

The impact of increased stakeholder pressure on the transparency of CSR reports in Finnish listed companies



Master's Thesis

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2021

Subject: Accounting

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Title: The impact of increased stakeholder pressure on the transparency of CSR reports in Finnish listed companies

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Abstract

This study adds to the growing number of papers in corporate social responsibility (CSR) and accounting research areas. This study aims to explore to which extent to the implementation of the accounting act 1376/2016 accounting act amendment has had an effect on the transparency of CSR reports in large Finnish listed companies affected by the legislation's implementation. The pressure from various stakeholders such as customers, legislators, and investors on companies to appear as transparent as possible in their sustainability actions and operations' effect has all but increased over the last decade.

The theoretical background chapter covers all of the important terminology necessary to understand the paper, such as CSR, and its different areas, the CSR reporting frameworks, the Finnish legislation on sustainability reporting, and finally, the concept of simulacrum.

The study was conducted by doing a qualitative content analysis on data consisting of both text and image material in Finnish-listed companies' CSR reports, all reports being submitted to the Global Reporting Initiative (GRI) framework for classification. Negative passages and recurring rhetoric have been identified in the text data and the image material has been categorized into different forms of recurring simulacrum. The categorization of the recurring reporting rhetoric methods in the text data has been adapted from Rüdiger Hahn and Regina Lülfs 2014 study "Legitimizing Negative Aspects in GRI-Oriented Sustainability Reporting: A Qualitative Analysis of Corporate Disclosure Strategies", and the categorization of simulacrum is based upon the findings of Olivier Boiral's 2013 paper "Sustainability reports as simulacra? A counter-account of A and A+ GRI reports.

The results of the study show that there has been no significant increase or decrease in the reporting of negative disclosure or simulacra to determine it as an effect of the new legislation. The study does contribute to the growing number of papers that critically analyze the transparency of CSR material, both in text and image material.

Key Words:

Accounting, Sustainability reporting, CSR, Content Analysis, Transparency, Simulacrum, GRI

Date: 12.5.2021

Pages: 84

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1 Introduction

1.1 Research problem

In a noticeably short amount of time, the discussion surrounding sustainability has reached a new peak. Hardly a day passes without one hearing a newscast related to sustainability in some form. Increasingly extreme weather conditions and crises have accelerated the debate to previously unseen levels. The fact that there in this day and age exist those who would deny any form of climate change and its effects only add as an incentive to raise the awareness surrounding sustainability and what we as a society can do to prevent the issues from growing even more widespread. Financial business and accounting are no exception, especially considering the decision-making of the coming decade. This intensive debate has led to companies and their stakeholders to take an increased interest in the sustainability and most of all, how companies account for negative externalities such as carbon emissions and other ecological footprints. In a modern firm, sustainability is linked with the overall financial strategy of the firm. (Lan, Yang and Tseng, 2019) Economic sustainability, such as allocating resources properly and evenly among financial operations, has always been vital to a firm's success and sustainability, but now, social, and environmental pressure and their negative effects have become as great of a concern for company stakeholders. Ballou et al. (2018) explain that nearly two-thirds of the largest 250 global companies have had their CSR reports independently assured to ensure their validity, which shows the importance of the quality of the sustainability reports.

Researchers have long argued for how sustainability impacts should be quantified and measured. Another issue arises when comparing the impacts between firms, as sustainability accounting has not been a requirement until very recently. Furthermore, Baker and Schaltegger (2015) argue that corporate sustainability reporting has largely been applied because of pragmatism and ideologies surrounding stakeholder capitalism and not for the greater good. Baker and

Schaltegger note that researchers need to tread carefully when analysing corporations from a sustainable perspective and note, that they are often prone to painting them as the devil, as they tend to embark on “more radical social accounting projects” without them “influencing the core purpose of the organizations and making them more sustainable” (Baker and Schaltegger, p. 278). According to them, corporations’ sustainability perspective is all about improving relationships with what they call, “involuntary” stakeholders, meaning that no common “shared truth” within the organization with regard to sustainability exists. This raise concerns over the motive of the sustainability reports, in particular prior to them becoming obligatory, particularly whether they can be trusted and seen as reliable using the conceptions that Baker and Schaltegger present.

On an international level, The Global Reporting Initiative (GRI) has been one of the trailblazing organizations in sustainability reporting since their funding in 1997. Over the last few decades, the issues regarding sustainability have exponentially increased and sustainability-based issues have been subject to increased media exposure, which in turn, poises increased pressure on companies to be as transparent as possible in their reports on sustainability effects and causes.

Finnish companies had not been required to report on their corporate social responsibility until as late as 2017, which in turn means that the first reports on corporate social responsibility in Finland were required to be published as late as 2018 for the corresponding fiscal year. This, however, does not mean that companies had not been publishing reports earlier, as sustainability reporting has been seen as a form of reporting to increase relations with company stakeholders. In late 2016, EU directives made it obligatory for entities such as listed companies, credit institutions and insurance companies to report CSR. Certain conditions, such as an employee rate of 500 and a greater than 40 million euros turnovers were still conditions for this reporting obligation. In addition to a description of the

company's business model and risk management, firms were asked to report on environmental and social policies including their employees, corruption, and human rights. This could either be done via a separate CSR report, or as has become more common, include it in the operation reports.

This raises the question as to why sustainability has not been a more significant reporting question, even if the issues of sustainability have been known for decades. Why have we only during the most recent years begun to notice its importance and impact?

1.2 Research question

The main research question of this paper is to determine whether there has been a significant change in the transparency of CSR reports in Finnish listed companies after the change in the bookkeeping law through the implementation of the 1376/2016 accounting act amendment. Specifically, the aim of this study is to determine whether the impact of the accounting act amendment can be seen in the amount of negative disclosure being reported in the CSR reports by Finnish listed companies. This will be achieved through a qualitative content analysis following previous research's frameworks. As an addition to the reporting of negative disclosure, this paper will analyse the picture material of the CSR reports as a transparency measure to determine whether there has been a significant decrease or increase in transparent content following the implantation of said accounting act amendment. This research question can prompt further questions or areas of discussion, such as whether there are incentives for companies to manipulate the real effect their operations have on sustainability in their favour.

1.3 Research gap

The research on the impact of accountings acts on sustainable reporting in Finland, and even in the Nordic countries, is generally limited. Only a handful of studies conducted in the Nordic countries can be found through various economics databases such as EBSCO, using keywords such as "accounting", "sustainability" and "quality" and filtering through studies conducted through 2010 to 2019.

Needless to say, this area requires further research and since sustainability has become an increasingly important topic, it demands further research on a national level, which is why the study of this paper is done with Finnish firms in mind.

1.4 Purpose

The purpose of this paper is to examine how companies report on adverse actions and negative events surrounding their operations. In order to compare the differences in the reporting measures of negative and/or adverse effects before and after the implementation of the accounting act amendment in late 2016, the sample of this study will be limited to Finnish listed companies affected by the 1376/2016 legislation.

1.5 Disposition

The paper is divided into seven parts. The first chapter is the introduction to the research area, the research gap, purpose, and disposition. The second chapter will review all of the important key terms necessary to understand the research area, such as CSR, sustainability, transparency, and simulacrum. Additionally, the frameworks for sustainability reporting standards will be introduced. The third chapter covers previous research and particularly the studies used as a basis for this paper's study. The fourth chapter includes the methods used to conduct the study. In the fifth chapter the results of the study will be analysed, the sixth chapter will analyse the results and provide discussion based on them. The final chapter will be focused on concluding remarks, limitations, and suggestions for further research.

2 Theoretical background

In this chapter, the relevant theory and the central terms needed to understand the area of study will be presented. The terms will in turn connect to the method and the result analysis. Different forms of sustainability (economic, social, and environmental), Corporate Social Responsibility (CSR), and Integrated Reporting (IR) among other definitions, will be discussed. This will be followed by reviewing both international and Finnish legislation for sustainability accounting and reporting and which options there are to account for sustainability.

2.1 Corporate Social Responsibility – CSR

According to Chung and Cho (2018) the notion of Corporate Social Responsibility (CSR) has existed for well over 20 years but hasn't until recently been developed as a term in business research. They mention that the notion of corporate social reporting being considered a requirement dates all the way back to the 50s, but the concepts used and described in these studies were abstract and uncertain. Due to the fact that society has, as previously noted, become more aware of corporations' effects on the environment and more demanding of increased visibility and transparency in their financial reports, the number of studies related to CSR has heavily increased over the last decade. Further, they mention the importance of corporations being aware of the frameworks and most importantly, the importance of them, as the regulation of CSR is only going to grow in importance going forward. For a corporation to remain sustainable, it needs to account for its responsibility issues, according to Chung and Cho (2018). Furthermore, they mention that social and financial sustainability has become closely tied together in recent years, due to social responsibility being linked with economic sustainability through forward-thinking strategies. Chung and Cho argue that this is essential for the survivability and the financial performance of the corporation.

Yu, Kyo and Kao (2017) concluded in their study that the motives behind CSR reporting varies depending on the size of the corporation. Their hypothesis was

that the corporations' size is a depending variable in the corporation's hunt for competitive advantages surrounding CSR reporting. According to their results, smaller sized corporations usually had a greater emphasis on the competitiveness of human capital than corporations greater in size. Corporations larger in size seemed to value compliance with governments, laws and making sure that all the regulations were followed properly. They add that managers who want their corporation's characteristics to comply with the regulations, should also make sure that they go beyond these regulations and seek further ways to increase reporting standards. Lastly, they note that CSR strategies should be incorporated with the vision, mission, culture, and values of the organization.

Gallou et al. (2018) mention that CSR reports also require assurance from auditing firms, KPMG being one example. They mention that a CSR report is deemed re-stated when it contains an omission, error or is otherwise written as to not show the complete overview of the company, usually to improve key ratios. They do note that since CSR reports are a relatively new concept, and somewhat abstract, they are expected to have errors of some form. They also mention that firms which financial statements are based on Global Reporting Initiative standards have a positive correlation with non-error assurances, implying that firms that construct their CSR reports in relation to the GRI will receive positive assurance and hence, are more valid.

CSR reporting has also been subject to criticism. Taylor, Vithayathil and Yim (2018) asked the question whether CSR initiatives and environmental policies enhance company value or whether they are simply "window dressing". They argue that CSR initiatives are more prominent in industries where companies have a direct communication link with their consumers and where increased firm value can be achieved through incorporating social responsibility measures in the company's strategy. They argue that while companies have embraced increased levels of conscious capitalism as they call it, companies should also seek to pursue other sustainable values rather than generic environmental ones to produce benefits. They further argue that CSR is an important part of corporate strategy due to the

previously mentioned stakeholder pressure such as consumer demand and investor attention.

2.1.1 Driving forces of sustainability

Herremans and Nazari (2016) use institutional theory and institutional logics to analyse the behavioural characteristics and context of a business to comprehend the businesses culture and structure and how it relates to stakeholder relationships. They mention that behavioural change is related to the fear of penalization, but it can also be driven by the opportunity for profit or a self-imposed obligation to do so. In relation to sustainability reporting, they argue that it is usually a mixture of all these characteristics. However, they also note that even though an industry or business might appear to have the same types of external influences and pressure, an important factor in internalization remains their stakeholder relationships and how they choose to approach them. This is of importance to understand the management's attitude towards their stakeholders and what type of management control systems they use to control them, according to Herremans and Nazari (2016).

In their study, Herremans and Nazari have researched the development of both formal and informal forms of sustainability reporting controls and how they affect different stakeholder relationships. The informal types of control include company policies and procedures such as company culture, ethics, and beliefs. Herremans and Nazari note that both informal and formal types of control are required to achieve organization objectives. They argue that without informal controls, it would be near impossible for organizations to encourage cooperation, which is why they are needed just as fundamentally as formal management control systems. They note that even the strongest forms of formal control cannot help with changing organizational behaviour in the sense that informal controls are able to.

Furthermore, Herremans and Nazari (2016) state that the appropriate combination of informal and formal controls motivates and not only improves the learning and understanding of the sustainability reporting process. They also note that this combination should improve the understanding of the stakeholders'

ethical needs and demand for change from internal and external stakeholders alike.

Ngu and Amran (2019) state that one of the main reasons behind sustainability reporting is the increased recognition of the risks and opportunities that arise from sustainability reporting, and how they can influence long-term performance. Additionally, they note that sustainability reporting has an immediate connection to sustainable development and is a critical element for advancing sustainable development both in the private and public sectors while incorporating sustainability into the business strategy, as has been previously mentioned. Furthermore, they note that the communication method used for reporting on sustainability activities is determined by the businesses' strategic direction towards its stakeholders.

2.1.2 Transparency

One of the leading organizations that report on transparency is Transparency International, whose vision is to fight corruption on both the global and local level through different governance practices. They achieve this through a variety of different means, mainly through reporting on corruption indexes. The following is their definition of transparency:

Transparency is about shedding light on rules, plans, processes and actions. It is knowing why, how, what, and how much. Transparency ensures that public officials, civil servants, managers, board members and businesspeople act visibly and understandably, and report on their activities. And it means that the general public can hold them to account. It is the surest way of guarding against corruption and helps increase trust in the people and institutions on which our future depends.
(Transparency International, "What Is Transparency?")

