use of the two paradigms; That which have been marked with the colour red is mainly economic paradigmatic statements, and those marked in yellow are socio-economic statements – where the two colours are mixed, the two paradigms are used equally in the sense-giving process.

The interviews are partially transcribed, where passages important to my thesis are presented. “I” stands for interviewer, and “R” stands for respondent.

### 5.2.4 Analysis

I will now explain how the different dimensions will be used methodically in my thesis. Fairclough segregates discursive practice, text and social practice as different levels, and they must be analyzed separately. All these analytical tools are meant to give insight into the ways texts deal with actions and social relations, and thus construct certain versions of reality, social identities and social relations.

#### *Text*

With a textual analysis I can see how the discourses are operationalized, which assist and supports my interpretation. Fairclough (1992a) has an abundance of tools or terms he uses to conduct a CDA analysis, some of which I state here for later use.

**Metaphors:** (p. 194).

**Choice of words:** Rhetorical production of the texts for consumption – and the endeavour to frame this consumption (185).

**Grammar:** Under this heading are two important elements – transitivity and modality. When looking at transitivity, you look for how actions and processes connect (or do not connect) the different subjects and objects. This way you can detect if agency is given to certain actors or, if the text removes responsibility from the actors. Modality is the way to conclude the speaker’s affinity to the sentence. The chosen modality has a direct consequence for the discursive construction of both social relations and meaning systems. “Truth” is one way of modality and it depends the way the sentence is constructed. The speaker may present arguments, and it is their legitimacy that decides, whether the readers accept it as truths (this is often seen used by media, where they present arguments as facts). Intonation is another way, wherein hesitation or affirmation may be contributed to the text.

### *Discursive practice*

When analysing the discursive practices, I am interested in how the text is produced and how it is consumed. My empirical data is an intertextual chain of texts (written and spoken), wherein I can identify the discourses used. Drawing on the interdiscursivity, I can then see how the texts intertextually draw on others texts. To a lesser degree I get a picture of how institutionalized practices dictate what and how content is presented in the HSSE report (and other channels).

### *Social practice*

When I have analysed the text as text and as discursive practice, it is time for the two centre boxes to be placed as part of the outer box – that is as a part of the social practices.

The purpose of this is as mentioned to uncover the relations of the discursive practice and the order of discourse (Fairclough 1992a: 237) – what mix of discourses does the discursive practice exists in? How are they distributed and regulated?

Also it is an attempt to map the social and cultural relations and structures which create the frames for discursive practices (Fairclough 1992a: 237), and to ascertain what kind of institutionalized or economic conditions exist for the discursive practices?

These questions cannot only be answered with discursive analysis the Fairclough-way, which is why he combines other theories relevant to the problem. In my case it is CSR and corporate communicational theory, institutional theory and Governance theory. The theories will enable me to put perspective on my empirical data, and to understand the relationship between the three levels.

It is in the analysis of the relations of the discursive practices and the social practices the conclusions lie, because it is here we see if the discursive practice reproduces the order of discourse, and contributes to maintain status quo in the social practice; if it transforms the order of discourse, and creates social change, or whether the discursive practices enforces or veil power structures?

## **5.2.5 Results**

According to Fairclough it is important to ethically consider how the research may be used in public. He states that there is a risk that the conclusions may be used for social-engineering. In other words the conclusions affect the discursive practices. He does, however condone the use of the research to encourage more liberal discourses which supports more equal and democratic practices.

The results may be used to enforce discourses as a form of social practice, which reflects and enforce the unequal power structures. The purpose is for people to become aware of the frames that limit our vocabulary and the possibilities to oppose them. The consciousnesses of these limits create possibilities for change and thus create a more equal power distribution.

Since legitimacy is the single most important resource in the institutionalized theory, the results should assist in the understanding of how the power structures of APM's CSR-communication, and how discursive change, may enforce legitimacy.

### 5.3 Critique of CDA

Where Faircloughs model is very holistic in its approach, encompassing both textual and societal practices in the analysis, several areas may be criticized.

He is rather inconsistent in the use of the term discourse, which may lead to some confusion. The boundaries between what is discursive and non-discursive are unclear. No guidelines exist for the boundaries between the discursive analysis and the social analysis, which makes the trustworthiness of the research very dependent on the researcher's ability to combine theoretical approaches and construct and interpret meaning. He hardly describes the differences to other approaches such as postmodern or structuralism, which is also social scientific approaches, from the same time period.

Also, one may ask how discourse can be constituting when discourses are not definitely decided and are subjects to constant battles for the discursive order? I endeavour to minimize such inconsistencies by use of interdiscursivity. This means my conclusions are not dependent on one text but many different and their interrelation. I also draw on a broad theoretical framework that covers many aspects to minimize the lack of boundaries in CDA, with that of other theories that enforces the overall holistic form of a CDA analysis.

I have chosen the Fairclough CDA method because it actually allows for dynamic discourses. I believe CSR to be under constant change, and thus this theoretical approach and his method for analysis is ideal for my research. Also, most other CDA approaches focus empirically on the discourse' role in social reproduction whereas Fairclough highlights its dynamic role of social and cultural change.

### 5.4 Trustworthiness of data

There is no real standard for measuring quality of data in this kind of qualitative social scientific research. I use trustworthiness as the basic term while others use the natural sciences term as validity and reliability. But as Rasmussen et al. States: *"it makes no sense to transfer the conceptual scheme form quantitative methods, since concepts such as validity and reliabilities are not precise terms for what takes place in a study based on qualitative methods"* (Rasmussen et al. 2006: 11). Trustworthiness is concerned with the relation between the research question and the data, the transparency of said data, the premises of the study and the method of collecting data.

The data analysed in this study are available on the enclosed DVD as appendixes to the thesis.

## 6.0 Decision-making

There are basically two approaches to decision-making in business according to Meckling (Meckling 2005) – the economic and non-economic; the same two paradigms I have already mentioned.

Corporate decision-making is driven by attaining short and long term profits. This knowledge is interesting when working with CDA, since the understanding of the social and discursive practices along with the textual analysis should give a good picture of the communication process and to which ends APM uses their CSR-communication. As mentioned above the discourses behind the decision-making should be identified to fully comprehend order of discourse, to understand APM's strategic communication in correlation to stakeholder's interpretation and understanding of the communication.

## 7.0 Institutional theory

The institutional theory is an economic perspective in line with traditional economic theories such as "transaction-cost-theory", "the resource based perspective" and "agency theory". This perspective however, includes notions from the social sciences since it does not only deal with economic and technological reasoning, but also deals with the cognitive institutions and the values that drive us. As Richard Scott puts it, *"..Institutional theorists emphasize the extent to which the world is a product of our ideas and conceptions – the socially created and validated meanings that define social reality"* (Scott 1998: 163).

The theory attempts to explain many actions, the key ones are:

1. Why corporations imitate each other (especially when legislation may be or is involved)?
2. Why corporations introduce non-financial reporting and policies (as non-smoking policies etc.), even though it is unclear whether they as a company have a problem, which this policy or reporting is an actual answer to?
3. What is important to the corporations that want to present themselves to stakeholders as "modern", trustworthy and attractive?
4. How do "modern" corporations justify its decisions and actions to its stakeholders?

It is obvious that this theory is a stakeholder rather than shareholder orientated perspective as opposed to agency theory. But since shareholders are in fact stakeholders, this does not belittle or exempt these from the broader picture – just as an agency approach would. This is why it is a more holistic and trustworthy perspective. The theory actually attempts to bridge the same gulf as Porter and Kramer do when discussing CSR in an economic perspective. It draws on a broader stakeholder perspective instead of limiting me to the shareholder view.

The theory argues that institutions are socially constructed. It deals with “taken-for-granted” and “matter of course” constructs and actions (institutions), which are not created by god, but are constructed through social consensus (Lorenzen 2004: 146). This is the same main argument behind the CDA approach – that meaning is created through communication, which is not a constant, but continuously subject to reconstruction.

The perspective questions whether corporations actually act as economic rational beings (such as agency theory and transactions-cost theory argues), and if there is support for implementing changes due to economic rationality (this mainly based on the fact that many companies retain practices and procedures even if they have been proven fiscal inefficient (Lorenzen 2004: 147). In other words it does not preclude the notion of profit maximization, but acknowledge that there are other forms of rationality behind actions. Besides this fact, the theory places “legitimacy” as the most important resource, in relation to its optimization processes, and its survival.

This of course, makes it ideal for studying CSR since it allows both the major paradigms (economic & socio-economic), and it deals with the communicative process of gaining legitimacy. It is ideal to analyse organizational and managerial practices, as I do in this thesis, and provides a good approach for understanding the social practices in the CDA model. It explains the need to uncover social practices (how else can you imitate them) and explains why the corporation engages in CSR policies and non-financial reporting, which is a premise to know before trying to explain the policies in the CSR report.

I will briefly run through some of the basic terminologies used in this perspective (Lorenzen 2004).

### *Legitimacy*

Corporations are open systems which are resource dependant. Resources can be everything from employees, technology, management, raw materials to financial resources (such as investments, loans and credit). However, legitimacy is the primary resource. The theory argues that when a corporation stand out as legitimate and modern, the rest of the resources will follow. Actions to gain legitimacy are then the primary strategic goal for all corporations (p.147) – a goal that is achieved by working strategically with institutionalization.

### *Institutional regulation*

Institutions regulate corporate behaviour – be it norms, rules or laws. Some behaviours will be legitimate and some will be illegitimate, all depending of the relevant social context. This is where the theory actually sidetracks economic rationality as the only basis of decision making, and broadens the scope to analyse other practices for institutional decision making (p. 148).

### *Myths*

The perspective acknowledges that there exist certain myths about rationality, which dictate actions as prudent and beneficiary. (The Danish “Jantelov” is one such myth which dictates that boasting is illegitimate) (p. 152).

### *Institutions create stability*

Since institutions represent continuity, they create a sense of stability to the individuals who live by them (p.153).

### *Regulatory institutions*

This is the traditional economic field of interest. These are the institutions such as contracts, agreements, laws, regulations, remunerations and sanctionary systems (p. 154).

### *Normative institutions*

This is the traditional field for social researchers. They indentify institutions that produce standards, which prescribe or assess actions, In other words indoctrinating norms that makes us act in certain ways (p.154).

### *Cognitive institutions*

This is the traditional cultural studies field that deals with circumstances which contribute to sense making. Such institutions often cause certain expectations to roles, relations and actions, and have a strong connection to the understanding of identity (p.154).

### *Isomorphism*

As legitimacy is a central term, so is isomorphism. The etymological meaning is “the same as” which is why the “ISO-standards” have adopted this term into their name. When the institutional perspective seeks to explain why corporations have certain practices, the isomorphic term is the central focus for understanding the effects of institutionalization. It is often broken down into different types of isomorphic behaviour – “*Coercive, mimic and normative isomorphism*”.

A **coercive** form of isomorphic reporting is the new Danish law and that of the UN Global Compact. Both force, through political power and norms, a set form or practice to corporate communications.

**Mimic isomorphism** is when we do as the competitors do in order to minimize their strategic advantage and hopefully gain some for one selves, through a tested method.

The last form, the **normative isomorphism**, is expressed though professionalized management. This may be certification, using the same educational indoctrinations or when business organizations come together to create and regulate their own industry to discourage legislation (This was seen when IMO attempted to reach a common maritime reduction of greenhouse gasses before the COP 15 summit).



With this knowledge and analytical frame for understanding institutional behaviour, I will analyse on the CSR-communication by APM to understand how legitimacy may be gained through the economic and socio-economic paradigms in discourses, as a part of the broader social practice of CSR-communication.

## 8.0 Corporate communications theory

Christensen et. al. defines the term thusly: “.. *the practice of aligning symbols, messages, procedures and behaviour in order for an organization to communicate with clarity, consistency and continuity within and across boundaries*” (Christensen 2008: 36). In other words “corporate communication” is as CSR, an umbrella term, used to cover all forms of strategic communication, which is integrated and organized in order to present the corporation legitimate in all aspects, and to build and maintain relationships with stakeholders. The integration of all communication is to ensure that the corporation communicates uniformly across different recipients and media.

The term encompasses the management of different communicative disciplines such as stakeholders, identity and cultural management; reputation building and brand & image management. It is an institutionalizing way to attempt to manage the corporate discourse about certain subjects and messages.

The corporate communication is anchored in the corporate strategy, vision and mission. It builds on the corporate values, and forms in itself its own normative values for communicating. So the corporate communication does not only affect the corporation internally but also external stakeholders.

### 8.1 Stakeholder driven

This theory is stakeholder driven, since a corporations image and reputation is irrevocably tied to its financial and social success. Christensen builds on Freeman’s definition of stakeholders: “*any group or individual who can affect or who is affected by the achievement of the firm’s objectives*”

(Christensen 2008: 98). This definition is basis for all my stakeholder related discussions in this thesis no matter what the theoretical context is.

Corporate communication is a way to communicate strategically with stakeholders to achieve a “license to operate” or legitimacy (Christensen 2008 & Morsing 2006).

Integrated stakeholder communication is not as easy as it may sound. A corporation as APM and its SBU’s have an infinite number of stakeholders, and few have the same idea of what is right and wrong actions. Furthermore it is quite possible that the importance of some stakeholders vary from SBU to SBU, and between SBU’s and the parent company. This in itself presents managerial challenges when the parent company report on behalf of all SBU’s, and thus may institutionalize communicative practices that undermine the SBU’s most efficient and profitable communication

goals.

Since all stakeholders have different opinions and goals, a corporation must target each stakeholder with different forms of communications and with messages important to them, without alienating any other stakeholder groups that may inadvertently be subjected to that communicative action. As explained in the CDA chapter 5.1, discursive analysis may help to uncover how corporations communicate, and whether they actually reproduce the stakeholder's discourses (being constituted by discourse), or if they use their communication to change the order of discourse (constituting the discourse), and co-construct the way to speak of and understand CSR, thus improving stakeholder legitimacy (see model 5).

## 8.2 Corporate Culture/identity and image

Corporate communication is tightly bound to the corporate strategies as well as the corporate norms and identity. So a strategy should aim to communicate in a legitimate way. This is done by communicating through a suitable channel and stating reasonable comments, which correspond with the stakeholders' perceptions and opinions of the corporation. What is suitable and reasonable depends on how stakeholders perceive of the corporate image, and to some extent how stakeholders judge the message on the basis of the corporate culture and identity they know.

To gain an understanding of this challenge, a definition of what corporate identity is should be beneficial, since strategic communication is an attempt to pursue legitimacy through socially accepted behaviour (so what socially accepted behaviour is, is very important). There are many different bids amongst scholars, but I have chosen Albert & Whetten's (Albert 1985) reflections, since they correspond very well with my hermeneutic approach.

However though their work is focussed primarily on internal stakeholders (or organizational members as they call them), I have broadened this to encompass all (internal and external) stakeholders. Basically they state three dimensions to what an organizational identity is:

- a) what is taken by organizational stakeholders to be *central* to the corporation
- b) what makes the organization *distinctive* from other organizations (at least to the beholder)
- c) what is perceived by stakeholders to be an *enduring* or continuing feature linking the present organization with the past (and presumably with the future)

The framework was initially intended for understanding both organizations and individual's placement of themselves in a broader organizational identity, which is why it is relevant to my thesis. It encompasses both the individual employee and the SBU ML's placement, and understanding of themselves, as part of the broader APM brand and identity.

I believe the framework is relevant to the broader scope of stakeholders (including the external). All

the dimensions are applicable to both, and the dimensions are rooted in the same understanding of interdiscursivity that CDA is built on, as dimension “c” is based on the constituting of a legitimate discourse due to prior “text” use.

Furthermore, Hatch (1997) has already revealed the relationship between these factors (Corporate culture, image and identity), and that these symbolic and value-based constructions are important to understand and take into account when communicating strategically to ensure favourable stakeholder interpretations. The three dimensions then give good indication of what to take into account when communicating to gain legitimacy.

### 8.3 Reputation building

Charles Fombrun has defined corporate reputation this way: *“a perpetual representation of a company’s past actions and future prospects that describe the firm’s overall appeal to all of its constituents when compared to leading rivals”* (1996: 72). Again we see a reference to how CDA understands the social constructions being “constituted” by and are “constituting” coming corporate actions (that is “text” as CDA defines it).

In other words Fombrun argue that a strong reputation leads to growth, high market value and high earning. Reputation then builds loyalty and relationships and facilitates long term prospects to the stakeholder interaction – in effect legitimating the corporation. People are inclined to appreciate, respect and associate with organizations they remember and recognize (for something good). These effects also tend to overshadow negative publicity to some extent and are basically a form of socio-economic value.

However Hall (1993) argues that a strong corporate reputation is not necessarily coupled to economic performance. So a strong corporate reputation has some sort of bottom-line effect, since it attracts stakeholders to the company’s products, the investors to the securities and employees to its jobs (Fombrun 1996: 81) – The communicative problem is that the value is not readily identifiable or measurable.

This presents a strategic communicative task to a corporation or a sustainability department, when attempting to legitimize their existence and their initiatives. This is seen in ML where their Sustainability Department is looking for business cases that prove to top management that such initiatives are worthwhile (HR).

This understanding of reputation may seem a lot like the common branding thought, but Fombrun (2003) does maintain that there is a difference. A strong corporate brand may still have a poor corporate reputation (Shell with the Brent Spar issue is an example for this).

I use reputation as the more important factor (as opposed to brand) in this thesis, not because a strong cognitive brand is not a socio-economic value, or that it doesn’t give some of the same

benefits of reputation, but because branding basically targets the customer behaviour. Corporate reputation involves a broader stakeholder expectation management approach. For the most part both terms are important for the value-creation of APM, and both represents discursive practices in the Group and in the society, and may be used for benchmarking – thus institutionalizing and creating value through isomorphism and legitimization of the corporate actions (see p. 24).

But as Cheney (2008: 93) states: *“Reputation has become an influential dimension in the game for money, growth and legitimacy”*, it is another strategic communicative discipline built on the same dimensions as CSR. It is irrevocably tied to legitimacy as the most important resource. A resource, that differs in nature across stakeholders. Due to their different opinions of CSR issues and discourse-use), and is so closely tied to the ability of a company to reduce the gap between what their stakeholders think about them (the image), its actual behaviour (corporate culture) and the strategic aspirations.

#### 8.4 Auto-communication

When communicating to an intended receiver, we communicate to our-selves at the same time. This occurrence is known as auto-communication. This may be attained through both subconscious efforts as clear cut strategic reasoning. When SAS years back had huge billboards by the Copenhagen Airports stating that you receive the best service when travelling with SAS, this was not only targeting the potential travellers, but also the employees who passed by the same billboards on their way to work.

The act of communication therefore involves more than the intended stakeholders of the message. This is why a corporate communication approach is quite important, to ensure that the communicated messages are representing the corporate identity as a whole, even though the particular message is framed and targeted one recipient and his/her specific interests.

This underlines why it is so important to have a GOOD idea of what not only your external stakeholders, but also what the internal think and feel about the company. This ensures that there is less chance of distorted or decoupled messages when interpreted and communicated by employees (Cheney 2008: 26).

When taking a complex conglomerate as APM into consideration a CSR-communication strategy must then take into account the differences between SBU's when addressing the stakeholders from a Group point of view as well as from the individual SBU. This then forms the CSR report contents simply because a corporation as APM can only present material which is comparable between represented SBU's, ensuring that the employees across the Group can relate to said contents. The presented information is not only the “lowest common denominator” (HR), but a representation of discursive practices and an example of the order of discourse across the Group. It states what issues have been given attention, and has been measured so information could be collected.

Auto-communication is then a system of self-reference (Luhmann 1990) through which the system (the corporation) preserves its identity. CDA would argue that this process of meaning creation is logical for the “constituted” dialogue and actions but also carries with it a potential danger. Auto-communication and corporate communication programmes potentially involve a circular dimension of self-seduction (Cheney 2008: 75). This process is the enticing of individuals to act or say something they would not normally do. This is especially seen when corporations/departments lose touch with their relevance and impact with stakeholders, communicating certain issues or in certain ways, which are either ineffective or hurtful to the strategic goals.

If ML sustainability for example didn’t utilize the socio-economic paradigm combined with the economic in its communication (due to practice or norms), it may be perceived as having lost touch with stakeholders such as the media or private citizens, who are not normally interested in economic arguments in the CSR context.

One way to counter this is continued control of points of contact with stakeholders. The corporation should have an efficient governance structure in place, and continuously audit stakeholder opinions and participate in networks where the stakeholders are invited to participate as equal participants.

## 8.5 Legitimacy

What is this then as a communicative strategic target? There are many different suggestions from ancient Aristotle to more modern views directly formed in response to the corporate communication discipline. Whether “*Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed systems of norms, values, beliefs and definitions*” as Christensen (2008) defines it, or whether it is a question of appearing modern as Lorenzen (2004) argues, the need is the same. Though communication is mainly a rhetorical practice, these practices are bound to the institutionalization of company actions, to appear and achieve legitimacy (chapter 7.0).

Both methods correlate with CDA’s reasoning behind analyzing three levels to gain the best possible understanding (chapter 5.2) of the discursive actions, and of the fact that the negotiation in an order of discourse is being constituted by former text-use, and this negotiation will constitute the coming discussions as well. What is clear is that legitimacy is very difficult to attain, since all stakeholders do not agree with what is in fact legitimate behavior.

People like Ashforth (1990) take the risk-based approach. Discussing the double edge of legitimacy, which are the difficulties attaining legitimacy through communication, due to various stakeholder opinions of what is legitimate. But he only gives vague tools for managerial “control” of the corporate legitimacy efforts.

No matter what approach a corporation uses to comprehend legitimacy and the communicative challenges the goal of legitimacy represents, it is foremost a question of, how to say what to whom. To make the communication strategic, the corporation must identify the different stakeholder's concepts of CSR, find out how they speak of it and choose the right communication strategy to transform the communication into value creation. The question raised is then two fold. First does the company simply react on and respond to stakeholder discourses or will they attempt to proactively influence the discursive negotiation (Hegemony 5.1.4)? Second do they understand the need for both paradigms (the economic and socio-economic) in their argumentation?

## 8.6 Strategic disclosure and communication

When committing to corporate disclosures it creates a level of transparency for stakeholders, which is a way to combat the normal information-asymmetry, existing between company and stakeholders. As mentioned, reporting may strengthen the corporate identity and understanding across the Group, due to knowledge sharing and auto-communicative messages. Perrini's analysis of MNC's shows that such reporting actually does assist in both (2006: 91), and a proof of such effects is seen within ML, when the Ship Captains report on emissions are made public and thereby made accessible for benchmarking against one another (HR). Such disclosures have a disciplining effect, which hopefully creates changed practices on others ships that reduce emissions.

But it is not only internal benefits and challenges the corporation face. Disclosure is a way to manage multiple stakeholders, building relationships and thus decreasing risks to the business, but it also contributes to building a new corporate identity through involvement and listening (Perrini 2006:93). To succeed, one must ensure a certain amount of standardization to attain transparency between companies so stakeholders may benefit and be able to create meaning and assess the company.

Perrini found in the same research of 90 MNC's non-financial reporting, that companies was perceived to fail in explaining the implications of sustainability issues for their business prospects and convincing shareholders (and rating agencies) of their capability to integrate social and environmental needs into the day-to-day operations (2006: 92). He concluded that management should develop reporting practices that demonstrate how the social actions support, not oppose, the profit maximization. In other words, how companies committing to transparency balance their socio-economic and economic arguments, in their endeavour to give meaning to the recipients.

The corporate communication theory does not give the answer to how to go about this, though it gives several tools for legitimizing and creating value through strategic communication. To understand how to go about the communication strategically, we must first understand what CSR is and what this understanding can be used for in strategic communication.

## 9.0 CSR

I have now discussed my scientific approach in the thesis, my understanding of economic and communicative theories and how my discussion and analysis of CSR is set and practiced. I will now discuss CSR as a term and as discourse, and bring forth different aspects of this illusive idea, in an effort to assist you the reader, in interpreting, understanding and following my application of theory to my empirical data.

### 9.1 The non-definability of CSR?

As remarked in the introduction, the CSR field is an umbrella term which is not predefined. This is not only the case because my scientific approach is social constructive of nature, which makes just such a term non-existent before it is actually used and practiced. CSR has no set definition in this science since it becomes what it is, in connection with the people and organizations using it in their contexts. It exists solely because somebody “discourse” about it. Since no one in the real life has yet been able to define a term that is in constant flux, and suffer the effect of time and peoples changing definition of what actually is socially responsible.

Also, CSR has many “faces” and not just one term exist. Many terms are used by researchers and practitioners alike – sustainability, corporate citizenship and countless others are all part of the CSR umbrella as I see it, though some researchers would probably disagree (an example of how the negotiation process of hegemonian meaning-consensus is ever changeable).

The European Commission defines CSR as: *“a concept whereby companies integrate social and environmental concerns into their business operations and into their interactions with their stakeholders on a voluntary basis”* (EC 2001). The Danish government defines it more loosely through the Danish Commerce and Companies Agency: *“Corporate Sustainability and Responsibility - is about businesses voluntarily helping to meet national and global challenges”* (E&S).

I find these definitions too narrow and to constraining – are actions only socially responsible if they are voluntary? No of course not. They may be more legitimate and more beneficial for value creation if they are, but a company engaging in reduction of greenhouse gasses (GHG’s) is still socially responsible, even if it is forced to do so by law or by isomorphic practices. Furthermore, the EC definition is very rigid, not allowing for time and eventualities of new subjects falling under the CSR umbrella. Neither presents good tools for a management team which wants to consider whether CSR issues are a possible venue for value creation. Then again, if CSR cannot be defined it is a social construct, what then?

Management researchers have a tendency to look into what characteristics social responsible behavior has or why companies in fact engage in CSR initiatives. Cultural and behavioral researchers look more on the cultural embeddedness of the ethical values in organizations and people.

Carroll (1991) presented a CSR pyramid with different types of CSR initiatives a corporation could engage in. It was in fact a hierarchy where the lowest tier was the **economic responsibilities**, next tier the **legal responsibilities** (both something all is required to have and abide to by law and common sense), next tier was **ethical responsibilities** (the expectation to do the right thing to avoid harm) and last the **philanthropic responsibilities** (where companies contributed to society to improve it). Later he merged the two latter tiers and created a new one, the sustainability tier, due to the rise of this new term. This approach may be useful by many managers since it delivers fields wherein CSR initiatives can be analyzed and evaluated. The interesting thing is that only in the philanthropic tier, was the business actually considered to contribute to society (though not necessarily to themselves).

## 9.2 What is the strategic benefit of CSR

First of all I must stress that companies do not become socially responsible overnight just because they say so on their website! As explained, in order to gain or remain legitimate it is necessary that the stakeholders view activities to be in accord with what they expect of the company (8.0-8.6). I have just stated how difficult CSR is to understand as a concept, and how different approaches ones stakeholders may have. Now it is time to understand what CSR is to the corporation.

In this thesis I ignore any form of CSR discourse that is not strategically important. My research question is exactly how APM deals with creating value, so any discourses of interest must be strategically linked to corporate visions. As earlier mentioned there are two major discursive and paradigmatic approaches to CSR – the economic and socio-economic arguments. Both as stated may have value creational possibilities and both are legitimizing to some stakeholders as a communicative message – either alone or more often hand-in-hand. Remember that the arguments are all part of the meaning creation of the discoursing parties (company and stakeholder), so we need to know what has been said before to understand the argument used now. Both paradigms are of course legitimizing argumentations, and will be explained here, so you can understand how I use them in my analysis.

## 9.3 Economic Paradigm

We create meaning of what we hold to be true and one argues from shared points to make sense of the discussed subject. The economic paradigm takes it hold from traditional economic theory. When addressing companies' strategic value creation, an ability to formulate and understand fiscal reasoning is naturally important. This is traditionally the arena of shareholder oriented communication – though my use of the institutional economic theory attempts to bridge the gulf between the two paradigms. So basically I argue that even the more contemporary economic arguments build on the older traditionalist shareholder oriented arguments.



Being a shareholder oriented paradigm, it takes its roots in cost-benefit, transaction-cost, risk and agency theory. Arguments will focus around the legitimacy of corporate actions to its shareholders (and potential shareholders) through profit maximization.

As mentioned in the introduction, Friedman, a well known and respected economist, wrote an article back in 1970 (Friedman 1970). Here he argued that the social responsibility of businesses is to increase its profits, and that such endeavour is not for the corporate executive to deal with. He should simply refrain for such activities, returning the monies to the shareholders, who may then do with them as they see fit. But the focus was clearly on creating profits for companies and their shareholders – not profiting the society as a whole, since that traditionally is a job for the state. This was the initial argument, but Friedman has later revised his standpoints and acknowledged that times have changed and that CSR now may create profit to corporations, when such initiatives are strategically implemented, if not communicated. Communication as a discipline is most frequently mentioned in research as non-financial reporting (11.2).

I will note that since academic research practices always refers to what has been researched or stated before, most writings always use Friedman's first statements as part of their discussions. These may be the reason why this discourse is very much alive today. Few writings refer to the fact that Friedman has revised the first statements.

## 9.4 Socio-Economic Paradigm

This paradigm takes its roots in stakeholder oriented communication and orientation. Technically the shareholder views are included here but they are not sole or the primary focus. APM is a shareholder owned company but, as explained before, more than 75% of the shares are owned by family or family controlled foundations. In my opinion this relaxes the need for a strict shareholder orientation, although it does not remove it in any way. APM still needs to be able to raise capital, especially when banks are now more reluctant to lend money.

This paradigm creates value through relationship building, transparent communication and long term profit creation (as opposed to the economic shareholder view that is more short term profit maximization). Building relations underlines that this is a process, and that no company turns legitimate and sustainable overnight. This is a constant negotiation with the stakeholders.

### 9.4.1 Strategic CSR

More modern economic theorist like Porter and Kramer argues in favour of using both arguments in business. They acknowledge that CSR must be wholly integrated in corporate strategy to be successful and that the CSR actions should not only benefit the company but at the same time also society to be strategic and value creating. Even corporate philanthropy may be strategic if companies support society while improving their own competitive advantage (Porter 2002).

This is the main difference between the two paradigms – communicatively you should be able to

prove that your actions benefit society (thus creating legitimacy to you (McKinsey 2009)), when discoursing from the socio-economic paradigm (or economic).