Because this study focuses on transparency in Finnish listed companies, it is worth investigating Finland's corruption index according to Transparency International. On Transparency International's Corruption Predictions Index, which ranks 180 countries and territories by their perceived levels of corruption within the public sector, according to businesspeople and experts, Finland has consistently had

small amounts of corruption. Northern and Middle European countries, such as Germany, Switzerland, Sweden, and Norway, have a generally low corruption index in relation to the rest of the world. New Zealand ranks as the least corrupt country in the 2019 Index. Finland ranks at the third least corrupt country on the 2019 index, which is the same position as in 2018 but the corruption score has increased by one point, from 85 to 86, out of 100. The corruption score indicates a country's perceived level of corruption with the public sector. A score of zero indicates extremely high amounts of corruption while a score of 100 indicated a "very clean" corruption status.

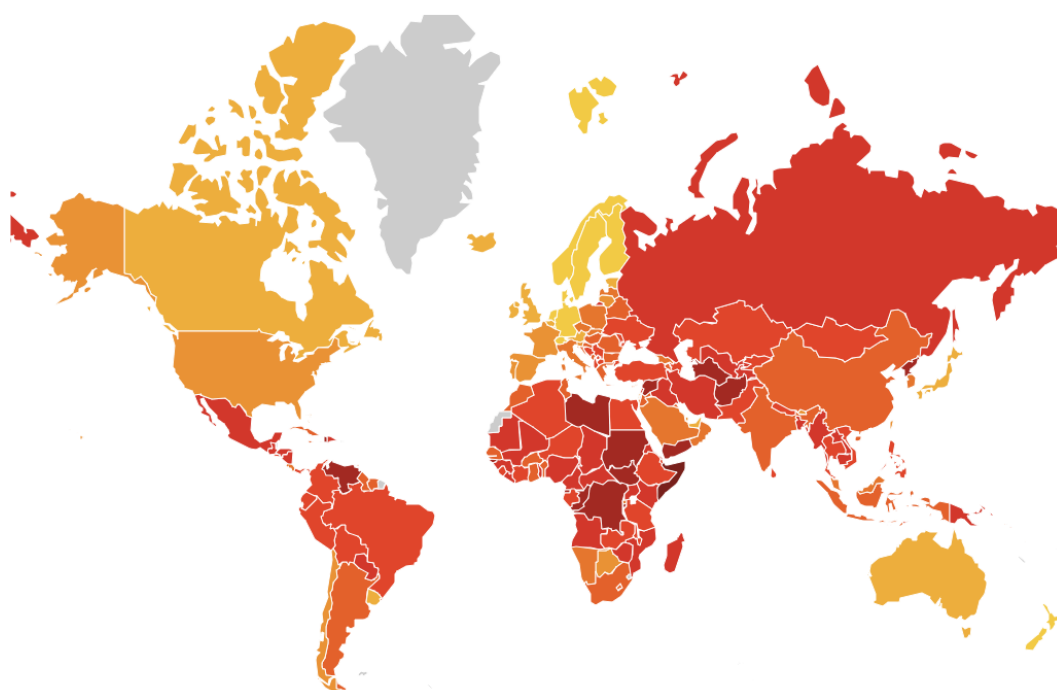


Figure 1 Corruption Perceptions Index (Transparency International)

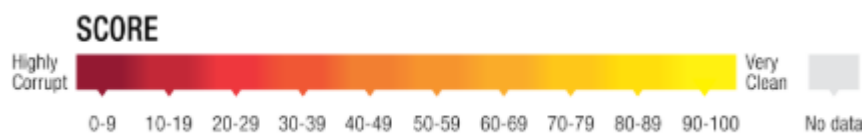


Figure 2 Corruption Score Index Scale (Transparency International)

Analysing these graphs and index scores, one can be safe to assume that Finland would have a small corruption ratio and that the transparency should overall be at a trustworthy level. To answer the research question of this paper it is also worth investigating the definition of transparency and what characterizes it,

mainly in relation to sustainability reporting contents, and how higher levels of transparency can be achieved.

According to Zsóka and Vajkai (2018), transparency can be increased “if the company clearly introduces its goals, the present situation, and the steps of achieving the goals.” They note that the GRI’s definition of common terminology and clear distinction of the requirements companies need to adapt in their reports should help to enhance clarity and transparency of the CSR reports.

Ngu and Amran (2019) argue that effective corporate governance is the key to transparency and superior performance. They write that every manager has different abilities and capacities to perform their responsibilities, which is important to consider when thinking about how companies can achieve superior performance. Increased corporate governance is one way of protecting the interest of stakeholders. This includes aiming for increased diversity in human and social capital and reviewing business practices, so they align with the interests of the company stakeholders and investors. This can, according to Ngu and Amran (2019) be achieved by holding board members accountable for their actions. This ultimately leads to decreased information asymmetry between the stakeholders and businesses, which in turn makes other corporate sustainability actions more credible (Ngu and Amran, 2019). Lastly, they note that to gain public trust it is important to build strong corporate governance and boardroom diversity based on the stakeholders’ interests.

Yu, Gui and Luu (2017) mention that transparency can be enhanced through reporting materiality analysis to the relevant stakeholders. They mention, however, that few studies exist on the topic of the motive behind voluntary disclosure of materiality related information, which can question the credibility of the reports. According to the findings of Yu, Guo and Luu (2017), a business greater in size, with a lower percentage of institutional investors, with better solvency ratios and fewer insider holdings, will be more transparent with their environmental, social and governance reporting.

2.1.3. Agent Theory and Accountability Lost

Research has however, also claimed that increased governance and disclosure practices have caused organizations to be fragmented, which in turn leads to negative effects on transparency and accountability. One researcher who claims this is, Haraldsson (2016), who in his study investigated the effects that variations in accounting and disclosure practices had on the Swedish municipal waste management sector and what the cause of the variances in those practices were. Haraldsson's study was conducted through examining this institution's full cost accounting techniques and reports, as the organization have multiple stakeholders and obligatory tasks that requires it to use full cost accounting. Haraldsson mentions that a full cost accounting report includes the results of an accounting system which separates the operations directly related to the direct and indirect costs of a specific operation. Haraldsson argues that few researchers have examined whether changes in accounting practices or municipal restructures have influenced disclosure negatively. Haraldsson has chosen to examine these reports as the full cost accounting report is referred to with the term "disclosure transparency". Haraldsson concludes that based on the descriptive results of his study, the transparency levels of full cost accounting reports are weak, and so are the institutional forces that regulate the reports, since the variances between the municipal Swedish waste management sector are so large. He argues that the greatest reason for these variances is market competition. Lastly, he mentions the agent theory to support his claims. He argues that market competition has had a negative influence on both accountability and disclosure transparency.

Beske, Hausteine and Lorson (2020) investigated whether materiality analysis in sustainability and integrated reports has led to increased transparency, which is the reporting principle to achieve, according to the GRI and International Integrated Reporting Council (IIRC). They argue that a double standard for companies which either voluntarily or involuntarily report on materiality for the purpose of stakeholder theory exists. They mention that companies which provide detailed explanations of their materiality analysis would be expected if they strive

for stakeholder management. The problem is that sustainability and integrated reports aim to address the stakeholders on a broader scale while neglecting specific stakeholder groups if the companies in question are seeking legitimization. (Beske, Haustein, Lorson, 2020). Thus, legitimacy theory clashes with managerial stakeholder theory regarding which of the company's stakeholders remain the most relevant group to focus on, which could possibly harm the legitimacy efforts of the sustainability reports. They argue that both theoretical theories encourage a company to engage with stakeholder groups but through different means. Thus, they conclude that legitimacy theory better explains sustainability reporting on materiality rather than managerial theory. They conclude that poor assessments of materiality issues raise concerns with company stakeholders that are interested in this information. Additionally, concerns over the reliability of the information may arise if the accounting processes remain unclear.

2.2 Sustainability reporting

Isaksson, Garvare and Johnson (2014) note that the term sustainability, even sustainable development, was for a long time considered irrelevant. Researchers had a difficult time deciding on how to define the subject and what it encompasses. According to them, sustainable development and sustainability are about finding flexible and diverse conceptual approaches to develop strategies that might lead to a better society and harmony with the environment.

Sustainability accounting, according to Hiss (2013), refers to the integration of non-financial aspects into financial accounting statements. Furthermore, Hiss explains that sustainability reports are nowadays integrated into the annual company reports as opposed to being separated, which was usually the case when sustainability was a relatively new and emerging topic. The problem surrounding sustainability reporting is that the information is non-financial, which makes it difficult to measure, and comparison between corporations can thus prove to be a challenge. The core issue, according to Hiss, is how to present and integrate key performance indicators (KPIs) into the corporate's financial annual reports, thus

making the variables and sustainability effects comparable on a quantitative scale. Hiss argues that “*phenomena*” that were previously unaccounted for must first be measured and categorized. This includes natural, environmental, sustainable, and social dimensions. Hiss explains furthermore that the measurement of such dimensions usually relies on assumptions and hypotheses, which can in turn lead to highly different results depending on how the effects have been measured.

Bradford, Earp, Showalter, and Williams (2017) state that the traditional definition of corporate sustainability, which included meeting the demands of a company’s indirect and direct stakeholders, is outdated and neglects the importance of proactive decision-making and processing. This is one of the reasons why companies have adopted the triple bottom line way of thinking to balance environmental, social, and economic impacts. They note however, that terms such as “sustainable development”, “sustainability” and “corporate responsibility” are used inter-changeably, and they further argue that managers are not fully realizing the difference between the terms.

O’Dwyer, Owen and Unerman (2011) add some insight into why companies would have chosen to report on sustainability before such reports became a requirement for companies of certain size. According to them, companies are pursuing legitimacy of their actions through assurance with third parties. They also acknowledge that seeking assurance on sustainable reporting is a relatively new practice and thus the validity and reliability process remains unclear in certain cases. They mention that the key audiences who support the assurance seeking process are managers, key stakeholders of the firm and internal technical divisions that approve the final wordings of the reports.

2.2.1 Challenges and risks

Bradford, Earp, Showalter, and Williams (2017) raise concerns over how company stakeholders’ perceptions of corporate sustainability might differ from the company’s own visions on the topic. In their study, they found that the areas of interest that stakeholders perceive as the most important, sustainability factors being the most important, did not always align with the company’s own vision. According to them, the GRI dimensions for reporting on sustainability should only

be used as a starting point and they may not provide the complete overview when reporting on corporate sustainability activities. They found that the area of most importance to consumers was the 'risk and compliance activity', which includes employee education on how to reduce risks. Through a content analysis they investigated whether the companies they chose to study were reporting on the issues that are closely related to their stakeholders, which is important since the CSR reports are meant for the company stakeholders to read through.

2.2.2 Economic sustainability

Economic sustainability is the more traditional form of sustainability-thinking in a company that has recently been linked with social developments, according to Lan, Yang and Tseng (2019). Economic sustainability equals a fast inventory turnover, a stable cash flow and a low number of receivables, among other accounting principles. Additionally, they explain that the main goal of economic sustainability is to achieve financial efficiency through asset management. Not only can economic sustainability prove that the firm has the ability to pay back its debt to credit institutions, it also shows that the companies are able to make profit in the future. The risks related to financial management are part of every activity and process of a company, according to Lan et al. These risks, in turn, affect the income and the expenditures of the company and as such are important, as poor management of these in worst cases can lead to insolvency. Economic sustainability-thinking aims to lower these risks. Lan et al. (2019) try to convey that economic sustainability leads to stability and minimizes risks.

According to a recent paper written by Ngu and Amran (2019), businesses have recently switched from shares-based economy to a stakeholder-based economy. Because of the rapid technological advancements, stakeholders are now more connected than ever to businesses, which puts pressure on them to adapt their strategies in response and to provide sufficient sustainability information.

2.2.3 Environmental sustainability

Qin et al. (2019) explain that organizations have been pressured by different stakeholders to make greater contributions to the environmentally sustainable development goals (SDGs) through further sustainability practices and better environmental performance. Further, they mention that the limited previous frameworks have failed to account for organizations' responsibility to reach these goals and how to link them to corporate environmental behaviours and the externalities caused by the corporations. To categorize externalities, Qin et al. (2019) propose a framework that accounts for the use of "public goods". Orazlin et al. (2018) expands on this, claiming that environmental performance indicators show a firm on both living and non-living natural systems, such as energy and water (inputs) and emissions, waste etc. (outputs). Additionally, they add that the quality of sustainability information in emerging markets such as the gas and the oil industry is not necessarily as improved upon as in other markets, which further proves its importance.

Qin et al. explain that corporate environmental responsibility (CER) is one of the three aspects of corporate social responsibility (CSR). Through the use of CER, the corporation seeks to decrease pollutions and improve the values of its supply chain. However, they also mention that there is no generally accepted definition of the terms CSR and CER, while some researchers see CER as a negative economic factor instead of a separate term for improving its sustainable values.

2.3 Reporting Frameworks

In this subchapter the relevant frameworks for reporting on sustainability will be explained and reviewed on an international as well as a national level.

Yu, Guo and Luu (2017) acknowledge that government regulation of sustainability reporting is the most important framework, however, voluntary disclosure of environmental, social and governance areas has been more common recently. They use the EU directive issued in 2014, the Non-Financial Reporting Directive, as one example of a regulation that does not outright state that businesses are

required to disclose information, although it does encourage it. They name Germany as an exception to this, where they introduced the German Sustainability Code as early as 2011, which includes 20 voluntary guidelines on how to report on sustainability performance. The guidelines follow the Global Reporting Initiatives' guidelines.