Porter does have his reservations regarding strategic CSR communication – *“The vehemence of a stakeholder group does not necessarily signify the importance of an issue – either to the company or the world”* and he also expresses *“by seeking to satisfy stakeholders, however, companies cede primary control of their CSR agendas to outsiders”* (Porter 2006: 82). Both arguments present good points and dangers to companies. To mitigate the first problem, they have come up with a model, for prioritizing the social issue in comparison with the strategic objectives of the company (see model 5).

We only receive legitimacy, if we visible improve others social conditions!

(Mads Øvlisen under Kromann Reumert seminar)

They distinguish between responsive and strategic CSR, making a point of simply responding to society's expectancies, will not necessarily create value to the corporation. An embedded strategic CSR initiative will transform the practices, so they support both the legitimization and reinforce the competitiveness.

On the other hand, they underline the difficulties in corporate communication. If you simply mimic what some stakeholders think and mean, you impair yourself in the discursive negotiation for legitimacy, thus becoming absolutely dependant on the stakeholder's views, removing your own from the process.

**Strategic CSR in their world, is when companies move beyond good citizenship and re-actively mitigates harmful effects, and concentrates on a small amount of initiatives, which has large benefits to society and the corporation.**

This combination of benefits, to both society and to the corporation, raises the question of how a Group or SBU communicates strategically to support the dual benefits (when necessary), and what communication strategies should be implemented to gain legitimacy and to differentiate itself from competitors. Not all efforts may need to be communicated as dually beneficial, since some things are simply expected actions and thereby do not result in much legitimacy or value. This allow a more re-active approach, but sometimes it is worth to engage in proactive discursive efforts, ensuring you do not cede the agenda to outsiders, leaving them to decide if you are legitimate.

## 10.0 Strategic CSR-Communication Strategies

How then does a corporation communicate its CSR activities strategically? With both internal and external stakeholders to target, communication must be conducive with what is to be expected image wise and identity wise. It is important to consider researchers such as Ashforth (1990) who claims that when companies communicate their CSR activities more openly, they attract more critical attention from stakeholders. Also, there exists the danger of over-communicating ones social behaviour. By not explaining the economic benefits the company receives by being social responsible, companies can end up looking like they are hiding something, or accused of PR and greenwashing.

With the focus on engaging the stakeholders in long term value creation (Andriof 2002) and not short term profit realization, not that this is not important to economic survival, **the stakeholder engagement must be institutionalized, and this is where the CSR-communication strategies assist management in understanding how to do just that.**

Morsing and Schultz (2006) have developed three different strategies for maintaining stakeholder awareness and communicating strategically to these, depending on the strategic goal of the interaction (See model 5). I use this theoretical approach to explain how stakeholder communication can be managed, and as previously mentioned made into communication policies that can become institutionalized practices in APM.

The model is based on Grunig and Hunts (1984) public relations model and incorporates the strategic aspects of corporate strategy, a sense-making aspect (how you rhetorically frame messages to help meaning creation), identification of interaction focus and what legitimizing aspects may be needed for the message. It should be said that the authors strongly advice that a more proactive and two-way communication be implemented, which is contrary to what most corporations utilize (Morsing 2006: 140).

### 10.1 The Stakeholder Information Strategy

This strategy is similar to Grunig & Hunts public information model. This is a one-way communication that passes from the organization to the stakeholders. This is an attempt to give an already interpreted meaning to the stakeholder without receiving any feedback (telling not listening). This is a press relation program where simply informing about activities not persuasion is the target. The typical form is press releases, leaflets, brochures, factsheets etc. **all materials that do not directly invite or involve stakeholders.** The stakeholder is viewed as either supportive or opposing to these activities. Since this is primarily a top-down decided and enacted strategy that is communicated, it is assumed that some kind of third party endorsement is needed to maintain and achieve legitimacy. An example of this is the environmental data in the HSSE report, which is certified and approved by

using international standards such as GRI, and have been audited by third party accountants. Another is the simple press releases informing of changes in operating procedures.

## 10.2 The Stakeholder Response Strategy

This is a two-way asymmetric communication form. As the name suggest it is a re-active response to stakeholder queries. This is a process where the company has interpreted their queries and has formulated a response supposed to leave the stakeholder an interpreted meaning. In other words the company attempts to change public opinion, attitudes and behaviour through communication.

**The company does not act proactively but only reacts to actions of the stakeholders.** Afterwards the communication department will typical run marked surveys, polls or in other ways seek to find out if the circumstances have been mitigated. This is a sender-orientated form of communication. This way holds the danger of becoming a one-way communication mechanism if the company only hears or invites certain stakeholders (their own primary for example) to support and respond to corporate CSR activities.

It is asymmetric information since the corporation and stakeholders are not equals in the order of discourse. Either the company decide what to react to, or they let themselves be dictated, what their strategies should encompass and what activities are legitimate. This is normal strategy used in issues management communication where the media often been allowed to dictate the order of discourse, and the sides no longer co-construct hegemony.

This is used when the company finds it necessary to ensure stakeholders that they are legitimate and seeks to describe how the stakeholder concerns are integrated. Normally third party endorsements are the polls (showing that we really are better this time around) or inviting choice stakeholders to comment in the report. This is never the less an effective way to support and reinforce corporate actions and identity. Channels used here is often websites, press releases and non-financial reports.

## 10.3 The Stakeholder Involvement Strategy

This is a two-way communication strategy assuming dialogue as a premise. The actors co-construct the meaning in the order of discourse and, though persuasion may occur, they both are “equals”. They make sense out of what they hear and responds to the sender, who in turn makes sense out what he received and reacts by attempting to give sense back etc (a symmetric form of communication).

**This is a more proactive stakeholder management approach, that invites stakeholders to becoming involved in and suggesting corporate CSR activities.** This will be done through systematic dialogues with stakeholders (this is an incredibly costly affair and is done only with primary stakeholders). The idea is that while involving themselves in the co-construction of the CSR activities and corporate messages, long term relationships are forged and legitimacy is gained by communicating topics of stakeholder interest.

This method is in harmony with the prior strategies, building on the polls and stakeholder identifications of the response strategy, but also on the role of stakeholders in the stakeholder information strategy. The stakeholders need to be involved for both sides to understand each other's discourses, and so that the company can gain an understanding of what actions promote positive support.

The corporate policies and practices are very important here, whether they enforce the dialogue and the integration of CSR discourses across internal and external stakeholders, or whether they dictate and subjugate certain stakeholder groups or discourses, hindering the long term value creation.

Now, normally a mix of the three strategies exist, though the latter two are no doubt the safest bet for value creation and relationship building and all are needed. Just as both the economic and socio-economic paradigm must be drawn on to achieve legitimacy.

Though CSR-communication may be the double edged sword (Ashforth 1990), lack of communication is indeed a larger risk. In itself this is a legitimacy risk, not communicating ones actions - thus Morsing argues that non-financial reporting is in fact the legitimate and subtle way to communicate the CSR activities, without seeming overzealous incurring PR/spin criticism or being perceived as greenwasher. Although this conclusion came before it became mandatory for larger corporations to communicate their stand on CSR. The latter may still happen, if the company does not think the messages through, ensuring the mix of the two paradigms, for more information see chapter 12.0.

On the other hand companies may be lured to publish what they want to communicate themselves without knowing if the stakeholders actually have an interest in the stated messages. This makes the involvement and response strategies important, because they ensure value through the report. Finally since non-financial reports may be audited by third parties and draw heavily on international reporting standards (which lends legitimacy through isomorphism and institutionalization), the practice is far from being considered legitimate as a channel and as a practice. The rhetorical phrasing, however, still matters greatly and can make a difference. That is why the CDA understanding of discourse arms the communication department, to use the right words, due to the corporate understanding of the stakeholder views.

## 10.4 Reporting standards

When attempting to gain legitimacy through disclosures and reporting, acknowledged and third party approved certifications may strengthen the legitimacy as mentioned. Here are listed some of the more important reporting standards with relevance to my thesis.

These global standards may be seen as institutionalized forms of communication and as means to strategically be able to benchmark oneself with the completion and internally. Such reporting

standards lends not only legitimacy as Perrini (2006: 92) states: “.. *adoption of reporting instruments is to make the company attractive to its stakeholders ... and speed up the company’s self-legitimization process*”. It also assists those just beginning in deciding what to communicate. The use for value creation is dependent on how the contents are presented, and how well the strategic management of the company may be assessed by the reader. This is proven by the several different awards given on good non-financial reporting, wherein juries give the highest marks to those companies who not only communicate the different indicators transparently, but also communicate in a way that is understandable in laymen’s terms. Furthermore, the integration of the argumentation is important not only to shareholders but to all stakeholders, and so is their ability to signal that they are part of the solution and not the problem (Andersen 2007: 10.2, 8).

### *Global Compact (GC)*

The GC is a UN initiative that presents ten general principles for CSR. The ten principles in the UN GC are a foundation for corporations in their strategic CSR communication. The principles are based on internationally recognized conventions on human rights, worker rights, the environment and combating corruption.

GC stands as the largest corporate citizenship and sustainability initiative in the world -- with over 7700 corporate participants and stakeholders from over 130 countries. The GC seeks to combine the best properties of the UN, such as moral authority and convening power, with the private sector’s solution-finding strengths and the expertise and capacities of a range of key stakeholders (GC).

GC incorporates a transparency and accountability policy known as the Communication on Progress (COP). This is an annual report demonstrating a participant's commitment to the UN GC and its principles. Participating companies are required to follow this policy, as a commitment to transparency and disclosure is critical to the success of the initiative. Failure to communicate will result in a change in participant status and possible delisting (GC).

### *Global Reporting Initiative (GRI)*

The Global Reporting Initiative is a network-based organization that is one of the world’s most widely used sustainability reporting. Sustainability reports based on the GRI framework can be used to benchmark organizational performance with respect to laws, norms, codes, performance standards and voluntary initiatives. It demonstrates organizational commitment to sustainable development and compares organizational performance over time (GRI).

GRI is based on the ten principles of GC but have more than 160 different indicators, a corporation may report on. Not all indicators are logical for corporations to use, but the initiative have different levels of certification with requirements on how comprehensive disclosure must be. The APM HSSE report is build around the GRI framework, standard disclosure overviews may be found on page 40 (HSSE).

### AA1000

AccountAbility is a global, not-for-profit self-managed partnership founded in 1995. They have produced a series of global standards, here amongst a stakeholder engagement standard.

The AA1000 Stakeholder Engagement Standard provides a principles-based, open-source framework for quality stakeholder engagement. It offers a basis for designing, implementing, evaluating and assuring the quality of stakeholder engagement. The standard provides guidance for continuous improvement, recognizing different levels of practice and can be used as a stand-alone standard or as an integral element of other standards - e.g. AA1000AS, GRI and the ISO-series (AA1000).

The APM HSSE report draws on the AA1000 standard, not the SES for communicating accountability of the Group stakeholder engagement.

### CDP

The Carbon Disclosure Project is an independent not-for-profit organization holding the largest database of primary corporate climate change information in the world.

The Carbon Disclosure Project was launched in 2000 to collect and distribute high quality information that motivates investors, corporations and governments to take action to prevent dangerous climate change. 2,500 organizations in some 60 countries around the world now measure and disclose their greenhouse gas emissions and climate change strategies through CDP (CDP).

Greenhouse gasses being the foremost environmental focus, the reporting on such emissions is very important to gain legitimacy. The project is by far the most extensive, and is supported by many prominent organizations and companies. A high amount of institutional investors (475) are affiliated to this program, which makes it interesting, when corporations, such as APM wants to raise capital through other means than banks (Eabis).

This was a short list of the most relevant reporting standards to my thesis. For closing remarks on the CSR chapter, Fombrun (2003: 126) asked what channels seemed more legitimate:

- 18% found that companies should not publicize their social initiatives
- 2 % did not really know
- 37% found it okay using commercials and public statements
- 43% found it legitimate to use corporate websites and financial reports

Critics state that CSR activities may suffer recession “after” this economic crisis the world has undergone. Researchers such as Kapstein state that such activities become less important in a recession (2001: 119). Personally I hardly think this is the case for all CSR activities, only to those non strategic without value creation in focus. However, few will find much room to experiment outside the obvious focus areas, which are certain to be profitable for the company (and hopefully society – so as to gain them legitimacy when communicating it).

Corporate governance is a field closely related to reporting which is one channel I'm advocating is beneficial for corporations to use, when communicating strategically. This field will show how management attempts to embed and control CSR actions as well as try to ensure the benefits in following the corporate strategy.

## 11.0 Corporate Governance

I ascribe to the following definition of corporate governance: *"Corporate governance is defined as the system of checks and balances. Both internal and external to companies, which ensures that companies discharge their accountability to all their stakeholders and act in a social responsible way in all areas of their business activity"* (Solomon2004: 14). If one should expound on this, Governance is the management of companies, and the checks and balances are the social practices, norms, culture, regulations and laws that ensure the corporations acts responsible. Governance structures allow or disallow actions the same way as the order of discourse does in discursive theory, and it is in fact an example discursive interactions.

Examples of such checks is the Danish "Nørby-report" that states the Committee' recommendations for good managerial practices, the "Årsregnskabsloven" (law on annual reports) or the corporate policy on what should be discursively included and omitted from public communications.

### 11.1 Stakeholder and Agency theory combined

The governance theory is deeply rooted in agency theory and focuses on the separation of ownership and the control of management. I support this approach with a stakeholder and stewardship perspective in order to further understand and expound on the governance structures. Inherent in an agency theoretical approach is the weakness of short term profit focus and purely shareholder orientation. In the stewardship and stakeholder approaches, the prospective is widened and more stakeholders besides just the shareholders are considered important determinants for strategic business in a long term profit orientation.

Where agency and transaction cost theory assumes managers are opportunistic, the stewardship and stakeholder theories assume that such managers are disciplined by the broader aspects such as their own career expectation and the broader stakeholder needs. This works as disciplining measures the way contracts or other incentives do in an agency perspective.

The convergence (isomorphism) in the global governance systems (the Anglo-Saxon and the Continental systems (Cernat 2004)) allow for benchmarking against the other systems to reach a more optimal governance system for one's own company, hereby ensuring suitable behaviour and symmetric communications across departments and SBU's. This enforces that branding and cultural



theories can add value to corporations through governance systems of cultural control and adherence to codes as well as legislation and principles may. A prerequisite for benchmarking is transparent data.

## 11.2 Transparency

Transparency is a governance function that should reduce the agency costs and the information asymmetry between management and board, board and shareholders and other stakeholders. This is attained through corporate disclosure of relevant and correct information – that is website information, press releases and non-financial reporting.

Transparency in an agency perspective is then a means in which the principals can assert what agents are doing and thus controlling if they live up to expectations (Solomon2004).

Transparency and disclosure can also be a means to gain legitimacy from the wider community and stakeholders by showing that it pursues socially acceptable goals and conforms to social norm (Ashforth1990: 177).

Disclosed information can either be prompted by legislation (as with the new Danish law), codes and regulations, or through corporate practices and strategic communicative initiatives. Agency and stakeholder theory both outline a common danger with lacking transparency. If there is little transparency minority shareholders and boards, often suffer from information asymmetry which leads to higher agency costs or accountability problems.

## 11.3 Relational or market based environments

An approach in analysing governance according to influencing variables to the national systems of governance is the diversion into relationship and market based effects. This is much like the division I already outlined, between the two major paradigms of economic and socio-economic in discourses. There are two categories: the relationship based model that encompass the Continental system and the Market based model encompassing the Anglo-Saxon approach (Cernat2004). These basic drivers behind the business culture naturally vary from country to country, but it is common for the Anglo-Saxon approach that it is based on shareholder orientation and value maximization (not necessarily long term). The Continental system is based on the stakeholder approach which has legitimacy through relationship building as the long terms profit orientation.

Both systems have embedded legislative and normative functions and are in fact the practices that ensure that the corporate actions confer to legitimate behaviour.

This makes governance theory well suited for my CDA analysis, since it draws on the same separations as my two basic paradigms – economic and socio-economic approaches. The corporate communication theory has a mutual understanding of disclosures through the communication, and it supports the governance theory which does not explain cultural and communicative aspects. By

combining these, a more holistic understanding of information asymmetry and the prerequisites behind how and what should be disclosed is attained. On the other hand governance theory builds on the institutionalized world view and goes a long way to explain social practices, which one can only speculate of when only using corporate communication theory. It may even provide a frame for making sense out of the use of the two discourses in APM's and societal practices, due to the natural division between economic and socio-economic arguments inherent in governance systems.

I have now covered what strategies can be used to communicate, legitimizing the different aspects, as well as what global practices exist for governing companies ensuring compliance to the corporate identity and to an overall corporate communication strategy. I will now briefly outline one of the major legitimacy dangers – greenwashing.

## 12.0 Greenwashing

In a world so focused on cleaner environment and sustainable goods, environmental communication becomes increasingly important for a corporation. This form of communication falls under the CSR-umbrella, and is as such a “must be” in order to remain legitimate and fiscally healthy.

The term greenwashing is used to categorise several different ways corporations may attempt to present themselves “green” and “sustainable” or just plain environmental friendly. Whether this is because they actually try to be deceptive, or whether it is simply framed as corporate spin by media and critical stakeholders, the term and the negative impact of such a discourse on the corporate reputation remains the same – it is a clear and present danger that needs good stakeholder management to counter.

Where corporate PR is also viewed as illegitimate by some critical stakeholders, PR and reporting in general is as mentioned in the corporate communication chapter an acceptable way to communicate ones sustainable initiatives – **Green washing is**, when the act of communication is misleading the consumers/stakeholders regarding the real environmental practices and of the company's environmental benefits (Terra).

The consultancy firm Terrachoice has issued publications in 2007 and 2008 on the subject, the last mentioning “7 sins of greenwashing” in all. The last study of this form of corporate communication was done in USA, Canada, Australia and the UK. These are traditional “Anglo-Saxon” governance system nations. Yet even though the overall legislative and governance approach is different from Denmark (Solomon 2004, Cernat 2004), we can safely assume that the 7 sins remain relevant to use here, due to isomorphism across the governance systems and the nature of the sins themselves. In other words what may be illegitimate there is probably illegitimate here due to the global marked and the similar view on what is acceptable and what is not.

## 12.1 The 7 sins

In the following I have listed the identified sins from Terrachoice's research. Each sin is described, and a short example is provided for good measure.

**1 Sin of hidden trade-off;** you do this by suggesting a product is "green" based on an unreasonable narrow set of attributes without attention to other important environmental issues. (You may claim to be CO<sub>2</sub>-neutral in your production facilities, but giving no further mentioning to waste disposal or worker safety).

**2 Sin of no proof;** committed when environmental claims are made that are not substantiated by supporting information or a reliable third-party certification. (Claiming to have 30% less sugar – with no indication of what you compare it with, or what the real contents are now).

**3 Sin of vagueness;** committed when claims are poorly defined or without real meaning. (You may claim to be all natural – but many poisonous contents are in fact natural).

**4 Sin of irrelevance;** committed by making green claims that may be truth but is unimportant or unhelpful. (You may claim your products are CFC-free, even though the law bans such contents).

**5 Sin of lesser of two evils;** committed by claims that may be true for the product/service, but that distracts from the greater environmental impacts. (Stating you sell or have the most waste efficient fleet of vehicles and ships, when GHG emissions are more interesting in the order of discourse).

**6 Sin of fibbing;** this is thankfully the least frequent sin, that of making utter falsehoods. (This is often seen when corporations claim to be certified).

**7 Sin of worshipping false labels;** this is done when corporations invent their own labels of green and sustainable approval. (This is seen when either the company invents its own label like "eco-safe" or claims to be approved by other third parties without such endorsement exists).

Sin number 6 may actually be broadened in my mind, to encompass all those using the GC logo, but who are not "active" participants of the program, and who don't issue their mandatory communications-on-progress (Global).

These sins should be viewed as communicative and discursive faults and not as law breaking. This is due to the fact that laws are a regulating factor in itself, and have its own ways on influencing the order of discourse and the legitimacy of corporations.

## 12.2 Greenwashing or strategic communication?

The 7 sins are of course rather broad, and it may be discussed whether there are fewer or more, as well as it may be critiqued that the source is a consultancy firm. However, I find that neither the number nor the fact that it is a private company and not through an academic institution such research is made is important. What is undeniable interesting is that the survey showed that 98% of

all US products surveyed (2,219) committed one or more of these sins. This is interesting since strategic communication should endeavour to strengthen legitimacy, not impute it.

In my mind it seems impossible that all products surveyed is deemed illegitimate by the stakeholders. As such they should all soon be out of business, which is generally the assumption made by the institutionalized theory. So I must conclude that you can actually commit at least one of the sins, and remain legitimate, because in the context the disclosed information does not digress from the corporate image or conflict with the order of discourse.

So, strategic communication can involve statements that may or may not involve the greenwashing categories. Which makes a fundamental difference is whether the claimed greenwashing is actually legitimately used or not. Again critical stakeholders may not agree what you communicate is in fact legitimate, but as long as their discourse is not stronger and higher placed in the order of discourse than the corporate arguments, you may remain legitimate.

An example of this may be when the corporation uses a third party certification to verify their environmental accomplishments, even though some critics may claim they are not environmentally sufficient in other areas (could be in conflict with sin 4 and 5). The certification is then strongly embedded in the order of discourse so that the critical attacks do not take hold or change the order. The CDA approach may assist in corporation's strategic communication when looking at the discourses and the practices within themselves as well as on the broader social practices. This comparison should give an indication whether one's arguments may be perceived as greenwashing by stakeholders or not, and how to strengthen such communication to remain legitimate.

### 13.0 The case company - APM

Now having explained the different theories I draw on in my analysis of the APM CSR communication, I will briefly go into detail about the case, my reasons for choosing APM and the overall use of my findings.

#### *Why choosing APM as my case?*

Since they are a global actor, who have just begun working strategically with CSR and the communication of these actions, it is interesting to see how the CSR agenda is created, interpreted and how a complex conglomerate uses communication to create value by "giving" stakeholders meaning of these CSR initiatives. It takes some adjusting coming from a somewhat "closed" communicator, changing into an "open" actor, and creating value through strategic communication as explained. Investigating how APM communicates CSR seeing if they have practices that inhibit or benefit the optimal value creation communication process and researching how the understanding

of the social practices may influence their ability to use communication as a strategic managerial tool, is what makes this case interesting.

In the following paragraphs I will outline factual information about my case company – the A.P.Moller-Maersk Group.

It is Denmark's largest company and contains a myriad of different industries making the Group a versatile and diverse organization. It is an international global player more than it is a Danish company. The global headquarters are situated in Denmark, but there are more than 130.000 employees in more than 130 countries worldwide.

As part of the corporate activities the Group has SBU's working with energy, shipbuilding, banking, retail and manufacturing industry, oil and gas, and a diverse variety of shipping activities – amongst these the world's largest shipping company Maersk Line (the SBU which I concentrate on).

The Group consists of some 271 controlled companies, 20 associated companies and 15 jointly controlled companies (APM web).

### *Management (governance)*

The Group was founded in 1904 as a shipping company and has been under personal managerial family control from the start to 1993, where the day to day operations went to a non-Møller CEO, and the family only wielded "direct" control through their seats on the board. The Group has a two tier governance structure with the executive board consisting of five people including the Group CEO Nils Smedegaard Andersen and four SBU CEO's. The board of directors consists of 12 seats, whereas two seats are held by family members on behalf of the foundations, and two seats are held by employees of the Group.

The Group is listed on the Copenhagen Stock Exchange, and is the Møller-family holds the stock majority through 3 family foundations and their personal stockholdings, leaving less than 25% of the votes to other shareholders outside the family (APM Facts). These facts do not include the changes in the foundations portfolio within the last fiscal year, where the business media have made speculations grounded in sales and transfers of stocks.

### *Maersk Line (ML)*

Maersk Line is as mentioned the world's largest shipping line measured in capacity (TEU's), having more than 500 ships in the fleet and more than 1,900,000 TEU's capacity in their fleet. The SBU has around 16,900 employees in more than 125 countries, and they have 35,000 port calls a year which is equivalent to a ship making port once every 15 minutes somewhere on the globe. They transport 3% of the worlds GNP at any given time (ML facts).

The shipping line operates ships that transport almost any form of cargo, whether it is refrigerated,

dangerous, or normal container related goods. Logistic services are provided and sophisticated tracking systems are used for easy monitoring.

## 14.0 Analysis

As mentioned in the CDA chapter, an analysis must contain the three levels separately, and then move outwards in the model to compare the findings in the broader perspective of the next level.

### 14.1 Textual Analysis

This is the first level of analysis. Through which I will gain an understanding of how APM “discourse” about CSR in different texts. This is a descriptive analysis, though it is subject to my interpretations, and the information cannot stand alone, but it will give a picture of APM’s CSR-communication.

#### 14.1.1 Data

This analysis draws on both Group and ML texts. All CSR related issues are analysed from the Group web, where ML’s web contents is represented by the documents linked to from their website.

Furthermore the HSSE report, interviews and an interim report will be analysed.

My findings will be presented in interpreted form by utilizing the different linguistic analytical terms mentioned in the CDA chapter as well as a definition of what type of paradigm is used in the text (text is coloured to indicate paradigm in appendix). The data used for interpretation from the website is from 02.02.10 (see appendix C).

#### 14.1.2 How APM communicate CSR

The different subheadings here refer directly to the source in the appendix which is being analysed.

##### *Group website*

The corporate website is presented in light blue and white colours. Sustainability has its own top menu, along with innovation, career and background information on the Group. The Group presents the following areas to be part of their CSR work:

- Safety
- Health
- Responsible procurement
- Anti-corruption
- Communities
- Environment and climate
- Security

**Safety** has little textual information available but links to the HSSE report. The Group does emphasise that they regret every fatality, they take responsibility for them and explain that they have created a manual to improve awareness on this matter. The rest is kept in relatively factual modality, relating

some issues to different SBU's. The contents rely on socio-economic argumentation with no references to economic ramifications.

**Health** is also a relatively short text. The global health issue is addressed in detached and factual terms and one paragraph describes the APM's work on a Health manual, which will be part of the 2011 self-assessment practices. The presented contents are brought in socio-economic terms, and do not explain the economic benefits of good employee health.

**Responsible procurement** contents are transitively different than the two areas described above. APM presents all procurement arguments in relation to themselves with agency to the personal responsibility of their actions. They explain how not only responsible procurement benefits society but also the APM business and they emphasise the importance of cooperation with suppliers (as stakeholders) in order to increase the efficiency and managing risk purposes to business. They have placed a box indicating one of their more important networks for engaging stakeholder called BSR.

**Anti-corruption** has an overall Group focus. They present their initiatives in a factual tonality and argue that the initiatives are created through stakeholder dialogue. This is kept in a socio-economic orientation that is framed to assist and protect the employees of the Group. No proof or example of such dialogue is elaborated on.

**Communities** have a short factual detached introduction, wherein the importance of philanthropy and local communities are mentioned. This is the introduction to three cases where APM's local involvement is presented with relief and aid to local communities. The tone is relatively neutral and the provided information is sparse with almost no references to the extent of rendered assistance. It is purely socio-economic arguments with no arguments regarding the reasons to why these cases have been shown in relation to the business.

**Environment and climate** is by far the most elaborated field. It has several subpages under this headline. The "front page" presents its views of how they strategically combine business benefits and environment and climate benefits. Their policies on the area are presented in a factual modulation, and their compliance with international regulations is asserted through linking of APM and 3-party institutions. This is mostly done through a socio-economic argumentation, but a few places actually bring in risk assessment views and strategic linking of social benefits to the business. The last states that the SBU's business efficiency is improved through the Eco-Strategy by innovation and technological advances.

Subpages use mainly socio-economic arguments, though mixed with some economic arguments regarding risk mitigation and innovation possibilities for business. There are some graphics depicting consumption and benchmarking APM against other modes of transport – again the information are presented relatively neutral way as factual statements with no direct connection of agency to APM. Such statements are supported with few examples of how APM complies with or exceeds

international standards and statements of how emissions have been reduced.

There is a strong focus on GHG emission reductions and protection of the climate. Most business oriented arguments regard building partnerships and improvement through innovation (still argued in socio-economic ways). There are furthermore some explanations of GHG terminologies and a few cases spread out evenly through each subpages that mainly shows how APM endeavours to improve environment efficiency to benefit the climate.

**Security** focuses on employee safety which is the prime connection created here between APM and this stakeholder group. The rest of the information is presented in a detached factual way, providing international information on the piracy problem with little or no direction information as to how the Group ensures mitigation of this risk. The presented information argues that such problems must be cared for in an international forum, and not by the company alone.

### *Climate change*

This text is a response to COP15's focus on climate change, where the APM Group explains how they through actions support and ensure benefits to society and the climate. When I say actions it is the operational day-to-day actions of the Group, and not the economic paradigmatic arguments, which makes the linguistic composition largely socio-economic. They are only mentioned in accordance to vague references that the initiatives have financial benefits. There are a couple of graphs showing the Group's environmental performance (across industries) and one benchmarking shipping against other modes of transport. The main text is presented more as factual information with little affinity between actions and APM and with neutral descriptions of said actions. CO<sup>2</sup> reductions and corporate goals are emphasized, as well as the fact that such actions will continue after COP15.

### *Our approach*

This is the APM Group's approach to environmental and climate issues from their website. CO<sup>2</sup> efficiency is the main issue discussed due to its perceived effects on the climate. For once, this is actually discussed with clear economic argumentations as it states how eco-efficiency has direct affect on keeping costs down, and the risk mitigating effects of eco-efficiency has to the Group. Also what innovation can do to not only improve the carbon footprint but also how it benefits business. Shipping and oil & gas industries are the two SBU-areas in focus in this text, and they focus on initiatives by the industries to reduce CO<sup>2</sup> emissions and the use of carbon gasses (including capture and storage). The COP15 and UN GC are both mentioned as international initiatives APM supports. There is a direct affinity between APM and its actions and this is not simply presented as neutral factual observations.

### *Constant care for the environment*

This is ML's publication on their approach to environmental issues. I have chosen to use this instead of a more complete website analysis, since the website information is in many cases included word-



for-word in this publication. The publication addresses many business areas and their environmental impacts. They not only address GHG emissions, but also the SBU policies, their waste and heat recycling initiatives, ballast water and anti-fouling paint innovations.