2.3.1 Global Reporting Initiative (GRI)

The GRI is an independent international organization that has pioneered sustainability reporting since 1997. According to their websites, their mission and vision is as follows:

*The GRI Sustainability Reporting Standards (GRI Standards) are the first and most widely adopted global standards for sustainability reporting. Since GRI's inception in 1997, we have transformed it from a niche practice to one now adopted by a growing majority of organizations. In fact, 93% of the world's largest 250 corporations report on their sustainability performance. **

The practice of disclosing sustainability information inspires accountability, helps identify and manage risks, and enables organizations to seize new opportunities. Reporting with the GRI Standards supports companies, public and private, large and small, protect the environment and improve society, while at the same time thriving economically by improving governance and stakeholder relations, enhancing reputations and building trust.

We work with the largest companies in the world as a force for positive change – companies with revenues larger than the GDPs of entire countries and supply chains that stretch the globe. As a result, the impact of our work on social well-being, through better jobs, less environmental damage, access to clean water, less child and forced labor, and gender equality has enormous scale.

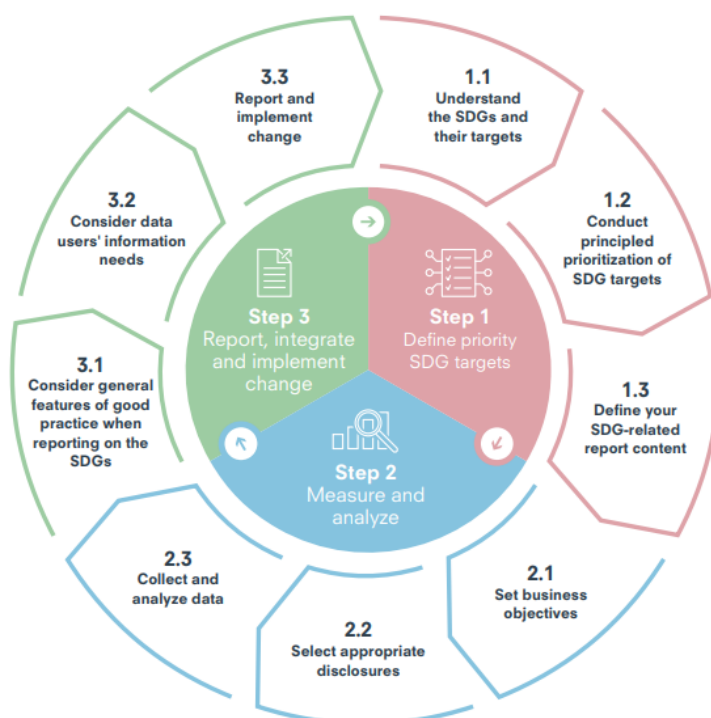


Figure 3 The steps outlined in the GRI's report on how to integrate SDGs into corporate reporting

The figure above shows all of the steps included in the GRI's report on how to integrate SDGs into corporate reporting. The figure is divided into three steps, step one being how to define priority SDG targets. This step is important, as it is vital to review which SDGs relate to the business in question to avoid that unnecessary time is spent on SDGs unrelated to the firm's business. The recommendation is that the firm should assess risks with each SDG before choosing which to prioritize in their corporate reporting. This can be done by critically analysing risks associated with the operational business and the value chain and additionally, by identifying unanticipated goals that could be achieved by applying them to the company in question. Based on these assumptions, priority SDG targets can be chosen with two entry points:

- 1) Risks to people and the environment
- 2) Risks to beneficial products, services, and investments

The second step of the GRI's report includes how to set objectives, measure, and analyse SDGs. The guidelines state that both quantitative and qualitative measures should be used for disclosure of this information. Qualitative disclosures provide the motivation behind the quantitative ratios (numerical, ratios and/or

percentages), and why the firms have chosen to given SDGs and how the decisions impact the firm.

Arthur, Wu, Yago and Zhang (2017) write that the GRI's guidelines are among one of the main principles for achieving reports with transparency and credibility with complete disclosure.

2.3.2 World Business Council for Sustainable Development (WBCSD)

Even though the GRI framework provides the most commonly used guidelines for sustainability reporting, other frameworks such as the World Business Council for Sustainable Development exist. However, the approach of the WBCSD is quite different from the GRI. While the GRI focuses explicitly on sustainability reporting, the WBCSD advocated for different business models and circular economy, among other management systems, not just sustainability from an accounting perspective.

The WBCSD is a global organization led by over 200 leading business CEOs to accelerate the transition to a sustainable working environment through a focus on shareholder value, the environment and society. Global enterprises such as Canon, Bloomberg and Ikea are only some examples of the members. Most of the members are European based businesses followed by Asian and North American businesses.

The WBCSD's Vision 2050 program reviews what is expected from businesses to reach the sustainability goals of the future. Further, their Action2020 program has adopted this vision into a road of solutions and steps necessary to reach the goals.



Figure 4 The WBCSD's six programs for achieving system transformation

Written on the image above are the six different programs that the WBCSD have identified to help businesses approach new business solutions. While not all of these programs are essential for every business, they do have a broader impact when considering the circular economy concept. As the WBCSD state on their webpages, the future of business is circular.

Among the WBCSD's visions are also guides for their members, specifically CEOs, to use. The goal of these guides is to help CEOs understand terms such as circular economy and how to apply them to their own business practices. One of these guides is the "CEO Guide to Circular Economy". The guide was published in 2017 and contains five business models and additional technologies that companies are encouraged to implement in order to achieve the circular economy goals. The guide describes how the opportunities of a circular economy.

Additionally, one of their projects includes guidelines on credible assurance and internal control and how companies can work to achieve greater transparency and trust in their corporate reports.

2.3.3 Triple Bottom Line (TBL)

The triple bottom line (TBL) accounting model for sustainability can be seen as an extension to the previously noted social, economic, and environmental areas of sustainability. Bewley & Schneider (2013) write:

“A TBL perspective involves identifying, measuring, and evaluating financial, environmental, and social costs and benefits.” (Bewley & Schneider p 106).

The Triple-Bottom-Line expands upon traditional economic dimension of the firm, according to Ho & Taylor (2015). They mention that the TBL effectively shows the firm's economic interactions with all its stakeholders such as shareholders, the general public, and customers. Intangible assets are also of greater importance in TBL reporting, according to them.

The TBL has also received criticism as Bewley & Schneider (2013) mention. They argue that in practice, anything other than a financial bottom line is difficult to implement and the goal should be to maximize effectiveness across all of these aspects. As has been previously mentioned, social and environmental aspects of sustainability are often complicated and abstract definitions that are difficult to measure. That is why, according to Bewley & Schneider, the TBL model should be seen as philosophical rather than merely a practical one. In their study, they have defined sustainability aspects as costs/negatives and benefits/positives.

The results of studies such as the literature overview done by Isil and Hernke (2017) suggest that the TBL is overwhelmingly discussed in a positive light rather than a negative one. In their study, they concluded that only eight percent of the studies mentioned the TBL as something negative.

According to them, this proves that the TBL is largely popular but that it is also a challenge to implement it in practice. Some researchers have mentioned that the TBL allows managers to pick and choose what areas of sustainability they should focus their report on. Additionally, some only choose to do the least required methods, according to Isil and Hernke's results.

According to Isil and Hernke's literature overview, there exists two core assumptions of the TBL, the win-win assumption and the firm-level sustainability

assumption. It should be noted that they have chosen to analyse the TBL from an ecological perspective. The win-win assumption can be used to understand economic growth without degrading the environment, and without taking trade-offs into account. The firm-level sustainability assumption explains that planetary sustainability will be achieved through each firm being sustainable.

Additionally, Isil and Hernke (2017) argue that there is a difference in interpretations between the TBL win-win and firm-level sustainability assumptions. This is one of the limitations of the TBL. Furthermore, Isil and Hernke note the dangers of examining the firm-level sustainability as isolated, and not comparing it to other companies. They use the ecological bottom line and the chemical industry to illustrate how such thinking can damage the environment. They describe that while two independent companies may work in the same industry, they have completely separate operations from one another but still produce chemicals that are harmful when they interact with each other. Thus, one company's decrease in ecological waste will not necessarily lead to a more sustainable environmental impact. Isil and Henrke thus propose increased co-operation between firms as opposed to the somewhat dangerous selfish way of thinking that the TBL can imply for companies.

2.4 Finnish legislation

This subchapter will cover the Finnish legislation on sustainability reporting and the contents of the 1376/2016 accounting act amendment.

2.4.1 The 1376/2016 Accounting Act amendment

Quoted below is the official statement from the Ministry of Economic Affairs and Employment of Finland on CSR reporting:

“An Accounting Act amendment approved on 29 December 2016 requires certain types of company to report on their corporate social responsibility (CSR). The reporting obligation applies to large undertakings that are public-interest entities, i.e. listed companies, credit institutions and insurance companies with an average

of more than 500 employees during the financial year. In addition, the company's turnover must be greater than EUR 40 million or its balance sheet total more than EUR 20 million."

"The legislation is based on an EU directive and obligates the companies to report on their policies concerning the environment, their employees, social issues, human rights and tackling corruption and bribery. The reporting should also include a brief description of the company's business model and explain the risks related to its policies and how the risks are managed."

The first sustainability reports published that had to be written with these new directions in mind were issued in 2018 for the 2017 fiscal year. Further, the Ministry of Economic Affairs and Employment of Finland notes that prior to the legislative changes, companies that operate in the forest industry, mainly those in the operation of harvesting wood, were required to publish a statement accounting for payments made to national governments. This statement has to be published six months after the end of the financial year.

Furthermore, according to the official 1376/2016 legislation, the non-financial information included in the report should at least include the following areas:

- 1) The environment
- 2) Social relationships and staff
- 3) Human Rights
- 4) Actions against corruption and bribes

Another definition can also be found in the third chapter of the legislation's second paragraph. In brief, the paragraph says that information relating to negotiations or events does not need to be provided, if there is good reason to believe that the publishing of such information could have a serious negative impact on the commercial status of the one required to account. A prerequisite is, however, that the exemption of such information makes it more difficult to assess a fair view of

the company's operations or its financial situation. (Bokföringslag 1376/2016. 3 kap 3§)

2.5 Simulacra definition

The final definition the theoretical chapter will cover is simulacra, as it is one of the key terms that one of the studies used as a basis in this paper is based upon. The definition will be kept brief as it is based upon social theories that are not greatly relevant for this paper or the accounting research area.

Jean Baudrillard, a French philosopher and sociologist, describes the notions of simulacra in his 1981 treatise "Simulacra and Simulation". In the treatise, Baudrillard scrutinizes the relationship between imagery, reality, symbols, and their significance. The key notion is that images can take on several different realities or meanings.

Baudrillard thus proposes the image to have four successive phases:

- It is the reflection of profound reality
- It masks and denatures a profound reality
- It masks the absence of a profound reality
- It has no relation to any reality whatsoever; it is its own pure simulacrum

The first phase is as Baudrillard describes, the image's sacramental order, a good appearance, and a direct reflection of reality. The second and third phases have connections to the profound reality, albeit masked. In these phases, the profound reality can be seen but it is not apparent. Images in the final phase have no connection to the profound reality and are therefore pure simulacrum.

Additionally, Baudrillard defines the three orders of simulacra as the following:

- Simulacra that are natural, naturalist, founded on the image, on imitation and counterfeit, that are harmonious, optimistic, and that aim for the restitution or the ideal institution of nature made in God's image;
- Simulacra that are productive, productivist, founded on energy, force, its materialization by the machine and in the whole system of production – a Promethean aim of a continuous globalization and expansion, of an indefinite liberation of energy (desire belongs to the Utopias related to this order of simulacra)
- Simulacra of simulation, founded on information, the model, the cybernetic game – total operationality, hyperreality, aim of total control

Baudrillard continues to discuss the definition between the imaginary and reality, and that is the core of the treatise and simulacrum in general; to try and define what belongs to reality and what does not.

3 Previous Research

This chapter will cover previous research within the research area and provide some insight into which studies the methodology of this paper was based. Transparency in CSR reports has been researched regarding both the text material and the imagery used in the reports. Thus, this chapter includes studies that analyse both of these contents.

Fernandez-Feijoo and Romero (2014) conducted a study on how increased stakeholders' pressure affects transparency of sustainability reports within companies that use of the GRI's framework. Their research question was to determine whether pressure from primary company stakeholders affects the level of transparency that companies wish to achieve within their reports. They categorized companies on three different levels. The first level included companies in environmentally sensitive industries. The second level included companies that operate in industries well-known by the consumers, which they call high consumer proximity. The third level includes companies that face high pressure from stakeholders and finally one group of companies that is pressured from company employees. The data they analysed were collected from all the CSR reports registered in the GRI database from the countries that they had selected for their study. Their results revealed that there is a positive and significant effect that stakeholder pressure has on CSR transparency. Furthermore, additional regression analyses revealed that a greater number of employees within the company correlates with a higher demand for transparency.