Overall the contents are presented to create transparency (CEO statement in the introduction) and understanding of the CO<sup>2</sup> emissions. Much of the contents are presented with little affinity and as neutral facts compared against international standards and initiatives. There is a tendency not to include explanatory cases or examples in the first part of the publication (being an overall introduction), whereas cases and examples of how initiatives are carried out, and what they consist of, are more frequent later on.

Few industry terms are explained (mainly those referring to GHG's), and there is a great deal of technical details. There is an emphasis on different reductions across the SBU's, with several benchmarkings against international standards and internally within the SBU.

On subjects of regulatory areas, emphasis is on the compliance with or exceeding of regulations. Diagrams are infrequently presented to assist the understanding of the text. One graph of the ship EMMA MAERSK, that actually addresses all impact-initiatives, is only presented for perusal in the last quarter of the publication.

Lastly where the continued innovation is addressed as lessening the environmental impacts of ML, whereas there is no focus on how new business benefits arise through such knowledge (such as ship recycling services and the new lifeboat system). This underlines that this document is solely drawing on socio-economic paradigmatic arguments.

### *Interim management statement*

I have included a traditional financial piece of communication: the interim report with key figures from January 1<sup>st</sup> to September 30<sup>th</sup>. This is not surprisingly drawing on the economic paradigm, with cost reductions, risk mitigation and saving terminologies in the text. There is only one place where the socio-economic arguments are brought forth (an offhand remark regarding ML's reductions of costs) and tied to the environmental impact. There is a high degree of affinity between APM and its financial information presented here, and it encompasses all industry fields in the text.

### *HSSE Report*

The Group's HSSE Report has the objective to improve the understanding of the environmental and economic impacts of APM, and mitigating the risks and improving the business advantages – and improve the transparency and accountability to the stakeholders (Nils Smedegaard's statement in the introduction). The report is built up around the GC and GRI frameworks and addresses health, safety, security, environmental issues, along with an initial chapter concerning governance and managerial challenges.

The first chapter frames the importance of CSR to the APM business model, though it does not give

any clear indications of how this practically is manifested. No terms or initiatives are elaborated on or explained, but close ties are bound to the international standards Global Compact, GRI, AA1000 and governance codes. Also a 3<sup>rd</sup> party endorsement in the form of DNV is mentioned as auditor of the report.

A stakeholder list is presented but no examples are given for the actual stakeholder involvement.

Only vague references are given that such initiatives are undertaken, and the information is presented as facts but with a strong affinity between actions and APM's responsibility to society. The argumentation is socio-economic of nature including a few hints of economic discourses in the introduction by the CEO.

**Health & safety** as a focus area is framed as relatively new. It has new manuals just established for governing the field. There is a strong sense of responsibility taking from APM towards the fatalities caused in the organization. Statistics are presented across the Group as well as a few tools (such as LTIF) to decrease these numbers. However, these are not explained in detail since they are new. Though speculations of improvements are brought forward, but with no clear data supported arguments for what this is based on!

The benchmarks presented are not thorough or consistent across the Group since some areas lack data compared to others. When employee health is discussed the modality becomes more detached and heavy reference to standards is utilized.

**Security** is focused mainly on piracy threats, which primarily concentrates on mitigating the risks of shipping and ports. It uses socio-economic argumentation in the communication and takes on a close affiliation to IMO and other international bodies in their efforts to minimize the piracy risks. APM's role is delivered in neutral comments of support and compliance with international standards. They even go as far as declaring that they do not use armed private security teams on board. However, they somehow omit the fact that they do use conventional military forces for this purpose.

**Environment** issues are addressed, as with the website, to minimize the environmental footprint through eco-efficiency. On the first page, economic arguments are used side-by-side with socio-economic argumentations, but that is the last real use of the economic paradigm from then on. Corporate reputation is mentioned as one of the goals for these initiatives and the media is emphasised as an important stakeholder to respond to in the environmental area.

Innovation and partnerships are mentioned as one of the tools for eco-efficiency, and a couple of cases of how this is done are given. However, the cases are presented much later than this area was first mentioned as important. The first part of the chapter is held in neutral detached tones, and the initiatives are presented as reactions to international standards and initiatives (APM's efficiency emphasised compared to industry and other modes of transport benchmarks).

On the area of environmental performance, several graphs depicting the APM Groups performances and several cases on how efficiency is governed is presented, and technical terms are often used side-by-side with percentages and numbers. Though the website did not emphasise the business potential in the innovation, the factual productification of the ship recycling knowhow is mentioned in the report. An overall focus is on the CO<sub>2</sub> emissions and the efficiency of the ML fleets performances is emphasised.

### *CEO speech at investor conference*

This speech was given at an investor conference December 4, 2009 and is currently not available on the website (since they have revitalized this since I started collecting data – see appendix C). The text combines both paradigms as important for APM in its work for energy efficiency. It focuses on both the cost reductions and risk minimization of energy reductions, as well on the environmental impact. It gives concrete numbers on reductions and some mission statements of strategic goals for the future. It utilizes many pictures and graphs (all pictures are of ML ships) and cases to exemplify consequences of corporate actions to the receiver. The text has direct agency to APM and its societal responsibilities and business opportunities. It even “airs” some hopes to the then upcoming COP15 in what it should bring in terms of legislation.

### *Interviews*

**BN** phrases his views on why the Group engages in CSR initiatives this way, *“there are many reasons, we have a strong safety culture which ensures the employees we send out get back safely. We cannot allow people to get hurt; we cannot have utilities that fail while the responsible authority does nothing, so we accepted the challenge and began to work on this”*. This was part of the explanation in regards to why APM created a new lifeboat), and he went on explaining his views on CSR with saying, *“we must be exponents of a safe workplace, and this is why we have continued with the broader CSR issues”*.

For the record it is worth mentioning that he seems to distinguish between CSR as a social responsibility (solely social benefits) and that of safety and environmental issues (which benefits both paradigms) – though both are contributing factors to the same end (transcript notes p.2). When addressed with the financial paradigm he continues to explain that, *“efficient policies ensuring employees using the right tools and doing their job correct is a safer and more efficient operation, which is directly measured on the bottom-line”*.

He consistently ties both the economic and socio-economic arguments together, arguing one cannot stand alone without the other.

**HR** defines the environment as a stand-alone topic due to its strategic importance to the SBU, although it is tightly related to CSR in general. This is because it is fairly new to work with CSR as something strategic, whereas they have been communicating and working with environmental issues

for years. She argues that the strong values of the Group are enforcing a socially responsible behaviour. But she defines their prior work with CSR related topics as, “*very technical and not very strategic*”. This she defines as a risk management approach (an economic argument) quoting Mr. Møller, “*the one who has the ability has the obligation*”.

When explaining the background of the research behind their CSR strategy, she often uses risk assessment/management as a descriptor for decisions behind the top management’s policies. She also acknowledges that the work is to mitigate stakeholder queries. She emphasizes that economic argumentations are needed in the form of business cases to have initiatives approved internally.

The environmental issues are centred around energy-efficiency and the ML impact on the environment, as well as the cost savings behind fuel reductions.

She further expresses doubts of whether the many resources used on the Group reports are worth it, using the following metaphor, “*the lowest common denominator*” to describe what information the report contains. This means that the Group reports only on what information all SBU’s may provide and not what is the most important to the single SBU. Although the SBUs are verbally free in the descriptions of their CSR work.

**MV** described CSR as conducting oneself properly which is strongly tied to the APM values. She did not accept philanthropy as strategic CSR, and she found that especially the environmental issue was a “hardcore area”, because there were so many measurable areas with certifications and standards whereas work health and safety were more “soft areas” concerned with the socio-economic arguments.

She did not feel that CSR as a whole will have much influence in the normal employee’s day, but behind the strategy there may be subareas that may concern them deeply( such as being involved in creating their own environmental goals on the ships and their safety on board).

She tied the ML innovation as benefits to the business and society due to the environmental impact of ML. She addressed the stakeholder relationship as very important, and ML keeps in touch with their needs and thoughts (for reputation reasons) through engagement in networks and customer evaluations.

She argued that economic arguments were important internally because the socio-economic arguments were for the broader stakeholder relationships.

## 14.2 Discursive Practices

This is the second layer of my analysis where internal APM and ML discursive practices are identified. I will look on the interdiscursive relationship between analysed texts and how they intertextually draw on each other. The interesting issue is how CSR discourses are produced through these connections and what these practices do to define the actual CSR communication due to the

contents of the texts and of the used paradigms in the communication. This is addressed in my definition of the APM/ML's order of discourse.

#### 14.2.1 Data

The empirical data used in this part of the analysis is found in appendix C +D. It primarily consists of information from corporate websites and interviews. This is presented in an already interpreted form which indicates some of the different institutions and corporate discursive practices.

##### *Discursive practices*

As HR states in the interview, interest from top management for strategic CSR has grown since the managerial change in 2007. This is in itself a supporting practice for initiatives that is necessary to adopt into the identity and routines. The strong values APM and ML have are mentioned by all internally interviewed and on the websites and in the HSSE report, as something that already enforced a social responsible approach to business. Mr. Møller's values and comments must be seen as part of the corporate values and as a strong normative institution that forms practices (this is referred to by both HR and MV).

APM is relatively new on the strategic arena of communicating its CSR areas not related to environmental impacts. This is evident in the lack of data available and the space allocated on the website and in the HSSE report for the other topics. This goes to show the experiences in putting words to the environmental impacts of the Group and ML as a SBU.

The environment topic is the one with closest ties to business and social benefits. This is where APM & ML can make a strategic difference especially in the CO<sup>2</sup> reduction and general energy-saving fields. Developing their communication through international standards and certifications helps in streamlining the needed data across the Group and SBU's. But somehow the use of socio-economic arguments is the most verbalised by far, with only vague references to the business benefits.

The interviews and other texts make it evident that the Group only forms frameworks, but leaves it to the SBU's to choose what areas are the most strategic beneficial to their specific competences, and choose how to create value through their communication of CSR initiatives.

Though in reporting issues, data-wise, this content is still dictated by the Group, since they know and control the data all SBU's can supply for the overall contents to make sense – though individual rhetoric contents may be supplied by the SBU itself.

The many new manuals on safety and health aspects of CSR will in themselves probably become institutionalized practices forming the discourses although only time will tell for certain.

There is a strong use of the socio-economic paradigm in both Group and ML communication in all CSR areas, highlighting the social benefits neglecting to explain the connection between business benefits and social benefits.

I have also encountered some interesting actions by non-sustainability departments, which are

points of contacts with stakeholders (the Group Relations and ML Marketing Department). During my attempts to interview representatives I was consequently referred to the sustainability departments (both on Group and ML levels), even when emphasising that I would like their own points of views, and not the sustainability departments, on contact-management of stakeholders and on their CSR related communication. Both stated they felt that such queries were not their area of expertise (Appendix D).

Both the Group and ML is engaged in several different partnerships and networks, internal and external, which assist in understanding stakeholders and presents a format for feedback and staying up-to-date. Norske Veritas (auditors on the HSSE report) does however argue that there is no systematic work with stakeholder engagement in APM. A conclusion I have reached through interviews with both SN and HR, since they could relate of no strategic stakeholder management frame, used to ensure a two-way information symmetric feedback.

In the interview with HR, another practice came to light when discussing the Haiti relief efforts of the Group (spearheaded by ML). When asked why the UN was chosen as the contact point with their assistance she answered, *“well we couldn’t really think of any others that were operating globally”* which underlines what website and HSSE report states, that APM and ML perceive themselves as global actors (which is a part of their corporate identity).

Furthermore it was the internal CSR network that brought forward a unified APM Haitian relief action, when the crisis was discussed during a meeting. This indicates that the ability to work across all SBU’s is present for the common efforts (the relief was communicated as an APM effort though different SBU’s provided varied support). The ability to draw on internal contacts was evident since the contacted person in the UN was known by an employee in the Group.

Innovation is framed as being one of the key ways of improving both business and societal benefits, and the interview with BN indicated that strong bodies of internal governance exist within the safety area. This ensuring that responsibility issues are addressed, and he stated that everyone who had ideas (innovative or simply safety related) would be heard.

Furthermore BN informed me that calculations were made on the cost-benefit of the new lifeboat innovation (such collection of economic data exist as a practice). However, this information has not been communicated on the website or in the HSSE Report, which may be ascribed to the socio-economic paradigms arguments dominating the reporting’s order of discourse.

### *Intertextuality / interdiscursivity*

There is as mentioned a dominating use of the socio-economic paradigm in both Group and ML communication in all CSR areas. There are strong intertextual connections between the website and reports contents where the same models and cases are presented. The same lack of economic arguments is apparent through both websites and the HSSE report where they refer to business

benefits without elaborating much on the subject.

On the other hand the interim report, as a traditional economic text is void of socio-economic arguments, tying business and social benefits in a strategic way.

The speech by CEO Nils Smedegaard draws intertextually on both the socio-economic arguments from the websites and HSSE report and on the economic arguments of the interim report. This is the latest created text (newest by date) which is analysed in this thesis and it shows the possibility of discussing both aspects based on formerly used discourses.

### *Order of discourse*

Environment is the most communicated topic in Group and ML texts. This is possible due to a long tradition of gathering data on the subject and the focus on ML's ability to improve their energy efficiency and reducing CO<sup>2</sup> emissions. This leads to a conclusion that these topics have an upper hierarchal position in the "social domain" of APM and ML, thus having a higher likeliness of being strategically communicated to gain or increase legitimacy.

The communication draws heavily on socio-economic arguments by emphasising stakeholder importance and the fact that relationship building is the key to social and economic success (in APM's view). This is then the current strategic selling point of APM and ML, and the main way how they use communication to create value.

Texts are primarily created on the basis of other socio-economic arguments, which is natural when texts are constituted by and constitutes new texts. They highlight social benefits which brings with it some criteria to the consumption and interpretation of the texts (by the stakeholders). The stakeholder focus has the prerequisite of the need for efficient sense-giving and the ability to frame the sense-taking in order to influence interpretation of the texts and legitimize APM/ML.

Stakeholders are thus presumed to expect and want to be presented with the CSR initiatives and their social benefits before granting legitimacy.

The challenge of gaining actual legitimacy must then be answered through looking at the broader social practices in order to see if and how these social practices influence the APM discourses and the corporate way of creating value through strategic communication!

## **14.3 Social Practice Analysis**

As mentioned in the CDA chapter, the purpose of this analysis is:

- to uncover the relations of the discursive practices and the order of discourse
- determine what mix of discourses the discursive practice exist in
- find out how they are distributed and regulated
- and attempt to map the social and cultural relations and structures which create the frames for discursive practices

### 14.3.1 Data

The empirical data used in this part of the analysis is found in appendix C + D. It primarily consists of information from governmental, competitor and institutional websites. One interview is included since it is with the agency behind the Danish CSR Act. In relations to the gathered information, this is presented in an already interpreted form to show how or what different institutions exist, and how they affect corporate discursive practices. The purpose is to understand how society “discourse” about CSR, what practices exist and be able to compare these findings with that of the previous discursive practices level. It is in this comparison my conclusions lie, because it is here we see if the discursive practice reproduces the order of discourse and contributes to maintaining status quo in the social practice. If it transforms the order of discourse and creates social change or if the discursive practices enforce or veil power structures.