The results of a study conducted by Borkowski, Welsh and Wentzel (2012), shows that the size of the sustainability report, and the overall number of words in the reports, have increased within Johnson & Johnson, which was the company within which they studied the evolution of sustainability reports. They used a content analysis methodology to examine whether significant differences such as the number of pages had increased over the years, and whether stakeholder pressure

had increased. Additionally, content such as employee gender diversification was examined, which is part of the social responsibility of a firm. They note that there has been an increased emphasis on health and safety issues and not just environmental impact. Lastly, they note that companies are able to use the sustainability reporting to their advantage when they start to incorporate sustainability goals into their strategies to gain competitive advantages.

The study which has been previously mentioned, conducted by Herreman and Nazari (2016), they investigated an issue not directly related to transparency but rather the underlying motivations for sustainability reporting and how stakeholder pressure correlates with these motivations. They do note, however, that one of the characteristics of a cognitive company is transparency, which is to be desired when reporting on sustainability. The sample used in their study was limited to companies that operate within the petroleum industry and which are subject to similar institutional pressure while having differences in attitudes towards stakeholders and sustainability reporting. The petroleum industry's trade association, the Canadian Association of Petroleum Producers, initiated the Stewardship Program in 1999, which not every company initially supported. Only those companies that were already reporting on sustainability were quick to enlist to the program. According to their findings, Herreman and Nazari suggest that companies that utilize sustainability reporting should first develop formal control systems as a foundation to develop informal, value-based control systems. They note that managers should find a reporting mentality beyond just fulfilling the industry's reporting requirements and take the overall situation into consideration, mainly in relation to how sustainability reporting creates value for their own company. The most difficult part, according to them, is encouraging the employees to adapt the learning process and to have them realize the importance of it. Peer reviews can help to ease some of these difficulties, according to Herreman and Nazari.

Demir and Min (2019) conducted a research on the reporting quality on CSR reports in the pharmaceutical industry, with transparency as one of the key dimensions of analysis. The pharmaceutical industry's CSR reports are, according to Demir and Min, still greatly limited by the company management in terms of what is disclosed, which leads to large variations and discrepancies among them. The variations are even greater when taking into consideration the different reporting policies that each company use during the reporting process and additionally, how their CSR strategy is defined. They analysed the CSR reports of fifteen of the world's largest pharmaceutical companies in which they compared the comprehensiveness between the reports using the measurements of coverage, detail specificity and third-party integrity assurance of key CSR attributes disclosed in CSR reports, provided by the CSR-Sustainability Monitor (CSR-S Monitor or The Monitor). The main observation of their analysis was whether pharmaceutical companies that report on materiality and externalities, such as environmental impact (erosion etc.), are more comprehensive than those that are not reporting on it. The transparency score that has been previously mentioned, ranged from zero to 100. Demir and Min formed a legitimacy theory which explained that companies in the pharmaceutical industry are inclined to disclose as great amount of information as possible due to the scandals that the industries have faced and as such there is increased pressure on disclosing information. Their analysis includes multiple steps but focusing on the results of the study is what is important in this case. One of their analyses compared transparency scores between companies that had conducted a disclosure of three topics compared to one topic. The results showed that the companies that had reported on several topics had a lower transparency score compared to companies that had done a full disclosure on one topic. Thus, they argue that this raises the question whether full disclosure over several topics in practice lead to higher transparency when it could be hypothesized that disclosure on several topics is to be preferred over disclosure on just one topic. All of the companies included in Demir and Min's study used SASB accounting standards.

Additionally, Hahn and Lülfs (2014) have in their study, *“Legitimizing Negative Aspects in GRI-Oriented Sustainability Reporting: A Qualitative Analysis of Corporate Disclosure Strategies”*, mapped which rhetoric methods companies use to report on the negative effects that their operations have. They question the legitimacy of CSR reports, as reporting of negative aspects can endanger the legitimacy if stakeholders perceive it wrong. According to their findings and conclusions, there are six legitimation strategies that can be found in the content of the reports analysed. They note that a few of these rhetoric methods for reporting content, such as “marginalization” and “abstraction”, are mainly used by companies to alter the stakeholders’ perception instead of truly altering corporate processes and approaches to sustainability for the better. Marginalization refers to the use of judgmental phrases and adjectives, such as “no”, “small”, “insignificant” etc. Abstraction in turn, refers to the use of vague and ambiguous statements, “some” and “various” are some of the words used in this type of rhetoric reporting. They used their findings to develop a schema for how corporations should report negative aspects to appear as transparent as possible. All of these rhetorical methods in text material will be reviewed in detail in the methodology chapters as they are used in this paper’s analysis.

Olivier Boiral has in his 2013 study *“Sustainability reports as simulacra? A counter-account of A and A+ GRI reports”*, conducted a content analysis of 23 sustainability reports from firms in the energy and mining sector. Boiral examined to which extent to sustainability reporting can be viewed as a simulacrum, which in this case means the extent to which companies project their own idealized view of a situation on to the reader of the report. The overarching theme of the paper was to question the reliability of the optimistic rhetoric of the report. Images in the sustainability reports were categorized into recurring themes of simulacrum and the information disclosed in the sustainability reports was compared with significant news event that should have been addressed by the firms in question. Boiral’s method for analysing images in the sustainability reports is used in this paper as one of the key sources.

Boiral's framework for how simulacra can be defined in images of corporate social responsibility reports contained a total of five different definitions. These categories are:

- Unspoiled nature
- Innocence and happiness
- Caring and stewardship
- Cooperation and external recognition
- Ingenuity and innovation

I will now review each of these categories, as definitions of them are needed for the methodology and analysis of the reports used in the analysis of this paper. All definitions are courtesy of Boiral (2013).

The simulacra of unspoiled nature include images of rare animals, tropical forests, waterfalls, rivers, and other environments. Among the represented photos in the studies Boiral analysed were pictures of endangered species such as jaguars, but there were also more ordinary elements of nature included that still conveyed an image of purity, according to Boiral. Among those images were depictions of clear water, green leaves and so forth. Boiral also mentions that these types of images were most often included in the part of the report which focused on environmental impacts of operations, or the environment as such.

The second simulacrum is innocence and happiness. This simulacrum depicts images of children or adults having fun, laughing, or otherwise taking part in recreational activities. Boiral mentions that these types of pictures are not restricted to one single part of the report, but he does mention corporate governance as one section where such pictures may appear more frequently.

The simulacrum of caring and stewardship depicts images that reflect the companies' willingness to protect the environment and caring for people in general. These types of images depict people doing realistic, sustainable activities, such as measuring the water quality from a facility, performing medical care actions, and so forth. Boiral (2013) notes that most of these images seemed to be staged as part of the graphic design process. Pictures were identified of symbolic

acts that had no association with the company's own mission or relation to the text material. In some instances, this simulacrum could be shown on the cover of the report. This simulacrum was the most prominent across the reports analysed in the study and was ultimately found in all of the reports that were analysed and was found as the most frequently appearing simulacrum in about a third of the reports.

The fourth simulacra, cooperation and external recognition, was observed in about 13% of the reports. This simulacrum is based upon the firm's recognition of excellence, cooperation between workers, photos from meetings, training seminars and so forth. This simulacrum also includes photos in which collaborations with other companies and communities are shown. Boiral also mentions that many of these pictures were related to awards-like sustainable development achievements. Photos of group award presentations or certificates were typical for this simulacrum. This type of photos can portray the company as a model organization, according to Boiral.

The fifth and final simulacrum is ingenuity and innovation. These types of images include depictions of certain areas such as science, innovation, and creative solutions for sustainable-development related problems. According to Boiral, most of these images followed a standard pattern of images of laboratories, such as images of test tubes, technical drawings, and so forth. Images of prototypes and presentations were prominent in the pictures categorized in this simulacrum. This simulacrum was, however, the least frequent one across the images analysed.

These are the exact definitions by which the images analysed in this study will be categorized as well, which is why the simulacrum have been reviewed in greater detail here.

Boiral concluded in his final findings that the omnipresence of positive images reinforced the omnipresence of positive statements in the reports, and that the absence of negative images paralleled the lack of information surrounding the negative events.

Finally, Boiral mentions additional measures which he hopes companies will consider. He mentions that research focused on CSR reports mostly have focused on the information that is disclosed in the reports and not the information that has been potentially omitted, such as disclosure related to negative events.

Regarding the pictures analysed, Boiral mentioned that the results show that the pictures were based on a few recurring “image-spectacles”, namely the simulacra previously mentioned. While these simulacra could be identified, Boiral mentions that his research did not contribute to an overall understanding of the simulacra promulgated through the images in the CSR reports, but it did contribute to the classification through the 1250 images analysed.

4 Methodology

Ryan et al (2002) explain that in order for a research methodology to be chosen, the researcher must first have defined a clear research question and the purpose the research. These have already been explained in the first chapter of this paper. Additionally, in this chapter, the benefits of using content analysis as a research method and it can be applied to sustainability reporting will be reviewed. The validity and reliability of using content analysis as a research method will also be presented. Lastly, the sample of the study that has been used to collect the data from will be presented.

4.1 Content analysis

Content analysis has been applied in this paper as it is a suitable method for comparison of reports between the sampled companies. This method has been chosen to analyse how annual sustainability reports have changed during the recent years and to investigate whether there are any significant changes in reporting methods. As is evident in the study conducted by Yu, Kuo and Kao (2017), content analysis can be used as a method to gather qualitative data, in their case CSR information, and transform it into quantitative figures. They also note that most researchers have used content analysis as a method to evaluate data in CSR dimensions and to further investigate the information disclosure level of the company, which is within the aim of this paper as well. Additionally, they mention that content analysis allowed them to investigate the topic deeper, bringing increased depth to the results.

Bryman and Bell (2011) define content analysis as a research method used to gather data objectively and systematically. Rules are clearly specified in advance for how the data should be categorized and handled. They mention that the researcher should aim to be as objective as possible. They mean i.e., that the researcher should avoid personal bias as greatly as possible, which is achieved through systematic methods for examining data. Additionally, they mention that

content analysis has mainly been used to examine mass media items available to the general public.

If the sample contains data stretching several years or other timeframes, the timeframe is oftentimes decided around a phenomenon that the researcher wish to study, according to Bryman and Bell (2011). This paper aims to examine how transparency in CSR reports has been affected due to the increased stakeholder pressure, in this case mandatory disclosure of CSR effects for companies that are affected by the 1376/2016 that have been previously mentioned. Bryman and Bell further mention that what data should be included in the content analysis is dependent on the research question. In this study, the focus of the content analysis will be on certain words, phrases, and images as the main areas of analysis in the CSR reports. Analysing the frequency of certain phrases, words or images can prove beneficial in qualitative research. Alternatively, the researcher can focus on a categorization of a phenomenon of interest. Themes that should be considered are ones that fit within the framework of the paper. The focus of this paper is on transparency, which is set to be the key theme of the content analysis, both for the text and image data. The analysis might require the researcher to investigate further than merely on a surface level, according to Bryman and Bell, to gain a more profound, contextual insight into the topic.

When taking CSR reporting into account, one can review previous studies on how to define transparency and what dimensions should be considered when doing the content analysis. Demir and Min (2019) have defined two key dimensions of transparency that should be considered, namely scope of coverage and specificity of detail. They have chosen these two dimensions based on previous academic research on CSR. It should be noted that their study was conducted in the US and thus all the methodology may not be suitable for a study done outside of the US, but the content-analysis methodology is still applicable.

In Hahn and Lülfs (2014) study, they specify the content analysis method used to conduct their study, stating that it was of the interpretative, qualitative sort to be used for further quantitative research.

4.1.1 Content analysis flowchart

Neuendorf et al. (2017) provide a flowchart for how content analysis should be conducted and its various steps. The flowchart is divided into nine steps.

1. *Theory and rationale*
2. *Conceptualizations*
3. *Operationalizations (measures:)*
4. *Coding Schemes (Human coding)*
5. *Sampling*
6. *Training and pilot reliability*
7. *Coding*
8. *Final reliability*
9. *Tabulation and reporting*

I will go over each of these steps in more in-depth detail to gain a greater understanding of the content analysis work process, all information on this subject is according to Neuendorf et al. (2017).

Theory and rationale refer to the content that will be examined and why. The purpose and the research question of this paper which explains this part of the analysis have been defined previously. The second part, conceptualization, is defining what variables will be used in the study as well as how to conceptually define them. The keywords and key terms that are used in the content analysis process will be explained later in the chapter. Neuendorf mentions that these can be defined by the researcher, or alternatively the researcher can base these upon previously done research. The third step, operationalizations, refers to the measures taken to match said conceptualizations, this is also called *internal validity*. Neuendorf mentions that the researcher should define what unit of data collection should be used to prove the study's internal validity, which is primarily achieved through the researcher's coding scheme, which is the fourth part of the analysis.

4.2 Data gathering and sample

In this chapter the initial and final sample, which are the fifth step in Neuendorf's (2017) flowchart for content analysis, will be presented. To determine the initial sample, two databases have been cross-referenced. As the aim of this paper is to study the transparency in Finnish listed companies, the first database used in this study is NASDAQ. NASDAQ is the world's leading electronic stock market and contains thousands of company listings. This database is used to determine which the largest listed Finnish companies are. These can be found through the shares page of the website, which provides the share prices for all the companies listed on Nasdaq Nordic. Filtering by the Helsinki market and the large cap segment, these are the largest Finnish listed companies, depicted on the table below.

Ahlström-Munksjö Oyj	Nokian Renkaat Oy
Cargotec Oyj	Nordea Bank Oy
Citycon Oyj	Orion Oy
DNA Oyj	Outokumpu Oy
Elisa Oyj	Sampo Oy
Fiskars Oy	Sanoma Oy
Fortum Oy	SSAB A
Huhtamäki Oy	SSAB B
Kemira Oy	Stora Enso Oy
Kesko Oy	Telia Company Oy
Kojamo Oy	Terveystalo Oy
KONE Oy	TietoEVRY Oy
Konecranes Oy	UPM-Kymmene Oy
Metso Oy	Valmet Oy
Metsä Board Oy	Wärtsilä Oy
Neste Oy	YIT Oy
Nokia Oy	

Table 1 The largest Finnish listed companies according to NASDAQ

Now that the sample of the Finnish listed companies greatest in size have been identified, it is safe to assume that most of these companies have a large enough turnover that they are required to publish CSR reports according to the new EU directives and legislations. The next step involves cross-referencing the initial sample with the GRI's database to confirm which of the companies report on CSR and submit their reports to the GRI for classification. Lastly, the final sample can be determined from these companies.

Through the Global Reporting Initiative's database, one can filter the search of companies in the database according to the desired region. For the purpose of achieving the most appropriate sample, the companies have first been filtered by their size, "large", country, "Finland" and region, "Europe". Below, the companies listed in bold, green text are the ones that were found in the GRIs database with the previously mentioned search criteria, and they should be considered while determining the final sample of the study. The companies listed in red were not found through these search criteria.

Ahlström-Munksjö Oyj	Nokian Renkaat Oy
Cargotec Oyj	Nordea Bank Oy
Citycon Oyj	Orion Oy
DNA Oyj	Outokumpu Oy
Elisa Oyj	Sampo Oy
Fiskars Oy	Sanoma Oy
Fortum Oy	SSAB A
Huhtamäki Oy	
Kemira Oy	Stora Enso Oy
Kesko Oy	Telia Company Oy
Kojamo Oy	Terveystalo Oy
KONE Oy	TietoEVRY Oy
Konecranes Oy – 2012-2017	UPM-Kymmene Oy
Metso Oy	Valmet Oy
Metsä Board Oy	Wärtsilä Oy

Neste Oy	YIT Oy
Nokia (Corporation) Oy	

Figure 5 Initial sample

In order to determine the final sample of the study, it is of importance to consider how many companies are enough to ensure the study's validity and reliability, as the initial sample list is quite large and would contain a great number of sustainability reports to analyse. As was stated in the purpose chapter of this paper, the sample of this study will be limited Finnish listed companies affected by the 1376/2016 legislation. All of the companies listed have been affected by this legislation. Therefore, to fulfil the purpose and the research question, the timeline for the sustainability reports chosen for analysis will be 2015-2018. This timeline will include reports that have been published both before and after the new legislation was introduced, and thus this timeframe is suitable for the paper's purpose and research question. As has been previously stated this paper aims to analyse the effects on transparency caused by the 1376/2016 legislation.

- Kesko's 2015 and UPMs 2015 and 2018 Annual / Sustainability Reports had to be downloaded from their own websites as the PDF was unavailable through the GRI's database. The reports have however, been submitted and given a GRI rating according to the GRI standards and thus they can be used in the analysis.

4.2.1 Final sample

According to Neuendorf (2017) no generally accepted set of criteria for the final sample selection exists, but she notes however, that it is often based upon the work of others in the same area of research. This has also been the case in this study to determine the final sample. In order to not make this content analysis too time consuming, the final sample has been narrowed down to a total of four companies, which would make the number of sustainability reports needed for analysis 16 total, as the time span is 2015-2018. The final sample of companies is

listed below, and all their sustainability report, except for the three mentioned above, are available for download through the GRI's websites. A smaller sample allows for greater scrutiny of each case, and it will also enhance the validity when the analysis is done manually. It is also worth noting that the companies operate in different industries. As all reports have received a GRI application this makes them comparable and suitable for analysis.

Firm	Year	Title and length of sustainability report	Integrated / Separate
DNA	2015	"Corporate Responsibility Report", 38 p.	Separate
DNA	2016	Corporate responsibility at DNA, 60 p.	Separate
DNA	2017	DNA Annual Report 2017	Integrated
DNA	2018	DNA 2018 Annual Report	Integrated
Kesko	2015	GRI report 2015, 149 p.	Integrated
Kesko 206	2016	Kesko's Annual Report, 101 p.	Integrated
Kesko	2017	Kesko's Annual Report 2017, 296 p.	Integrated
Kesko	2018	Kesko's Annual Report 2018, 263 p.	Integrated
Kone	2015	Helping cities grow sustainably (Sustainability report 2015), 26 p.	Separate

Kone	2016	Helping Cities Grow Sustainably (Sustainability report 2016), 27 p.	Separate
Kone	2017	Helping cities grow sustainably, sustainability report 2017, 25 p.	Separate
Kone	2018	Helping Cities grow Sustainably, Sustainability Report 2018, 25 p.	Separate
UPM	2015	Grow With Biofore, 80 p.	Integrated
UPM	2016	Aiming Higher with Biofore, 90 p.	Integrated
UPM	2017	GRI content Index, 10 p.	Integrated
UPM	2018	UPM Biofore Beyond Fossils (Annual Report 2018), 101 p.	Integrated

Figure 6 Final sample of sustainability reports

4.3 Validity and Reliability

Neuendorf (2017) states that methodologists have made a distinction between external and internal validity as far as content analysis is concerned. According to Neuendorf, when thinking of validity, it is important for the researcher to ask whether the question “are we measuring what we want to measure?” can be answered.

According to Neuendorf (2017), reliability is the extent to which a measuring procedure procures the same results on repeated attempts. This can be achieved through internal consistency, for example whether the researcher uses a scale or an index to measure their variables. Without a measure of reliability, the content analysis measures are deemed practically worthless, according to Neuendorf. Neuendorf further notes that a good measurement tool is to make sure that the coding scheme isn't limited to just one individual. The coding scheme should rather, yield similar results when used by multiple individuals. Interceding reliability in theory requires multiple human coders. By using frameworks from previous research studies, reliability will still be ensured as they have already provided the framework and the necessary reliability tests in their studies to make this study reliable as well by using similar methodology methods.

Hahn and Lülfs (2014) clarify in their study that their validity is based upon discussion between the researchers, which in turn, adds reliability to their findings and furthermore, confirms that their findings can be used in other studies.

Hahn and Lülfs have furthermore conducted their reliability tests with two methods. Holsti's method and Krippendorff's alpha metrics were used to measure reliability. Neuendorf (2017) notes that the reliability test should be conducted using both a pilot and final reliability metric. The Holsti coefficient of reliability was 0.86 and the conservative Krippendorff's Alpha was 0.834 in their inter-reliability tests. Furthermore, they specify that their inter-reliability was enhanced by repeatedly cross-checking the cases against the source data (the CSR reports), and additionally, having discussions in the research team. Based on these statistics, Hahn and Lülfs' study should be considered reliable, even though a content analysis program is not used in this study, but rather done manually.

5 Empirical analysis

For the purpose of this study's content analysis, a template is first needed. In this study, Boiral's 2013 study, titled "Sustainability reports as simulacra? A counter-account of A and A+ GRI reports" and its methodology has been used as a template. Additionally, Hahn and Lülfs' 2014 study "Legitimizing Negative Aspects in GRI-Oriented Sustainability Reporting: A Qualitative Analysis of Corporate Disclosure Strategies", has been used as the second basis for the research. The studies have different purposes as for what content is analysed. The methodology used in Boiral's report will be used as a basis for analysis of the picture material of the CSR reports, while Lühn and Hahn's study will be used as a basis for analysis of the text data of the reports. The focus of the analysis is to determine whether there is any reason to believe that the images in the CSR reports that have been published have any hints of simulacra in them. The other focus of the analysis will be to determine whether any specific rhetoric methods can be found in the text material, particularly in text where companies have reported on negative aspects of their operations. Hypothetically speaking, one would assume that sustainability reporting being a requirement for the companies in question would raise their willingness to report on negative events more extensively to raise transparency and trustworthiness towards their stakeholders even if such disclosure is entirely voluntary.

5.1 Key negative topics

Hahn and Lülfs (2014) have in their study, analysed, and discussed the communicative legitimation strategies companies use to report negative aspects in their sustainability reports, by doing a qualitative content analysis of the data. The data they used in their study was GRI-oriented sustainability reports, similar to the sample of this paper, which is why their paper has been chosen as a basis for the study done in this paper.

Hahn and Lülfs specify negative aspects of sustainability reporting as the following:

“any corporate statement referring to factual and/or potential corporate conduct that had or has a (potentially) negative impact on the realization of sustainability).”

They mention that this definition is quite broad, which is why they have used the GRI performance indicators to further specify what the negative impacts are. Negative aspects include e.g., toxic waste and harmful emissions from production facilities. Negative aspects may also include aspects from the social dimension in form of discrimination, bribery, work-related accidents and so forth. They did not, however, cover economic aspects as they deemed that the IFRS and US GAAP rules would make the aspects non-comparable in the way that social and environmental aspects could be analysed.

In their study, they have defined several key negative keywords when filtering with a search for negative topics, passages, and aspects of sustainability reports, such as “negative”, “incident”, and “adverse”. As the 1376/2016 accounting act amendment specifically mentions that companies should report on their actions taken towards bribery, corruption etc., one would presume that the CSR reports would include further information on these topics than mentioned in the previous CSR reports before the legislation was modified. The findings of Hahn and Lülfs will be used in this study’s analysis of the results to draw conclusions of the text data analysis. The same keywords as used in Hahn and Lülfs study will be used to define the negative passages of the data in this study, with the exception of this study being done manually instead of using a content analysis program as Hahn and Lülfs did. A manual analysis is achievable with the number of reports chosen for the sample. In addition to negative keywords, Hahn and Lülfs defined concrete, negative topics such as “corruption” and “discrimination” to further ascertain these passages. One of their research questions was to investigate how companies legitimize negative incidents in their sustainability reports and how their reporting strategies can be judged in a “true and fair view”.

The full list of keywords and concrete topics used to identify the negative passages of text in this study’s analysis are the following:

Generic keywords	Concrete topics
Negative	Corruption
Incident	Spill
Adverse	Child Labor
Harm	Discrimination
Risk	Emission(s)
Conflict	Sustainability

Figure 7 List of negative keywords used to identify negative passages

Additional negative keywords have been used based on the industry and how frequently they appear in the reports, albeit these were the most frequent ones among all of the reports.

5.2 Text data analysis

In this study the text analysis methodology used by Hahn and Lülfs (2014) in their research will be replicated, with the exception the methodology in this study being a manual content analysis. The methodology will be explained before moving on to the methods used in this study.

In Hahn and Lülfs study, they used a qualitative content analysis to extract the text data. Afterwards, as has been previously mentioned, they identified the negative aspects and keywords with the help of the GRI's indicators. This allowed them to identify the number of negative passages in the text material. In the next step, they discussed on a case-by-case basis which of these passages covered negative aspects to lastly determine the total sum of negative passages. Finally, they discussed the recurring patterns in the text to deduce which rhetoric had been used in the reporting of negative aspects. Their formulation of the rhetoric was not based upon any predefined concepts, as the researchers defined the final categories of text themselves. On the topic of reliability, they mention that the greatest challenge in the qualitative analysis of text data among coders is to make

the judgements of the coders intersubjective across coders. They achieved this by comparing the “mental schemes” of the coders.

The analysis of the text material has been done in several steps in order to ensure the highest level of reliability. The first step is to ensure that the sample is of an appropriate size, this has already been argued in favour of above. The second step was to identify the negative keywords and topics, those have also been defined above. The third step involved finding the passages where mentions of the aforementioned keywords and topics occurred. The total number of such passages can be found in the second column in the graph below. The fourth step involves identifying which parts of the reports are relevant to the study in question. In this study’s case, the task was to scrutinize and evaluate the passages where negative aspects of sustainability performance were reported. Like Hahn and Lülfs explained, this involved independent scrutinization of the material to evaluate whether or not the passages were relevant to the research question.

Company, year of the published CSR report	Number of passages identified relating to CSR using the keywords and topics	Number of passages with connections to negative events / aspects
DNA 2015	64	< 10
DNA 2016	59	< 10
DNA 2017	119	< 10
DNA 2018	109	< 10
Kesko 2015	149	< 10
Kesko 2016	184	< 10
Kesko 2017	189	< 10
Kesko 2018	180	< 10
Kone 2015	79	< 10
Kone 2016	78	< 10
Kone 2017	72	< 10
Kone 2018	81	< 10

UPM 2015	113	< 10
UPM 2016	167	< 10
UPM 2017	7	-
UPM 2018	244	< 10

Figure 8 Number of passages identified in CSR reports

The results of the text analysis will now be review on a company-by-company basis, and the evolution of reporting of negative events surrounding CSR will be analysed. It should be noted that Hahn and Lülfs make no mention in their study of what characterises a passage. In this study, a passage has been defined as a paragraph of text, without taking the length of it into consideration. Furthermore, Boiral (2013) mentions that passages which refer to adverse events often are combined in statements where positive statements are also made, which make them more difficult to identify if the researcher is not specifically investigating them.

5.2.1 DNA

On the topic of DNA's reports, it was evident that the legitimization of negative aspects mostly appears in the form of legitimizing the emissions caused by their operations. Therefore, the analysis has mostly been restricted to this subject as it is the adverse effect that is the most widely reported overall by DNA in the reports analysed in this study.