### 14.3.2 Practices

Amongst the countless of social contexts that have social practices influencing the communication, interpretation and understanding of CSR, I have chosen the following selection due to their relevance to the company, and since they have to some extent been covered in the theory chapter:

- The Danish State (due to the law committing companies to report on their activities)
- Other MNC’s Reports (those who have been reporting for years and have great experience, form a basis for mimic-isomorphism)
- IMO (being a UN maritime organization)
- The Danish Ship-owners Association (APM is a member and uses this business association when interacting and influencing global policies)
- CSR Reporting Awards (companies (should) invariable adapt their communication to what is emphasised as good communication by the jury)
- The Environment Order of Discourse (since the environment is so important in communicating CSR and is a prioritized area in APM)
- Reporting Standards (being a strong isomorphic force to legitimacy and a stakeholder communication tool)
- Governance Codes and Systems (being managerial practices directly involved in non-financial reporting)

#### *The Danish State*

As the representing institution of the state I have chosen the Danish Commerce and Companies Agency since it was this agency that initiated the government’s action plan. This was the plan in which the revision of the Financial Statements Act was one of thirty planned initiatives, as explained in the interview with CI.

The fact that CSR is under the jurisdiction of this agency<sup>1</sup>, embeds the communication practices strongly in the non-financial reports, since the Financial Statements Act is the domain of the agency.

---

<sup>1</sup> contrary to the Ministry of Employment which it is in many other states (CI)



In countries where the Ministry of Employment is an initiator, they would not have the same natural understanding of the Act and thus not as strong institutional pull towards non-financial reporting. As a law, it is a regulating institution with coercive proportions. The Act was created on the basis that CSR can be profitable – and that 7/10 Danish companies practice CSR, but only 24% communicate these initiatives (E&S).

The Act forces companies of APM's size to take a stand on CSR but does not force them to commit strategically to the business idea. It is none the less a regulating institution forcing or coercing such a standpoint to be communicated in the managerial review section (or) as already explained. How companies communicate their stand and policies (when having them) is voluntary, and is as such not regulated nor coerced. It is the companies "prerogative" as CI says, to choose how to do this because they themselves know how to communicate their initiatives best and to whom. The Act does however offer the possibilities of using either company website, non-financial reports or the "COP" in UN GC.

It is a practice that forces APM to declare their stand on CSR, and to communicate their actions – but they themselves may do so, in the way they chose; Inherent in this practice the Group may report on behalf of the SBU's, which APM has chosen to do. However, this practice forces SBU's like ML to communicate only set parameters based on "*the lowest common denominator*" as HR states. A practice that institutionalized a form of communication, and which is not targeted the specific SBU's stakeholders or necessarily with their particular strengths emphasised in the report since the rest of the Group does not yet gather such information from all sides. This does however enforce the Group reputation and thus create legitimacy by default to SBU's.

### *Other MNC Reports*

I have read more than a 100 reports, but I have chosen a few as they represent definite experiences and approaches to the communication of CSR.

**NYK Lines:** This is a competitor to ML and who has won different awards many times for their CSR Report. The longer experience notwithstanding, they have an interesting way of involving their stakeholders. They continuously encourage their stakeholders to comments their CSR report on their website. They even go as far as to putting the current years "suggested" report (containing what they think the 2010 report should address and contain) online from January 1<sup>st</sup> asking for feedback on this beta-version. This social practice actually signals the expectation of stakeholders co-creating the report.

Furthermore the report utilizes many graphics and diagrams illustrating their points and effects of actions, which makes the text easier to interpret and understand. The company also goes to great lengths to explain business terminologies so the contents are understandable to laymen. They explain in detail the programs (practices) they have in place to ensure employee implementation and

understanding of the bonus of CSR activities to business and society (such as including the in-house online CSR education or explaining their Nav9000 evaluation system on their website) (NYK CSR Report 2009). Lastly they prominently show the UN GC logo on the homepage of the Group (actually so does Cosco).

**Vattenfall:** the Swedish power company has won several prizes as the best CSR Report due to their explicit way of categorizing the contents, explaining in a model where in the report, the reader will find what information (knowing full well that no-one reads the whole thing). This ensures quick access to the sought information (Vattenfall 2008). This is relatively simple for this company, and may prove very difficult to APM Group, but for a single SBU it may be possible to increase transparency and understanding by stakeholders in its own separate report.

**Novo Nordisk:** the Danish Medico-company is the example of an integrated report where the financial and non-financial information is presented side-by-side, which, gives a total combination of both paradigms and ensures legitimacy. This company, however, has so many years of experience with CSR reporting, that they have reached the place where this is doable. It will take APM many years before this may be possible, if wanted at all.

**Torm:** The Danish shipping line who issues an environmental report since this is an identified area of business/CSR correlation. The report has also won prizes for the explanation of terms in laymen's language and the ability to show the connection between CSR and the business. It emphasises climate/environmental topics (especially the CO<sup>2</sup> accounts) which are simple and transparent (FSR).

**Walmart:** They are not only a major client of the APM Group but a huge retailer having more than 7000 stores globally. Walmart has a cost-minimization business concept which is centralized around cutting costs at all levels of business. They are both praised and attacked for their CSR approach. They are attacked due to the company's extreme power to cut suppliers if they do not cut their prizes, or that the many employees receive very low wages receiving no added benefits – on the other hand they are praised for their CSR reporting which clearly illustrates the work Walmart does to cut prizes for the customer, provide sustainable products and an clear-cut environmental profile, by being supplied by renewable energy, reducing waste, generally showing close connections between social and business benefits. They provide a lot of cases on internal environmental programs combining economic and socio-economic arguments targeted at the primary stakeholder – the consumer.

They gain legitimacy for this even though workforce related areas may be a bit dodgy – An example of practices is that the costs for waste management are externalised to the supplier, where Wallmark takes credit for helping society through clear policies forcing suppliers to reduce waste at their cost. Another example is the fact that they communicate that all fulltime employees receive health

benefits. The problem is, however, that most employees are in fact part-time and not eligible for such benefits, which is a form of greenwashing).

All the above communicative practices are examples of how other companies choose to communicate CSR and business initiatives through the report or their website, which is a source for best practice mimic-isomorphism to other companies.

### *IMO*

IMO is an international maritime organization (or institution) created under the UN for developing international regulations for shipping in many CSR related areas such as, safety, security and environmental topics (IMO). In its charter it regulates many areas, which become automatic areas to address in CSR reporting since IMO addresses areas regarding waste management, safety management, ship recycling and reduction of CO<sup>2</sup> emissions etc. It is in fact a social practice that extends legitimacy to the communicator, if they comply with the IMO's recommendations or remove legitimacy if you do not.

The actual organization of the IMO does not concentrate that much on influencing meaning creation in the CSR discourse, or the practice of combining business and social benefits as a value creator. The different recommendations and conventions are all normative and coercive isomorphic institutions, which demand some kind of addressing in the strategic communication in order to possibly become sources of legitimacy.

### *Danish Ship-owners Association*

The Danish Ship-owners Association is the industry association representing Danish shipping industry and off-shore holdings. APM is naturally a signatory member and has a seat on the Board of Directors. It is a powerful lobbyist representing Danish shipping lines that transport 10% of the world's trade goods (DSA).

Members of the association must abide by the policies signed by the association and by its Climate Charter. They have formulated an environmental charter on the basis of the UN GC, which has set several strategic goals for the Danish shipping industry. These goals again form the basis of expected reporting practices, since they must to be addressed by its members.

The association has several policies here, such as safety, work/health and environmental policies, and engage in several partnerships to improve the shipping industry's operating conditions (from cleaner shipping to anti-pirate innovation).

With such policies and a declaration that the IMO is the natural forum for shipping regulations, they have set some frames for the discursive practices. On their website they clearly emphasise the environmental aspect and foremost amongst these is the reduction of GHG's. They use mainly socio-economic arguments on the website (being a non-profit organization) and tend to boast about the

efficiency of the Danish shipping fleet and their environmental achievements.

They work together with the IMO on many policies and have been stern backers of the design index for shipbuilders (requiring new ships that are being built to comply with a more energy and waste efficient standard), and with the ship efficiency management plan. This is intended to make the existing world fleet more energy efficient.

The practices formed by the association are then a mix of normative and coercive institutionalized practises that must be addressed to gain legitimacy as a member through normative isomorphic communicative actions.

### *CSR Reporting Awards*

There are countless awards for non-financial reporting and for CSR communication. In Denmark, FSR (Accounting Association) presents one annual award given to one winner and three diploma honoraries. The reason the accounting association has initiated such a practice is the increasing focus of their business on such CSR reports in general and the amendment of the Financial Statement Act. The association states on their website that any accountant can audit the financial statements with the many reporting standards and tool, and it is not as important if the statement needs to be audited in kroner (Danish currency), in kWh or in CO<sup>2</sup> emissions (FSR).

The challenge is to make a report that expresses the commitment of the company, its ability to show the dual benefits of such strategic work to both business and society and show legitimate proof of such actions to stakeholders. Such awards are cognitive institutions, which create legitimacy for those that comply with these normative isomorphic ideals (as already expounded on in the corporate communications chapter).

Other accounting agencies such as the global firm KPMG have similar criteria for good reporting standards. They also emphasise the need to prove strong governance structures ensuring the embeddedness of the CSR strategies in the corporate business structure. In a CSR survey in 2008 they actually found that Danish companies are generally lacking behind in the area of CSR reporting (only 2 out of 22 countries score worse than Denmark).

### *Environmental Order of Discourse*

I have discerned this fairly easy. I have not engaged in data compilation of articles or conducted detailed interviews with trendsetters. I have simply looked at the agenda of the last Climate Summit “COP 15” and its focus. A focus that time and time again is voiced by the other actors mentioned in this chapter, and it is of course the almost all encompassing focus on GHG emissions and their effect on the environment.

The reduction of GHG's was the highest prioritized agenda for the summit, where they tried to reach a global accord on this matter. This places a prime focus on addressing the GHG agenda in the society

regardless of industry or personal life and it demands addressing by corporations to gain legitimacy in their interactions with stakeholders.

To support this claim, the still growing program “CDP” is also focussed on creating transparency in corporate emissions to better the environment through stakeholder information. This is a benefit for the society at large, and a practice that creates legitimacy and thereby value to the corporations through strategic communication of one’s GHG reduction measures.

### *Reporting Standards*

I have already expounded on several different reporting standards. All are normative and border on regulatory institutions through which companies may attain legitimacy through isomorphic adherence and usage. The variation between categorizing the standards as normative or regulatory institutions are slim. The mentioned standards in this thesis are all very internationally accepted and highly used, which makes it difficult not to use some of these standards even though it is quite voluntary when communicating ones actions (hence the regulatory aspect). As a managerial tool that no one can deny, the UN GC has been used as a basis for most strategic CSR policies and to some extent in the present reports (since GRI and PRI both builds on this initiative). Since reporting is a strategic communication directed towards stakeholders, the AA1000 SES is interesting if corporations can enforce their governance structures with this practice and be audited (thus attaining a third party endorsement of the stakeholder engagement).

The accounting industry’s ability to set down international accounting standards must also be regarded as an important regulatory and normative institution that dictates acceptable reporting activities by companies, thus influencing the order of discourse of CSR-communication.

### *Governance Codes/Systems*

As with the reporting standards I have already touched on this area in the governance chapter.

Governance codes are regulatory institutions created by states, investors, stock-exchanges and non-governmental organizations such as the UN and OECD.

The OECD, a global organization set to improve market economy, is a very influential actor since it counts 30 member states. As part of its declared mission, the support for sustainable growth and maintain financial stability is some of the focus areas. As part of the initiated regulations, OECD has published principles for corporate governance to ensure economic growth and shareholder profits even through this present economic crisis (OECD). This code is very influential and has been the root for many national codes.

The English codes are interesting due to the fact that surveys often declare English companies extremely good at communicating their CSR policies and governmental structures (KPMG, EABIS, Perrini 2005). Beginning with the Cadbury report in 1992 and forward, Britain has had a strong

tradition of explaining their governance structures, which they with time have adapted to encompass their CSR issues management as well. Though they are of the Anglo-Saxon system, which primarily is shareholder oriented, it does have a great effect as a source of institutional isomorphism on Continental systems as well.

No matter what system or national code may apply, a common denominator is the need for transparency as a governance mechanism, and this mechanism demands communication for effectiveness.

## 15.0 Conclusions

When understanding is the premise for interpretations, it is necessary to view the APM stakeholder communication as part of societal premises (social practices). This enables me to understand if the identified discourses and practices actually contribute to value creation and if some practices limit the potential or create unequal discursive boundaries to the communication. In other words it is in this comparison my conclusions lie of how APM creates value through strategic communication.

Since this combination of the corporate and societal practices provides the answers, my sub-questions cannot be addressed separately but must be spread out during the conclusion.

The different theories I have used in this thesis all contribute to understanding different managerial challenges in communication, and how legitimacy may be gained. Several of these draw on the same premises, but they highlight different aspects from the different paradigms, and assist in answering my research question and sub-questions.

To answer how APM strategically communicate their CSR policies to create value, I have conducted a textual analysis to uncover the used discourses and an analysis to uncover the discursive practices and the interdiscursivity in their communication. I have found APM's order of discourse, which is how they internally create and interpret strategic CSR, and this is how they seek to create value through communication.

APM use the socio-economic paradigm. They mainly explain the social benefits in the different themes in their CSR-communication, with only a slight deviance when it comes to the internal approval practices and investor communication. Here the economic paradigm is utilized to explain the business benefits of APM actions, though chiefly without references to the social benefits. This practice of primarily using socio-economic arguments may lead to greenwashing criticism from some stakeholders, who expect economic rationales behind a conglomerates actions as already discussed. Little agency is ascribed to APM in its strategic communication, providing information as facts, and not as deliberate strategic efforts.

Communication is a way to create transparency of the APM CSR actions. In other words, it is a way to assist stakeholders in understanding APM actions. This communication assists APM in managing multiple stakeholders through the same channel, be it websites or CSR-reports, and in building corporate identity through employee understanding of the strategic goals. In essence, this makes reporting worth the effort if you are in touch with your stakeholders, and it addresses their key issues in an acceptable manner.

In the view of the social practices reporting as a practise is favourable. Reporting standards, award-juries, auditors and the Act itself supports the use of this channel. It is not only an isomorphic legitimizing institution but a method of engaging stakeholders when you communicate this way. Furthermore, the fact that it is now mandatory for APM & ML to communicate their strategic CSR initiatives, it is necessary to do so in order to optimize value creation for both parties.

There is clear evidence of the SBU's great influence over the rhetorical part of the Group communications. The included data, however, is decided by the Group due to the fact that all SBUs need to be able to gather and present information from the same indicators for the HSSE Report. This increases ML's exposure in Group communication and benefits them by allowing them to communicate their strategic issues via the Group channels, which benefits both SBU and Group reputation.

This does not mean that ML should not continue to use their own website or in the future publish their own report, since such channels allow optimal adaption of their own strategic CSR issues and engagement of their own stakeholders. Such reporting should then be incorporated into the Group communication as seen to improve both reports through the constituted aspect that discursive practices has.