The bulk of DNA's text regarding reporting of negative or adverse actions related to sustainability efforts can be found in their GRI content index pages. The greatest negative aspect from sustainability practices in DNA's case seems to stem from the increase of mobile data volumes, which is in direct conflict with the actions to increase energy efficiency.

The following passage is repeated throughout all of the analysed DNA reports:

“Increased mobile data volumes challenge the energy efficiency of the radio network, because the continuously growing volumes require more equipment, which in turn increases energy consumption. On the other hand, 4G network reduces the relative per-data energy consumption through improved technical performance of LTE.” (DNA 2015: 12)

According to the findings of Hahn and Lülfs, this statement can be seen as a rationalizing legitimization strategy. This exact same passage is used in 2016’s report. In the 2016 report, an additional passage confirms that the emissions are in direct conflict with energy consumption.

“DNA consumes a large amount of electricity, which means that the indirect greenhouse gas emissions from DNA’s own energy consumption are significant. In the spring of 2016, DNA signed up to Society’s Commitment to Sustainable Development and continued to work towards achieving the climate objectives set in 2015:”

This is another example of a rationalizing statement, acknowledging the adverse effects that the electricity consumption of the company has. In 2017’s CSR report, DNA reports that the total of DNA’s emissions have increased from 2016, which is not a desirable direction given the company’s mission to reduce emissions, but it is reported on with a justification as to why there has been an increase. The passage is quoted below.

“DNA’s total emissions (Scope 1, 2 and 3) in 2017 were 208,000 tonnes (201,000). The increase in 2017 was due to higher level of IT equipment purchases for example.”

This is another rationalizing statement from DNA, as Hahn and Lülfs would describe this language; it is an explanation of cause and effect, with factual reasons. The increase in emissions is due *to* the purchases made. DNA is therefore acknowledging the purchase and the adverse effects it had on the total emissions.

5.2.2 Kesko

Kesko’s CSR reports have in all of the reports been integrated in the company’s annual reports. The greatest challenges for Kesko in the recent years regarding

sustainability have been the reduction of plastics, how to combat food waste, and climate change. Kesko also wants to provide the customers with circular economy solutions, making these changes even more apparent in the newer reports. An authorization statement, as it has been defined by Hahn and Lülfs, regarding risks relating to climate change is quoted below.

“Climate change may result in regulation-related risks, such as permit procedures or costs arising from emission pricing and taxation.”

Hahn and Lülfs mention that an authorization strategy aims at legitimization by referring to authority, which in this case is an impersonal reference in the form of regulations. They further mention that the effectiveness of this type of legitimization strategy is directly linked to the legitimacy of the authority the statement is referring to. Investigating this statement from a critical perspective, one can assume the mentioned authority has a high level of authority, since government regulations are mentioned.

As is the case in most of the CSR reports analysed, rationalizing statements often include a reasoning behind an adverse sustainability effect, particularly in regard to mentions of an increase in energy consumption or an increase in emissions. A passage from the 2015 report is quoted below.

“The electricity consumption of the K-food stores in Russia has nearly doubled since the previous year due to the growing number of stores in recent years. During 2014-2015, five new K-food stores were opened in Russia to reach a total of nine stores. Excluding the Russian K-food stores, the electricity consumption of Kesko’s properties in the other operating countries decreased by around 10%.”
(Kesko 2015, 233-234)

A similar statement regarding the expansion in Russia is quoted below.

“Kesko’s emissions from purchased energy in the other operating countries increased by 7%, which was mostly affected by the growing number of K-food stores in Russia.” (Kesko 2015, 244)

Additionally, a statement from the 2017 report is quoted below.

“The relative emissions had decreased by 1.9% from the base level. In 2016, emissions increased by 3.8% compared to 2015.. The increase in emissions can be attributed to the increased number of stores caused by the acquisition of Suomen Lähikauppa...”

In Kesko’s 2016 CSR reports, the use of plastic bags is important in Kesko’s strategy on how to combat the environmental impact of their operations, particularly during the later stages of the supply chain. The production of plastic bags leads to littering of water bodies, mainly the Baltic Sea and other greater lake bodies. One passage in the 2016 reports is quoted below.

“At least 45% of the recycled plastic used as a raw material for the Prikka ESSI circular bag economy consists of plastic packaging waste from households. At least 45% of used recycled plastic comes from industry. As such, circular economy bags considerably reduce the use of virgin raw material consumption and greenhouse gas emissions.”

While the issue of food waste in the end is dependent on the final consumer of the food, for example, the very end of the supply chain, Kesko believes it is part of their mission to raise awareness of it as it directly impacts their operations in a negative way if the food purchased goes unused. A passage from the 2016 report is quoted below.

“Minimising food waste along the entire food supply chain from agriculture all the way to the end-consumer reduces the need for primary production and thereby impacts on biodiversity. When food ends up in waste, all emissions from its production, transportation, selling and preparation have been useless. Minimising food waste also reduces related emissions. Climate change also impacts biodiversity, especially as areas of drought expand.” (Kesko 2016, 129)

5.2.3 Kone

As is explained in KONE's 2015 CSR report, "reducing the impact urban areas make on the environment is essential for a sustainable future."

Emissions is also for KONE's part the adverse effect from operations that is the most prominent one. In their 2015 CSR report, Kone acknowledges that the operational carbon footprint is the greatest contributor to their output of greenhouse gas emissions.

KONE refers to the adverse effects of their operations for the most part in the "Logistics" parts of their sustainability reports. The language used is for the most part rationalizing and quantitative in nature. Referring once more to the theories of Hahn and Lülfs the following passage can be read as a rationalizing statement, as they explain the cause and effect behind the increase in emissions. A passage from the 2015 report is quoted below. In the 2016 report, this statement is slightly altered to that fiscal year's operations and its impacts.

"Logistics accounted for ktCO_{2e}, or 48% of KONE's operational carbon footprint, making it the biggest contributor in terms of greenhouse gas emissions. KONE's logistics greenhouse gas emissions data has been externally assured since 2013. In 2015 KONE's logistics carbon footprint relative to units delivered to customers increased by 1.0%. The main reasons for not meeting the 3% reduction target are increased intercontinental deliveries, the ramp-up phase of the distribution center in India, and the challenges posed by volume growth in North America." (Kone 2015, 14)

In 2017's report, the Logistics part of the report has been slightly modified. The first part of the statement is essentially the same, but there is an additional category with bullet points referring to what the greatest contributors to the increased logistics carbon footprint are.

"The biggest contributors to the increased logistics carbon footprint in 2017 are:

- *Ocean freight increase due to longer distances to sites and an increased weight per delivered elevator / escalator*
- *Increased air and courier freight from the supply; one of KONE's suppliers had delivery issues in 2016 with the situation improving during the year*
- *Increased road freight emissions in China due to longer distances to customer sites and changes in our material supplier base.” (Kone 2017, 11)*

In the 2018 report however, it is stated that the logistics related greenhouse gas emissions decreased from 2017, the year in which they did not meet their targets. As such, the bullet points refer to the greatest contributors in the decrease of emissions, rather than an increase that did not happen from 2017 to 2018. However, one passage mentions an instance where the emissions did increase.

“On the other hand, our road freight emissions in Europe and Americas increased due to longer distances and higher number of shipments.”

Although this is a brief statement, it is acknowledging the fact that emissions did increase and the cause of the increase, another rationalizing statement from KONE.

Another key point of KONE's carbon footprint is its Vehicle Fleet. In 2018's report, the vehicle fleet part of the report has been expanded to recognize the fact that the 2018 development had been unsatisfactory as they called it. It also contained action on what they are currently doing to achieve the new annual emission reductions.

“The carbon footprint of KONE vehicle fleet increased by 2.7% in absolute terms and by 1.4% relative to our maintenance base compared to 2017. The main reason for the increased carbon footprint related to the vehicle fleet is the increase of kilometers driven, which in turn results from an increased number of elevators, escalators and automatic building doors under KONE maintenance contracts.” (KONE 2018,18)

“In 2018, KONE Norway purchased several electric bicycles for their maintenance operations. KONE is collaborating closely with its leasing partners to anticipate the

development of low emission zones, especially in European cities. Our aim is to shift from fuel cars to electric vehicles in our fleet as soon as the leasing contract renewal periods allow and the required infrastructure is in place. As an example, KONE Norway ordered 40 new electric vehicles during the reporting year along with the other European county organizations, such as France and the Netherlands ordering both electric and hybrid vehicles. (KONE 2018, 19)

Overall, this statement comes off as a more descriptive one than the rather vague statement written in the 2017's report, wherein they referred to the 2030 long-term goals, but not any concrete actions.

5.2.4 UPM

In 2015's report, UPM acknowledges that the pressure from their stakeholders in their demand of transparency on sustainability actions is increasing. Environmental performance is one of the greatest challenges for UPM regarding the adverse effects of their operations. Passages from the 2015 report are quoted below.

"Stakeholder demand in sustainability and product safety issues is growing in all markets offering new opportunities for value creating partnerships." (UPM 2015, 26)

"No major environmental incidents occurred at UPM production plants in 2015, and UPM was not ordered to pay any significant fines due to non-conformances. A total of 28 (37) temporary deviations from permit limits or major deviations from the environmental limits set by UPM occurred at the company's pulp and paper mills during the year. The most notable of deviations were either small oil leaks to nearby waters or biological sludge losses from wastewater treatment plants. UPM immediately reported deviations from permit limits to the local authorities and undertook corrective measures to normalize the situation and prevent similar situations from occurring in the future." (UPM 2015, 57)

In 2016's report, the above paragraph was also used, but no total number of deviations were given, instead, in the report it was stated that "several minor temporary deviations from permit limits did arise."

"No significant environmental incidents occurred in 2016. However, several minor temporary deviations from permit limits did arise. These deviations were reported to the relevant authorities immediately, and corrective and preventive measure were taken." (UPM 2015, 87)

The 2016 report is a bit more sparse on legitimization rhetoric from adverse effects of operations. However, another rationalizing statement appears in the 2016 report, regarding UPM's fossil carbon dioxide emissions, quoted below.

"In 2016, on-site CO₂ emissions (Scope 1) decreased mainly because of change in energy supply at UPM Hürth mill. Co₂ of purchased electricity (Scope 2) increased mainly due to higher CO₂ factors in Germany and Finland." (UPM 2016, 67)

The 2017 report that has been submitted to the GRI from UPM includes only the GRI Content Index, which is why the report is drastically shorter in length and data to analyse. While passages related to negative disclosure around adverse events are nearly non-existent for this data, it does include their social responsibility disclosure data measurement techniques. The most important ones will be mentioned here. The most important environmental disclosure data measurement, and the most relevant to the paper, being air emissions. In the GRI content index, it is stated that direct fossil CO₂ is calculated based on fossil usage and done according to the European Emissions Trading System, or other national requirements, which adds to the validity of their calculation methods.

Once again, the importance of boundaries outside of the organization, namely the supply chains, are raised to be of importance. In particular, the energy supply from jointly owned connected power plants and other relevant environmental parameters (fuels, waste, air emissions), are mentioned. Additionally, the report states that all downstream and upstream processes are covered in their disclosure of greenhouse gas emissions (GHG).

Energy consumption continues to be a challenge for UPM, as reduction in energy consumption, mainly as the amount of kWh electricity/ tonne of paper produced continued to be reported.

A passage of interest can be found in the material topics chapter, in part with the “Economic Performance 2016” metric, is that UPM mentions the omission of some material. A statement from the 2017 report is quoted below.

“UPM is not disclosing financial implications of any risks or opportunities or related costs due to commercially sensitive nature of the data.” (UPM 2017, 3)

In contrast to previous years’ reports, the 2018 CSR reports has seen a rebranding from UPM. The new tagline of the annual report is “Beyond Fossils” and it is overall more extensive. There is a more expansive section dedicated to climate change and more specifically, the risks and opportunities related to it. Regarding the supply chain matters, UPM states the following.

“If any discrepancies are discovered, the supplier is required to take corrective measures.” (UPM 2018, 61)

One of the adverse effects mentioned of UPM’s hydro plants are the effects on the watercourses, mainly the fish colonies.

“UPM has been a hydropower producer for over one hundred years, and UPM Energy is the second-largest electricity producer in Finland. While hydropower represents cost-effective, renewable and CO₂-free means of generating electricity, it can also have an adverse impact on the watercourses and their habitats. In order to minimize these impacts, we work closely with authorities and other stakeholders.” (UPM 2018, 72)

This is yet another statement that can be analysed as both rationalizing and authorian, as they mention their cooperation with authorities and other stakeholder to reduce the negative impacts that these operations have.

5.3 Analysis of picture material

The method for analysing images is different from how the text content is analysed. Boiral (2013) has categorized the content of the images for the different companies across the entire sampled years rather than categorizing the content on a yearly basis. According to Boiral, images can be viewed as simulacrum if it represents a disconnected view from the critical issue that is being presented in the report.

The images included in the analysis have all been individually scrutinized and then categorized into the five different form of simulacrum if any could be interpreted from the image. The picture material analysis is based upon Boiral (2013) own construction of the simulacra table.

Table V: The five simulacra of corporate sustainability

Firm	Unspoiled nature	Innocence and happiness	Caring and stewardship	Cooperation and external recognition	Ingenuity and innovation	Total
BP	0	2	8	5	5	20
Gas Natural	9	7	7	5	3	31
Kospo	1	10	5	14	5	35
OJSC	6	10	13	23	13	65
Petrobras	5	4	8	5	3	25
Repsol	17	4	11	2	6	40
RWE	2	2	11	0	2	17
Shell	2	0	7	5	7	21
S-Oil	12	19	10	20	6	67
Suncor	8	2	6	2	3	21
Energy sector (%)	62 (18)	60 (18)	85 (25)	81 (24)	53 (15)	342 (100)
Anglo American	7	10	11	5	4	37
Anglogold	11	10	28	9	8	66
Avon Metals	18	8	3	13	3	45
BHP Billiton	3	4	17	3	0	27
Codelco	42	17	14	5	6	84
Illawarra Coal	3	7	10	8	1	29
Newmont	193	197	78	25	9	502
Peñoles	13	23	6	5	2	49
PT Kaltim	1	2	21	4	0	28
Teck Cominco	6	2	6	1	1	16
Usiminas	8	10	11	1	3	33
Mining sector (%)	305 (33)	290 (32)	205 (22)	79 (9)	37 (4)	916 (100)
Energy & mining (%)	367 (29)	350 (28)	291 (23)	160 (13)	90 (7)	1,258 (100)

Figure 9 Analysed sustainability reports, Boiral 2013, p. 13

In the study conducted by Boiral (2013), “1258 pictures included in sustainability reports were categorized into recurring themes from an inductive perspective.” (Boiral 2013, p. 1). According to Boiral, the pictures included in the reports included a clear disconnection from the impact of the business activities. Boiral further mentioned that neutral pictures, such as pictures of production processes, products, company executives etc. had been excluded to simplify the analysis, as they were not directly related to sustainability issues. The photographs included were among others, pictures that illustrate various sustainability issues covered

by the GRI indicators, such as health and safety, biodiversity etc. The pictures Boiral had chosen for analysis were i.e., used to convey a message that could contain possible simulacrum.

5.3.1 Simulacra defined by the images analysed

After having analysed the images of the CSR reports in the final sample, the images can be categorized into the simulacrum in the table below.

Company	Unspoiled Nature	Innocence and Happiness	Caring and Stewardship	Cooperation and recognition	Ingenuity and Innovation	Total
DNA 2015	1	4				5
DNA 2016		3		3		6
DNA 2017		9		11		20
DNA 2018		22		2		24
Kesko 2015	1	2	1	1		5
Kesko 2016		6	1	3	2	12
Kesko 2017	3	3				6
Kesko 2018		14	2	7	4	27
Kone 2015		4		3	4	11
Kone 2016		6		5	7	18

Kone 2017		3		1	2	6
Kone 2018		4			3	7
UPM 2015	2	6	1	13	4	26
UPM 2016	2	2	2	13	4	23
UPM 2017						0
UPM 2018	5	4	2	13	6	30
Total	14 (6.2%)	92 (40.7%)	9 (4%)	75 (33.2%)	36 (15.9%)	226

Figure 10 Total simulacra identified from the analysed images

When the total number of simulacra has been defined, it is time to decipher whether there has been any significant decrease or increase in simulacra in the last two years' analysed reports. The total percentage of simulacrum per year is a good starting point for the analysis. In the study conducted by Boiral (2013), he first accounted for all of the percentages of the simulacra found. The total percentages of simulacrum are defined in the table above.

On the results of the image analysis, Boiral (2013) had the following to report.

“This near absence of realistic images of the negative impacts of activities stood in sharp contrast with the proliferation of images projecting a rather idealized and artificial vision of the firms' sustainability. These idealized and artificial visions resembled simulacra, that is, representations that were disconnected from reality, but which tended to artificially inflate the companies' image and social legitimacy.” (Boiral 2013, p. 23)

5.4 Results from the image analysis

Boiral (2013) mentioned in his results that companies could use better guidance to increase the realism of the CSR reports particularly the image content. Out of ca. 556 total images analysed across all of the CSR reports included in this paper's analysis, 242, or 43.84%, were categorized into the simulacra that have been defined according to Boiral. It needs to be mentioned, however, that some of the images appeared multiple times in a single report. Furthermore, some of the images included close-up images of members of the board and other executives which were not relative to any of the negative CSR topics that were the focus of this image analysis.

	Unspoiled Nature	Innocence and Happiness	Caring and Stewardship	Cooperation and Recognition	Ingenuity and Innovation	TOTAL
DNA 2015	1	4				5
DNA 2016		3		3		6
DNA 2017		9		11		20
DNA 2018		22		2		24
Total	1 (2%)	38 (69%)		16 (29%)		55 (100%)

Figure 11 Analysed simulacra in DNA's CSR reports

In DNA's CSR reports, one can analyse that the simulacrum of Innocence and Happiness is the most frequently appearing one. The categorized pictures in this simulacrum featured for the most part images of children or adults engaging with their various electronic devices such as phones, tablets, and such. These images conveyed the image of innocence due to the persons in the images often smiling and being carefree. Smiling people were present in two of the four reports analysed.

Of all the images containing simulacra that have been identified in DNA's reports, the simulacra of Cooperation and Recognition accounted for 30% of the total images categorized.



Figure 12 DNA 2018 Annual Report, p. 17



Figure 13 DNA 2018 Annual Report, p. 26-27

In DNA's 2018 reports, the two images above are showcasing celebratory pictures from the Great Place to Work Institute's awards ceremony where DNA won the Great Place to Work certification for the second consecutive year. The first image is part of a DNA's Highlights in 2018 section of the CSR report while the second picture is adjacent to text data describing their workplace values and their

commitment to increasing employee satisfaction in the workplace, detailing their plans for work-life balance. The presentation of these images correlates with Boiral's finding of the images being used to present the company as a model organization and the awards they have received being proof of the strength of its commitment and external recognition (Boiral, 24).

	Unspoiled Nature	Innocence and Happiness	Caring and Stewardship	Cooperation and Recognition	Ingenuity and Innovation	TOTAL
Kesko 2015	1	2	1	1		5
Kesko 2016		6	1	3	2	12
Kesko 2017	3	3				6
Kesko 2018		14	2	7	4	27
Total	4 (8%)	25 (50%)	4 (8%)	11 (22%)	6 (12%)	50 (100%)

Figure 14 Simulacra identified in Kesko's CSR reports

Interestingly, Kesko chose to include two pictures in their 2016 report that had direct correlation with the events described, namely energy more particularly, the assemble of solar panels at K-stores. (Kesko 2016, 66) According to Boiral's findings, these types of images connect to the ingenuity and innovation simulacrum, as it shows a concrete, scientific action taken to improve sustainability efforts. Overall, however, Kesko's reports are relatively sparse on images that are not graphs or other statistics.



Figure 15 Assemble of solar panels (Kesko 2016, p. 66)

Furthermore, analysing the results of the categorization of images in Kesko reports, the simulacra of caring and stewardship can be found in the 2018 report. The image shows the concrete actions of the K Fishpaths collaboration, engaged to restoring habitats for endangered fish. The photo shows volunteers or K-retailers who took part in the event of the collaboration between K Fishpaths and WWF Finland. According to the report, the K Fishpaths collaboration aims to create spawning ground for migratory fish populations, and also removing barriers which prevent the migratory fish from swimming upstream.



Figure 16 K Fishpaths collaboration project (Kesko 2018, p. 42)

While Boiral indicates that these types of images can be presented as a disconnect from reality, one could argue for this not being the case in Kesko's report, as they have extensively reviewed for the cooperation between them and WWF Finland, detailing the objectives and progress of the collaboration. The image has thus not just been used for bolstering purposes.

	Unspoiled Nature	Innocence and Happiness	Caring and Stewardship	Cooperation and Recognition	Ingenuity and Innovation	TOTAL
Kone 2015		4		3	4	11
Kone 2016		6		5	7	18
Kone 2017		3		1	2	6
Kone 2018		4			3	7
Total	0	17 (40.5%)	0	9 (21.4%)	16 (38.1%)	42 (100%)

Figure 17 Simulacra identified in Kone's reports

From the table it can be read that the 2016 report has the greatest number of simulacra as defined by Boiral. Additionally, the statistics shows that the simulacrum of Ingenuity and Innovation and Innocence and Happiness are the most frequently appearing ones across the reports. The image below is taken from the chapter titled "Striving for resource efficiency", in which KONE's sustainability actions among their business activities are stated, such as aiming to use efficient low-carbon operations. While the image below doesn't say anything in particular as to what the particular innovation is, it stands in context to text material describing KONE's wish to be the leader in low-carbon solutions for smart buildings, which is what the operation shown below could possibly refer to.



Figure 18 Kone's Annual Report 2016 depicting resource efficiency (KONE 2016, p. 17)

Additionally, one clear example of an innovation that is clear on display is shown below. This image portrays the KONE Rondel Light, which is a new type of elevator car lighting.

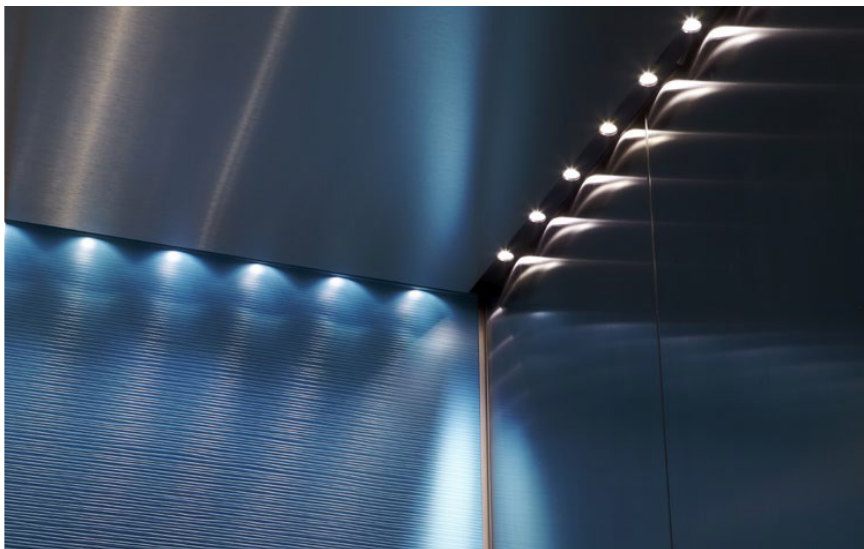


Figure 19 KONE's Annual Report 2016 depicting elevator car lighting (KONE 2016, p. 16)

	Unspoiled Nature	Innocence and Happiness	Caring and Stewardship	Cooperation and Recognition	Ingenuity and Innovation	TOTAL
UPM 2015	2	6	1	13	4	26
UPM 2016	2	2	2	13	4	23
UPM 2017						0
UPM 2018	5	4	2	13	6	30
Total	9	12	5	39	14	79 (100%)

Figure 20 Simulacra identified in UPM's CSR reports

The absence of images in UPM's 2017 report is explained by the version submitted and available through the GRI's database only includes the GRI context index. Images are completely absent from that particular data. In UPM's CSR reports the simulacrum of ingenuity and innovation can be found in all but one of the analysed reports. Among the analysed reports, this simulacrum is the most prominent in UPM's CSR reports. One of the images is, for instance, a fairly typical image of a scientist in a laboratory, although it does have some connection to the text in the report, as it's placed next to a section about Innovations and R&D, one quote being the following.

"The aim of UPM's R&D programmes and business development is to create new technologies and products, provide support to and ensure the competitiveness of its businesses." (UPM 2015, p. 34)



Figure 21 Image depicting a laboratory (UPM 2015, p. 34)



Figure 22 Image depicting laboratory equipment (UPM 2016, p. 39)

These types of images, according to Boiral, enforces trust in the companies' scientific knowledge and their devotion to seeking solutions to environmental issues. The images above depict laboratory personnel and equipment; however, this could be any given picture and does not actually convey any particular instance of what is it their R&D division actually develops. It needs to be stated, however, that some of the later text data highlights their efforts to offer sustainable solutions to fossil-based fuels, such as biochemicals which require laboratory work. These particular images are in this case not entirely misleading as they do stand in context to laboratory-based work mentioned in the text. In the

2018 report, similar text can be found in context to circular economy and their effort to improve resource efficiency using innovative technology. The 2018 report does not include any similar laboratory pictures as the ones found in the 2015 and 2016 report however, despite having overall text data similar to the sections found in the other reports.



Figure 23 A vehicle being tanked with biofuels (UPM 2018, p. 35)

The image above of a vehicle being tanked with biofuels is taken from UPM's 2018 annual report. The image stands in relation to the part of the report focused on UPM's increased production of biofuels, such as low-emission renewable diesel. According to the report, their "2UPM Bioverno Diesel" lowers greenhouse gas emissions by up to 80%, offers cleaner combustion than fossil diesel and lowers tailpipe emissions on the road. Additionally, from the text data of the report one can analyse that the biofuels they develop are a genuine attempt to lower emissions and provide more sustainable options in biofuels, even though the previously mentioned picture itself does not tell of any concrete actions other than showing the product in use.