There are clearly some different views in APM/ML of what CSR is, which is quite natural when the company has not communicated strategically about this before. This may be the reason behind my reference to sustainability by the corporate relations and marketing departments. A lack of understanding by employees limits the efficiency of the corporate reputation building and communication, with the risk of creating inconsistencies and limiting transparency. This may be mitigated through reporting and active communication of the CSR agenda and its dual benefits to society and business.

APM seldom explain the mentioned CSR activities in detail. Specifically, how these actions benefits society and the business alike, nor how practices are embedded in the governance structures. This is a problem due to the social practices expectations, such as award-juries, reporting standards, auditors and the competitor's ability explain this. Furthermore, there is a rising need in the financial crisis to explain the governance practices, which Danish companies traditionally are failing to do.

Great expectations are accredited the company values and culture, ensuring the social responsible actions by employees which guides (manages) the day-to-day operations. Practices collecting economic data exist in APM, but such cases are not passed on to be part of stakeholder communications. Also Mr. Møller comments that, “social responsibility is something we do, not say”. This is a strong normative institution in itself which limits transparency. It is a problem when stakeholders expect both socio-economic and economic arguments necessary to grant legitimacy. So failing to communicate what you do decreases transparency and undermines the potential for creating value through strategic communication.

There is a great difference between the communication of environmental issues and other themes in APM and ML. The first is more comprehensive with graphs and statistical data combined with a few terminology explanations included, to assist stakeholders understand and interpret the text (thus increasing transparency).

Several practices were identified in APM and ML: In the environmental communication ML is often highlighted in Group communiqués as exemplifying their energy-efficiency. This is mirrored in the social practices where environmental (especially GHG emissions) impacts are important and is one of the strategic identified areas, where social and business benefits are high. Furthermore, many institutionalized standards exist, which APM may use to verify and present information gaining legitimacy through this isomorphic action.

The tendency to reproduce former discursive use by the socio-economic paradigm is also prevalent in both Group and ML communicational practices. This tendency is further increased by complying with the recommendations of IMO and DSA. This may present a problem since the communication may be perceived as greenwashing, and does not live up to the expectations of institutions such as award-juries, the state and investors. This increases the chance for internal self-seduction.

These social accomplishments may to some extent be simply expected actions by stakeholders, which then lead to very little legitimacy, when they are not combined with economic benefits to the business.

The relation between using the economic arguments in regards to investors and internal approval of further CSR initiatives, with that of the singular use of socio-economic arguments in the overall communication, is an indication of practices that define the use of those arguments in each “silo”. I cannot say what these practices are, but I hope that this thesis will assist in the equalization of the use of the paradigms in all communicative practices, and thereby increase the understanding of APM’s CSR initiatives dual benefits to all stakeholders internally and externally.

There has been close contact between the IMO and APM up to the COP 15, where APM together with the IMO worked towards setting international regulations on CO<sup>2</sup> emissions. This was an



unsuccessful attempt to create a professionalized isomorphic practice; giving APM considerable competitive advantages since their fleet already has great CO<sup>2</sup> performances.

APM addresses many areas in the HSSE report, wherein environment is the best documented as already explained. The practices of the environmental communication should be adapted, in order to develop data collection practices, cases used to and support communication, and explanations of terminologies. Finally, they should also be adapted to highlight the combined benefits to business and society. It is hard to explain why the website did not contain the created business perspectives offered by recycling-management of ships and the new lifeboat brought on by the focus on innovation as CSR driver. This indicates some lacking practices that ensures the collected cases are presented across the Groups different channels.

The support of strategic CSR initiatives from the top management is paramount to the implementation in the long run. Since strategic CSR-communication is stakeholder communication, it is perplexing that the stakeholder engagement is not better documented. Legitimacy is as discussed obtained in the communicative contact with stakeholders, so a more strategic approach to such engagements are paramount to ensure optimal value creation.

The fact that DNV criticises the lack of stakeholder management should be addressed to ensure that the identified strategic areas are communicated the right way by addressing those subjects and actions that stakeholders generally find important. This stakeholder mapping is then the premise of APM's successful CSR-communication of its initiatives and it proves that the website and reporting is in fact an added benefit and not just an added burden by the Financial Statements Act.

My findings of how APM creates value are not readily comparable with other studies, since none are made on the basis of this company. However, the fact that APM do not communicate their governance practices corresponds well with the research done by KPMG and Perinni. Though being a global actor, they still operate in a Continental governance system, failing to address these issues in their reports. Neither is it surprising that they are best at communicating their environmental impacts, since this is clearly a strategically identified area as Porter stipulates, where the dual benefits are potentially very high.

Mr. Møller's statement about CSR has been the frame for how CSR has been communicated up until recently. This is not surprising when looking to Hatch's findings of the normative effects of corporate values and their disciplining effects on the employees.

How APMs management may in future seek to strengthen their stakeholder contact will be discussed in my recommendations chapter, mitigating some of the inhibiting practices for value creation.

## 16.0 Recommendations

Since stakeholder understanding and interpretation is so important in the quest for legitimacy, several practices uncovered in my thesis need further addressing if the value potential in legitimacy of APM & ML should be optimized.

First I should stress that since CSR is a constantly changing and evolving area that is dependent on the markets and society's opinions, the communication and management of strategic CSR initiatives will be an ongoing endeavour, which is not mastered from one day to the next.

Right now it would seem that both Group and ML communications are reproducing the socio-economic paradigm over and over on the website and in the HSSE report, and thereby creating unequal discursive frames for speaking of CSR initiatives which only emphasises the benefits to society and not the benefits to APM as an equal goal.

The current reporting discourse needs to be changed so that both social and economic benefits are explained in the communication of all themes. This may be done through cases capitalizing on both paradigms and through the use of more graphs and explanatory boxes. This includes translating terminologies to layman's terms and increasing the understanding and interpretations of the stakeholders.

The APM fleet's energy-efficiency is a competitive advantage even when the regulation cannot be achieved. It is still a communicative advantage to capitalize on since the societal focus on environment is an invitation to communicate the initiatives, even when such efforts are expected "must-dos". They still have the auto-communicative effects internally allowing a strong CSR culture to blossom, and the data availability may be used for benchmarking as seen with ship emission statistics.

The strong values and the legacy of Mr. Møller should be addressed so his statement, "CSR is something we do, not say" is revitalized. Such a strong value-practice would be highly beneficial if the interpreted meaning by employees (a stakeholder group) was in fact that all CSR initiatives is something that we show we do (through the communication) and not something we just say we do.

As the corporate communication theory and the social practices show, it is importantly to remember that APM/ML actually communicate to all stakeholders on the websites and in the reports. This demands a dual use of both paradigms to ensure legitimacy and avoid criticism of greenwash and empty PR. In this respect APM and ML communication needs to find and place practices that ensure this.

I would on one hand advice an anti-greenwash checklist for textual creation in all communication.

Since CSR is embedded into the strategy it will not work if only the sustainability departments receive this. Such a list must be implemented on all communicative levels of the Group and SBUs.

Furthermore, I advice the adoption of the CSR-communication strategies assists in the institutionalization of stakeholder contact. The strategies provide frameworks for stakeholder engagement in the strategic CSR initiatives that is needed for managing and mapping stakeholders. Through each chosen communication strategy certain levels of engagement is required which provides frames depending on whether the issue is a question of informing, responding to or close involvement to ensure legitimate CSR initiatives.

The strategies provide the needed governance of stakeholder relations in such a complex conglomerate that should ensure managers with tools to address issues in the day-to-day operations, as well as indicators for how to communicate the stakeholder engagement.

Last but not least, the use of isomorphic actions such as adopting best practices from other reporting institutions should assist in the continued improvement of the corporate communication and ensuring stakeholder feedback processes.

In regards to the modality of the strategic APM communication, the current trend of ascribing little agency to actions imply information distribution. If responding and involvement strategies are attempted deliberate responsibility of the actions must be assumed by and ascribed to APM showing warts and all.

## 17.0 Implications for future research

The aim for me was to provide an analytical frame which may be used to manage the strategic CSR- and stakeholder communication in an attempt to create value for a company through legitimizing actions. Where CDA assists in gaining a good basis for understanding the understanding and meaning creating practices surrounding the corporate body and society, must be supported with other approaches assisting in the understanding and interpretations in order to create value.

It was here the institutional perspective, governance and the corporate communication theories assisted by creating a strategic frame for understanding the communicative challenges a company faces and for how to use communication as a strategic managerial tool. If used in other industries or on other companies, new theories may be beneficial to gain further insights to the CDA frame.

The analyzed data gives only an idea of the interviewed peoples meaning creation, the linguistic textual contents in reports and on the website. To gain a more comprehensive day-to-day communicative tool for the sustainability or communications departments, a more rhetorical discursive analysis may be beneficial in understanding the nuances not caught by the strategic perspectives.

This study is made relatively shortly after the amendment to the Danish Act was made. The Act may in itself become an institutionalized practice by setting new standards for legitimization in Denmark, and perhaps with time in the EU as well. Such developments will require a closer scrutiny.

Finally, a closer research of the APM-employees' understanding of CSR and the corporate initiatives would be beneficial to ascertain if my references to the sustainability departments were a trend or an indication of a practice. If it is the latter, a thorough understanding of this would be needed to ensure employee understanding and corporate identity.

## Literature

### Academic literature

- Albert 1985                      Albert, S. & Whetten, D, 1985, "*Organizational Identity*" in L.L. Cummings "*Research in organizational behaviour*", Vol. 7, pp. 263-295, Greenwich
- Andersen 2007                Mette Reissman (editor), "*Erhvervshåndbog om Social Ansvarlighed*", 2007, Forlaget Andersen – Chapters: 10.1 by Mette Morsing, 10.2 Mette Reismann
- Ashforth1990                Blake E. Ashforth & Barrie W. Gibbs, 1990, "*The Double Edge of Organizational Legitimizing*", *Organizational Science*, Vol. 1, No. 2, s.177-194.
- Carroll1991                    Carroll, A, 1991, "*The pyramid of Corporate social responsibility: Toward the moral management of organizational stakeholders*", *Business Horizon*, 34(4), 39-48
- Cernat2004                    Cernat, L., 2004, *The Emerging European Corporate Governance Model: Anglo-Saxon, Continental, or still the century of Diversity*, *Journal of European Public Policy*, Vol. 11(1), p.147-166
- Chouliaraki 1998            Chouliaraki, Lilie, 1998, "*Regulation in Progressivist Pedagogic Discourse: Individualized Teacher-Pupil Talk, Discourse and Society*", 9 (1): 5-32
- Christensen 2008            Christensen, Lars. Morsing, Mette & Cheney, George, 2008, "*Corporate Communications: Convention, Complexity and Critique*", SAGE
- EC 2001                        European Commission, 2001, "*Promoting a European framework for corporate social responsibility*", Green Paper
- Fairclough 1992 (a)        Fairclough, Norman, 1992, "*Discourse and Social Change*", Cambridge: Polity Press
- Fairclough 1995 a            Fairclough, Norman, 1995, "*Critical Discourse Analysis*", London: Longman
- Fairclough 1995b            Fairclough, Norman, 1995, "*Media Discourse*", London: Edward Arnold
- Fairclough 1997              Fairclough, Norman & Wodak, Ruth, 1997, "*Critical Discourse Analysis*" in T. van Dijk's "*Discourse as Social Interaction. Discourse Studies: A Multidisciplinary Introduction*", No.2, London: Sage

- Fairclough 1998 Fairclough, Norman, 1998, *"Political Discourse in Media: An Analytical Framework"* in A. Bell & P. Garrett's *"Approaches to Media Discourse"*, Oxford: Blackwell
- Fombrun 1996 Fombrun, C, 1996, *"Reputation: Realizing Value from Corporate Image"*, Boston, MA: Harvard Business School Press
- Fombrun 2003 Fombrun, C & Van Riel, 2003, *"Fame & Fortune: How Successful Companies Build Winning Reputations"*, New York: FT Prentice Hall
- Friedman 1970 Friedman, M, 1970, *The Social Responsibility of Business is to Increase its Profits*, The New York Times Magazine, September 13<sup>th</sup>
- Fuglsang 2004 Fuglsang, Lars & Olsen, Poul, 2004, *"Videnskabsteori i Samfundsvidenskaberne: På tværs af fagkulturer og paradigmer"*, Roskilde Universitetsforlag
- Grunig 1984 Grunig, J & Hunt, T, 1984, *"Managing Public Relations"*, Fort Worth: Harcourt Brace Jovanovich College Publishers
- Hall 1993 Hall, R, 1993, *"A framework linking intangible resources and capabilities to sustainable competitive advantages"*, Strategic Management Journal, Vol. 14, 607-18
- Hatch 1997 Hatch, M & Schultz, Majken, 1997, *"Relations Between Organizational Culture, Identity and Image"*, European Journal of Marketing, Vol. 31, 5/6
- Jørgensen 1999 Jørgensen, Marianne & Phillips, Louise, 1999, *"Diskurs analyse - som teori og metode"*, Samfundslitteratur: Roskilde Universitetsforlag
- Meckling2005 Jensen, M & Meckling, W, 2005, *"The Nature of Man"*, in D. Chew and S. Gillan, *"Corporate Governance at the Crossroads: A Book of Readings"*, McGraw Hill/Irwin, NY, p. 87-102
- Moon 2004 Matten, D & Moon, J, 2004, *"A conceptual framework for understanding CSR"*, in A. Habisch, J. Joncker, M. Wegner & R. Schmidpeter's *"Corporate Social Responsibility across Europe"*, 335-356, Berlin, Springer
- Morsing 2006 Morsing, M & Beckmann, S, 2006, *"Strategic CSR Communication"*, Jurist- og Økonomiforbundets Forlag
- Mumby 1997 Mumby, David & Clair, Robin, 1997, *"Organizational Discourse"* in T. van Dijk's *"Discourse as Social Interaction. Discourse Studies: A Multidisciplinary Introduction"*, No. 2, London: Sage
- Kapstein 2001 Kapstein, E, 2001, *"The Corporate Ethics Crusade"*, Foreign Affairs, September/October 2001

- Lorenzen et al.2004      Lorentzen, Mark. Friis, Ivar & Vámosi, Tamás, 2004, "*Erhvervsøkonomisk Teori*", Forlaget Samfundslitteratur
- Luhmann 1990      Luhmann, N, 1990, "*Essays on Self-Reference*", New York: Columbia University Press
- Perrini 2006      Perrini, F, 2006, "The Practitioner's Perspective on Non-Financial Reporting", *California Management review*, Vol. 48, November, 71-103
- Porter 2002      Porter, M & Kramer, M, 2002, "*The competitive advantage of corporate philanthropy*", *Harvard Business Review*, 80(12), 56
- Porter 2006      Porter, M & Kramer, M, 2006, "Strategy & Society: The link between competitive advantage and corporate social responsibility", *Harvard Business Review*, 84(12), 78
- Rasmussen et al. 2006      Rasmussen, E, Østergaard, P & Beckmann, S, 2006, "*Essentials of social science research methodology*", Odense: University Press of Southern Denmark
- Richardson 1998      Richardson, Kay, 1998, "*Sign and Wonders: Interpreting the Economy through Television*" in A. Bell & P. Garrett's "*Approaches to Media Discourse*", Oxford: Blackwell
- Scott 1998      Scott, W. Richard, 1998, "*Organizations: Rational. Natural and Open Systems*", London Sage
- Solomon 2007      Solomon, Jill, 2007, "*Corporate Governance and Accountability*", 2 Ed, John Wiley & Sons Ltd
- Thomsen 2009      Thomsen, C & Nielsen, A, 2009, "*Investigating CSR communication in SME's: a case study among Danish middle managers*", *Business Ethics: A European Review*, Vol 18. January

## Sources & Web

References are cited form 02.02.10

- KPMG      KPMG International survey of corporate social responsibility reporting 2008, 2008, KPMG <http://www.kpmg.dk/view.asp?ID=5982>
- MM      Mandag Morgen, 21. september 2009
- Nørby-report      Nørbyudvalgets anbefalinger om god selskabsledelse, [www.corporategovernance.dk](http://www.corporategovernance.dk)
- Terra      Terrachoice, "7 sins of greenwashing", 2009, <http://sinsofgreenwashing.org/findings/greenwashing-report-2009>
- Global      [www.unglobalcompact.org/COP/index.html](http://www.unglobalcompact.org/COP/index.html)

CDP	<a href="http://www.cdproject.net">www.cdproject.net</a>
E&S	<a href="http://www.samfundsansvar.dk">www.samfundsansvar.dk</a>
GC	<a href="http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html">www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html</a>
GRI	<a href="http://www.globalreporting.org/Home">www.globalreporting.org/Home</a>
PRI	<a href="http://www.unpri.org/">www.unpri.org/</a>
AA1000	<a href="http://www.accountability21.net/aa1000series">www.accountability21.net/aa1000series</a>
EABIS	Sustainable Value – EABIS Research Project, September 2009 <a href="http://www.eabis.org/resources-mainmenu-575/eabis-newszone-mainmenu-588/doc_download/260-sustainable-value-final-report">http://www.eabis.org/resources-mainmenu-575/eabis-newszone-mainmenu-588/doc_download/260-sustainable-value-final-report</a>
DSA	Danish Shipowners Association, <a href="http://www.shipowners.dk">www.shipowners.dk</a>
IMO	International Maritime Organization, <a href="http://www.imo.org">www.imo.org</a>
OECD	OECD's principles for Corporate Governance, <a href="http://www.oecd.org/topic/0,3373,en_2649_34813_1_1_1_1_37439,00.html">http://www.oecd.org/topic/0,3373,en_2649_34813_1_1_1_1_37439,00.html</a>

## APM sources

References are cited from 02.02.10:

APM facts

<http://about.maersk.com/en/FactsAndFigures/Documents/FastFacts.pdf>

APM web

<http://www.maersk.com>

APM indsats

APM styrker sin CSR indsats:

[http://about.maersk.com/da/CorporateCitizenship/Environment%20Documents/CSR\\_programme\\_D\\_A.pdf](http://about.maersk.com/da/CorporateCitizenship/Environment%20Documents/CSR_programme_D_A.pdf)

APM miljø

Hvordan påvirker miljøagendaen APM:

[http://about.maersk.com/da/CorporateCitizenship/Environment%20Documents/Focus\\_DA.pdf](http://about.maersk.com/da/CorporateCitizenship/Environment%20Documents/Focus_DA.pdf)

HSSE

HSSE Report 2008:

[http://about.maersk.com/da/CorporateCitizenship/Environment%20Documents/HSSE\\_2008.pdf](http://about.maersk.com/da/CorporateCitizenship/Environment%20Documents/HSSE_2008.pdf)

ML facts

[http://www.maerskline.com/link/?page=brochure&path=/about\\_us/company\\_info](http://www.maerskline.com/link/?page=brochure&path=/about_us/company_info)

CEO speech at investor conference (December 4th 2009 in connection with COP15) – Link is currently not functional since a revitalization of the website has happened since then! (is provided as appendix).

[http://about.maersk.com/en/CorporateCitizenship/Documents/NSA\\_speech\\_December\\_2009\\_1.pdf](http://about.maersk.com/en/CorporateCitizenship/Documents/NSA_speech_December_2009_1.pdf)



## CSR Reports

- Novo Nordisk Annual Report 2008,  
<http://novonordisk.com/sustainability/online-reports/online-reports.asp>
- NYK CSR Report 2008,  
<http://www.nyk.com/english/csr/report/past/index.htm>
- Torm Environmental report 2008,  
<http://www.torm.com/wps/wcm/connect/Public%20Content/public/about+torm/ads+and+publicati+ons/environment+report/environmental+report>
- Vattenfall CSR Report 2008,  
<http://www.vattenfall.dk/da/csr-rapporten.htm>
- Walmart Sustainability Report 2008 ,  
<http://walmartstores.com/Sustainability/7951.aspx>

## Appendix

### A Models - overview

- |   |   |          |
|---|---|----------|
| 1 | Corporate Involvement in Society (Porter & Kramer 2006)                               |          |
| 2 | <i>Relations between corporate culture, Identity and image</i> (Hatch & Schultz 1997) |          |
| 3 | Hegemoni negotiation in the Order of discourse  |          |
| 4 | Governance Systems (Meyers 2005)  |          |
| 5 | Three CSR communication strategies (Morsing 2006)                                     | Fold-out |
| 6 | Dimensions of CDA (Fairclough 1995)   | Fold-out |

### B Attended seminars

Topic	Host	Date	Materials/data	Misc.
Ethical trading	Danish Ethical Trading Initiative (DIEH)	10.03.2009	DIEH Annual report 2008	
CSR reporting	PricewaterhouseCoopers (PWC)	24.03.2009	Brochure about CSR reporting, sustainability quarterly	
The CSR law and reporting	Kromann Reumert	16.04.2009	Presentation slides from APM, brochure on CSR legal matters	Presentation by Annette Stube APM
Voluntary social responsibility and reporting	Confederacy of Danish Industries (DI)	17.09.2009	Presentation of speakers	Presentation on environmental communication

### C Documents for textual analysis

- |                                   |        |
|-----------------------------------|--------|
| CEO speech at investor conference | on DVD |
| Climate change                    | on DVD |
| Constant care for the environment | on DVD |

HSSE 2008	on DVD
Interim management statement	on DVD
Our approach	on DVD
APM LOI	on DVD

## D Interviews

Respondent	Titel	Employer	Empirical use
MI = Mia Verniere	Consultant	Maersk Line Sustainability	Text analysis, discursive practice
HR = Helene Regnell	Sustainability Director	Maersk Line Sustainability	Text analysis, discursive practices
CI = Carsten Ingerslev	Chief of Division	Danish Commerce and Companies Agency	Social practices
SN = Susanne Nielsen	Consultant	APM Group Relations	For inspiration to finding subject
BN = Bent Nielsen		Maersk Tankers	Text analysis, discursive practices
TM = Thomas Mergerle	Account manager	Maersk Line Marketing	Text analysis, discursive practices
RF = Rikke Fabian	Stakeholder consultant	APM Group Relations	Text analysis, discursive practices

### *Interview guides*

Helene Regnell, Bent Nielsen, Mia Verniere, Carsten Nielsen, Thomas Mergerle, Rikke Fabian  
on DVD

### *Transcriptions*

Helene Regnell, Bent Nielsen, Mia Verniere, Carsten Nielsen, Thomas Mergerle, Rikke Fabian  
on DVD

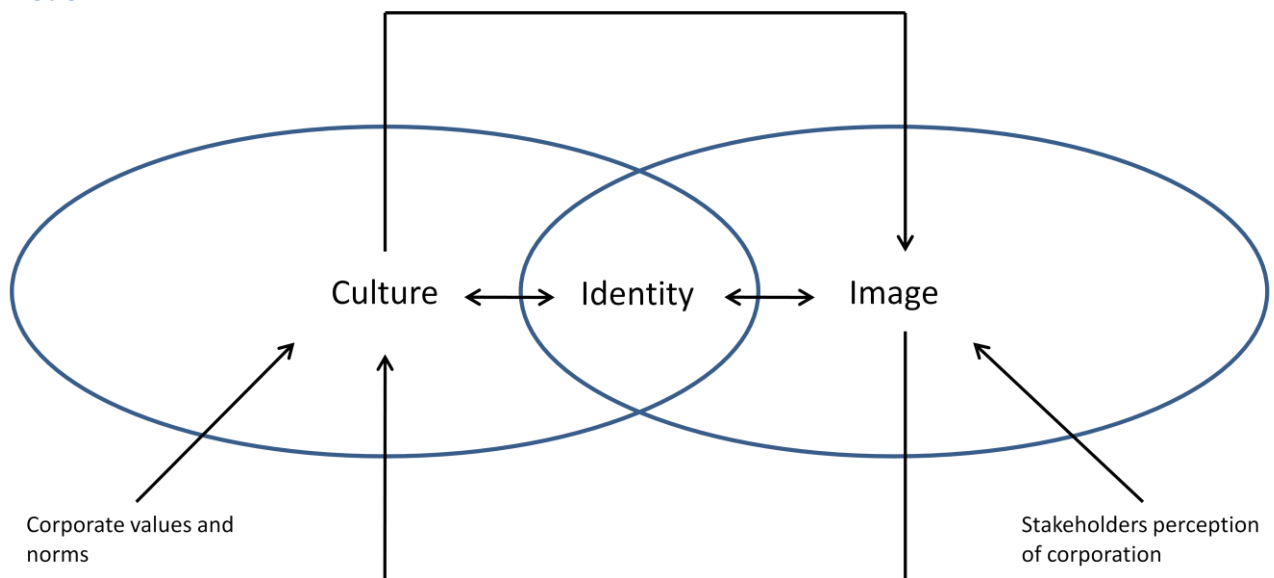
Mail from Group Relations (Rikke Fabian) on DVD

### Model 1

Corporate Involvement in Society (Porter & Kramer 2006)

Corporate Involvement in Society: A Strategic Approach		
Generic Social Impacts	Value Chain Social Impact	Social Dimensions of Competitive Context
Good Citizenship	Mitigate harm from value chain activities	Strategic philanthropy that leverage capabilities to improve salient areas of competitive context
Responsive CSR	Transform value chain activities to benefit society while reinforcing strategy	
		Strategic CSR

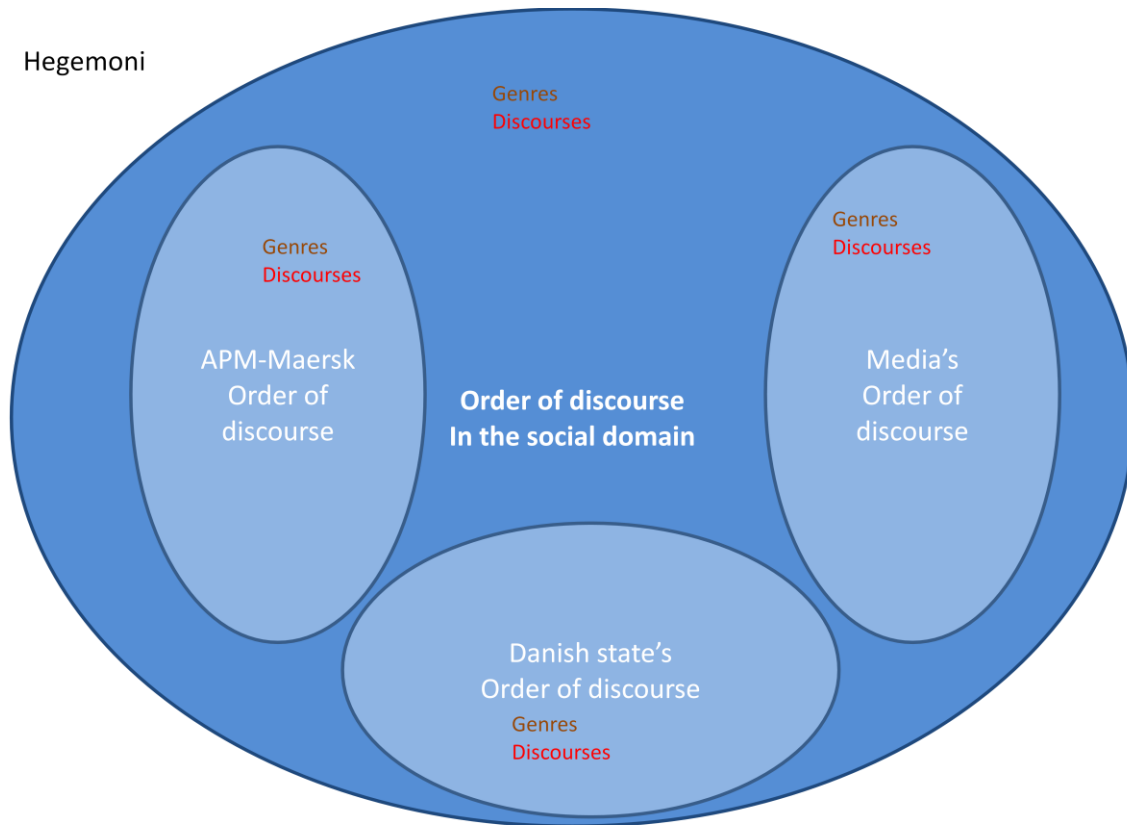
### Model 2



*Relations between corporate culture, Identity and image - Hatch & Schultz 1997*

**Model 3**

Hegemoni



*Economic discourse* → **Negotiation process for recreating the order of discourse** ← *Socio-economic discourse*

**Model 4**

## Governance Systems, (based on Meyers 2005)

### Continental Relationship-based

- Trust
- Continuity
- Reputation
- Co-operation in economic relationships
- Stakeholder-orientation (employees and joint venture members)
- Interdependency (co-operation)
- Concentrated ownership
- Significant risk of power abuse
- Shareholder voice – long term oriented
- Risk averse

### Anglo-American Market-based

- Respect for individuality
- Contractual relationship
- Shareholder-orientation (shareholders)
- Value-Maximization
- Independency (competitiveness)
- Dispersed ownership
- Significant agency problem
- Fluid stock markets – easy exit
- Short term oriented shareholders
- Risk taking

## Model 5

Three CSR communication strategies, (Morsing 2006)	Stakeholder Information Strategy	Stakeholder Response Strategy	Stakeholder Involvement Strategy y
Communication Ideal: (Grunig & Hunt, 1984)	Public information. One-way communication	Two-way asymmetric communication	Two-way symmetric communication
Communication Ideal: Sense-making & Sense-giving	Sense-giving	Sense-making ↓ Sense-giving	Sense-making ↔ Sense-giving - In iterative progressive processes
Stakeholders:	Request more information on CSR efforts	Must be reassured that the Company is ethical and socially responsible	Co-construct corporate CSR efforts
Stakeholder role:	Stakeholder influence: Support or oppose	Stakeholders respond to corporate actions	Stakeholders are involved, participate and suggest corporate actions
Identification of CSR focus:	Decided by top management	Decided by top management, investigated in feedback via opinion polls, dialogue, networks and partnerships	Negotiated continuously in interaction with stakeholders
Strategic Communication task:	Inform stakeholders of important CSR decisions and actions	Demonstrate to stakeholders how the company integrates their concerns	Invite and establish frequent, systematic and pro-active dialogue with stakeholders
Communication departments task:	Design appealing concept message	Identify relevant stakeholders	Build relationships
Third party endorsement of CSR initiatives:	Unnecessary	Integrated element of surveys, rankings and opinion polls	Stakeholders are in themselves involved in corporate CSR messages

Model 6