Even though images of unspoiled nature accounts for about 12.5% of the total images containing simulacrum found, they are present mostly in UPM and KONE's reports. UPM's 2016 and 2018 reports included photos of undisturbed forests. The photos were shown in relation to their commitment to sustainable forestry. Among the significances of their sustainable forestry strategy, they mention that renewable wood is the most important raw material to UPM. Analysing the images in the context of the text, one can derive that the images are there to convey the image of UPM as a responsible forest owner, which they also use in one of the headlines in the 2016 report. Photos such as these paint a more positive picture than for instance, photos that could convey the effects of deforestation in the tropics, which they also acknowledge as a challenge that the paper industry faces.



Figure 24 Image depicting undisturbed hectares of forest (UPM 2015, p. 58)

6 Discussion

In this chapter the results of the research will be discussed critically.

6.1 Discussion of text analysis findings

The results from the text analysis were largely expected based on the findings of Hahn and Lülfs. Early on in the analysis, it became clear that legitimization of adverse and/or negative effects of CSR are reported in relatively brief passages relative to how companies choose to report on actions take to combat climate change. Hahn and Lülfs claim that biased and influenced reporting about negative events could harm corporate legitimacy, something that companies could avoid by reporting on adverse effects.

The greatest challenge for all of the companies analysed in this study involved is in fact emissions and decreasing the amount of fossils fuels used in their operation, which is why the analysis has mostly been restricted to this topic. Electricity consumption and the consumption of plastics were also adverse effects that were among the most frequently mentioned topics, as has been reviewed in the result analysis of the text data. These results were all expected from the initial sampling.

“Fourth, the rationalization strategy depicts negative aspects as being either economically necessary or a normal fact of life”. (Hahn and Lülfs, 2014, p. 413) Both can be used to influence readers’ perceptions. Presenting a negative effect (e.g., increasing CO2 emissions) as either “necessary” or “normal” aims at connecting it to already institutionalized and legitimate practices (e.g., pursuing economic growth) to signal conformity with established practices. The intended transfer of legitimacy to the negative incident could thus influence stakeholders’ perception of the incident’s legitimacy in society.

Very similar to the findings of Boiral (2013), it’s apparent from the results that the companies disclose on adverse events in very short form. Fewer than ten examples of passages that mentioned negative events or aspects as a direct effect of a

company's operations were found in the reports from reading through only those specific passages. Boiral indicates that the rate of acknowledgement in the energy sector was particularly low. Boiral also indicates that the adverse effects were usually reported in passages that were mostly focused on longer, positive passages, which made these types of disclosure data difficult to find. This also leads to the passages being easier to overlook if one is not actively investigating them, according to Boiral. This was all also the case with this study, and it became clear early on in the analysis. None of the reports were struck as having been written in order to cause confusion or evasion with the reader, but the adverse effects were reported on in extremely brief form in comparison to how frequently the different CSR topics were mentioned in the reports.

Furthermore, Boiral mentions that an over-emphasis on positive disclosure is possible, such as acknowledging accolades and overemphasising a company's positive achievements in relation to CSR, which borders on what he calls corporate narcissism. He does indicate that such "self-promotional tendencies" may seem legitimate, but that they can be harmful for transparency and strengthen the simulacra of the text or images.

6.2 Discussion of image analysis findings

When discussing the results of the image analysis, it is important to remember what the companies try to achieve with these images. As Boiral (2013) mentions in the discussion of his study, he advocates for better guidance on the use of images in the sustainability reports to increase the realism of them. While it may seem like a reasonable idea to enhance the attractiveness of the reports with pictures of undisrupted nature, children etc., Boiral mentions that realistic images that present the company's real impacts on the environment should also be present for balancing purposes. Boiral claims that this would ensure that the reports reflect the reality of the companies' impacts rather than the images being present for public relations purposes only.

In this case, it should be noted that the data used in Boiral's 2013 study included reports from only one single year, 2007. This is mentioned as a limitation in the study itself. This paper has in turn, focused on four years, and thus several other approaches can be taken into the discussion. Among the approaches to the discussion Boiral mentions are the company's history, strategy, and events.

From the table of simulacra derived from the images analysed, one can analyse some statistics from the four-year period of reports analysed. The most apparent one being that the simulacrum of Innocence and Happiness accounted for 40.7% of all the images that were categorized. Almost half of these images, namely 47.8%, could be found in the 2018 reports. Kesko and DNA account for the greatest increase in simulacrum in this category compared to their previous reports. The increase in images is partly due to the reports analysed being longer than the 2016 and 2017 ones. DNA's 2018 annual report is over 70 pages longer than the data analysed from 2017 and 2016. Additionally, in DNA's case, there has been an increase in the simulacrum of cooperation and recognition, due to the images from award shows that have been previously mentioned in the results section of the paper. This is, however, not necessarily a cause for concern, since DNA's reports are overall transparent in other sustainability areas.

Another observation from the statistics is that the simulacrum of Caring and Stewardship was only present in Kesko's and UPM's reports, while no such simulacrum could be identified in DNA's and Kone's reports. Different to the findings of Boiral, however, I would argue that the inclusion of images categorized into this section not necessarily should be interpreted as "falsifications", as they do show genuine actions that the companies take in regard to sustainability, such as the fish path project or the installation of solar panels mentioned in the earlier Kesko section. While the images themselves could certainly be interpreted as staged to a certain degree, I do not believe that this discredits the actions shown in the images.

6.2.1 Critical analysis of Boiral's findings and whether they can be applied to this study

The key observation to mention while discussing the simulacrum of the images is that this paper has only taken images taken with a camera into consideration for the image analysis. This means that other graphical illustrations such as tables, flowcharts, and such which are often detailing environmental impact of companies' actions in measurable statistics, have not been considered as data for the analysis, as they were not included as data in the study that this paper used as a foundation. Thus, analysing other graphical illustrations included in the reports could thus possibly lead to other conclusions, as they are evidently more certain to show the realistic effects of companies' actions, rather than the images that are displaying real life objects and environments.

Furthermore, I personally do not think that all of Boiral's conclusions can be applied to this paper's results. One of the reasons behind my reasoning on this is that the data which were used in Boiral's study included sustainability reports from 2007, which are reports from over a decade ago. This makes the results of Boiral's study not directly comparable with this study. Additionally, the CSR reports analysed in Boiral's study included reports from different parts of the world, including the UK, Brazil, Spain, South Africa, and Indonesia to name a few. The focus of this paper is therefore more direct since it focuses only on one country, Finland, and thus the results of Boiral's study may not be directly comparable with the results of this study. Fernandez-Feijoo, Romero and Ruiz (2014), mention in their study that Finland can be seen as environmentally conscious while Brazil is a growing economy and has a different outlook on CSR. According to them, it is important to consider the importance of the CSR reporting in the countries according to the GRI's standards. This is an important part to consider when analysing the effects that a reformed legislation has had on transparency, as the purpose of this paper was to analyse whether there had been a difference in transparency after the implementation of the new legislation.

6.3 Implications on transparency of CSR reports

To connect the results back to the research question and the theory surrounding transparency, it needs to be said that Finland has a relatively low corruption index and overall high transparency in the reporting practices, as was previously examined in the transparency section of this paper. Based on the results of the text analysis, a significant decrease or increase in transparency cannot be established, which is in line with Boiral's and Hahn and Lülfs' findings. However, the change in simulacrum can be defined and that has been established in the image analysis results.

One thing of importance is to remember that the particularly the examples from the text and image data shown in this study were selected across hundreds of pages filled with CSR text data. The negative passages and the images chosen for analysis that contained a certain simulacrum of course do not discredit all of the other text material or images in the reports. Investigating all of the analysed CSR reports and the companies' progress over the years, it is clear that sustainability and CSR have become increasingly important topic, which is noted by their sustainability efforts on how to tackle climate change, and the amount of material disclosed has in most cases increased annually.

Finally, referring back to the statement of the accounting act amendment that is at the core of this paper.

“The legislation is based on an EU directive and obligates the companies to report on their policies concerning the environment, their employees, social issues, human rights and tackling corruption and bribery. The reporting should also include a brief description of the company's business model and explain the risks related to its policies and how the risks are managed.”

Based on the results of the text and image analysis, I do not think that the implementation of the accounting act amendment has had a direct effect on companies' willingness to disclose more negative disclosure. The question cannot

at the very least be answered based on the results of this study. That being said, disclosure regarding sustainability and CSR overall has as previously been mentioned, increased during the most recent years. Based on the results of this study, a direct correlation between the implementation of the accounting act amendment and increase or decrease in transparency cannot be clarified.

Furthermore, it is worth investigating the paragraphs of the legislation that adhere to the information that should be disclosed and the exceptions to the disclosing of information. As clarified in the theory chapter of this paper, the third paragraph of the third chapter of the 1376/2016 accounting act amendment states that some information can be omitted if there is strong reason to believe that the publishing of information that adheres to negotiations, issues etc. of non-financial information would damage the company's commercial status significantly.

Analysing this passage of the legislation, it does make sense as to why companies would rather not disclose every negative effect that their operation may have and judging by this paragraph, it is entirely within their rights to do so if it would harm their commercial status. This may be one of the reasons why negative or adverse events are not reported on as actively as on other methods to combat climate change.

6.4 Validity & Reliability

Reliability at its core is the idea of how secure the data used in the study is. All of the data gathered for this study has been submitted to the GRI for classification, which means that the database has a high reliability in terms of accounting data. The choice to conduct this study manually, however, decreases the overall reliability of the results. Due to the study being conducted manually, the possibility of human error in the composition of results is increased. It cannot be guaranteed that some examples have been missed in terms of the negatives passages previously mentioned in the data section of the paper, that might have been discovered using a content analysis program. The risk of error is therefore larger when doing a qualitative content analysis manually.

That being said, the reliability of replication in the methodology process test done by Hahn and Lülfs ensures that the methodology in this study is still reliable despite the internal validity of it not being as strong considering this paper was done by one person.

7 Concluding remarks, limitations, and future research

This chapter will review the conclusion of the thesis and mention possible future research topics for how this study can be expanded upon.

This paper contributes to the growing number of papers focused on CSR, sustainability, and transparency in CSR reports, providing a deeper understanding of how transparent CSR reports are. The aim of this paper was to shed light on whether corporate sustainability reporting had become more transparent from the increased stakeholder pressure, in particular the reform of the 1376/2016 accounting act amendment. The CSR reports were analysed, and legitimization strategies and simulacrum were identified in the reports.

7.1 Limitations

The limitations of this study have directly affected the results and the conclusions that can be drawn from the results. The most apparent limitations are that the companies included in the sample were limited to Finnish listed companies, which makes the ability to compare the results with studies conducted with data from other countries difficult. Even though the GRI gives generalized guidelines, the levels of general transparency and corruption within the countries may differ, and the levels of which the companies will choose to include negative disclosure and present their image material in the reports may vary, both between sectors but most apparently countries.

Another limitation which had an effect on the outcome of this study is that the sample of this study was limited to four total companies in relatively similar sectors, which comparatively to other studies done in the same research area where a content analysis program has been used, is a relatively low sample. In this study, the text material was analysed manually without a content analysis program, which makes the risk for human errors larger than if a content analysis program had been used. Furthermore, the results in this study may lack significance due to the relatively small sample. Additionally, since the aim of this

paper was to measure an increase / decrease in transparency, that in and of itself is a limitation, since some researchers have argued for transparency not really being measurable with quantitative variables.

7.2 Suggestions for further research

Further studies may wish to include a greater sample or compare the effects in different countries to achieve more significant results. Research focusing on CSR in the Nordic countries and the effects of transparency continues to be sparse and there is definitely cause for improvement in that research area. Furthermore, it could also be interesting to make comparisons across different sectors to investigate whether the results would differ based on the negative effects that surround their operations and whether the legitimization strategies used in these reports have any correlation with each other.

As this study has only referred to “increased stakeholder pressure” as legislations, further studies could include other stakeholder pressures such as investors, customers, and such to see whether the increased pressure from them has had an effect on transparency.

Similar to what Hahn and Lülfs account for as future avenues for research, future studies could make use of external opinions to validate the findings, since the perception of the text and image material analysed in this report is dependent on the researcher themselves. It would also be interesting to do a similar study such as this and connect with the companies themselves as to investigate their motivations for sustainability reporting and the amount of information surrounding negative events or effects they tend to report.

8 Hur ökad press från intressenter har påverkat CSR-rapporters transparens i finländskt börsnoterade bolag

8.1 Forskningsområde

På en märkbart kort tid har diskussion kring hållbarhet nått nya höjder. Det går knappt en dag utan en nyhetsändring relaterad till hållbarhetsfrågor i någon form. Allt vanligare extrema väderförhållanden har fört debatten till nya höjder. Faktumet att det än idag finns de som förnekar ens någon form av klimatförändring och dess effekter enbart ökar incitamentet för att fortsätta sprida medvetenheten kring hållbarhetsfrågor och vad vi som ett samhälle kan göra för att förhindra att problemen ökar. Företag som arbetar inom redovisning är givetvis inget undantag till detta, speciellt beträffande beslutsfattandet under det inkommande decenniet. Denna intensiva debatt har lett till att bolag och deras intressenter har ökat intresse för hållbarhet. Intressenter har fått ett speciellt intresse för hur bolag rapporterar om negativa externaliteter som deras verksamhet leder till, exempelvis genom utsläpp av växthusgaser. I ett samtida företag är hållbarhet länkat till företagets finansiella strategi. (Lan, Yang och Tseng, 2019). Ekonomisk hållbarhet, vilket inkluderar att allokerar resurser på rätt sätt genom verksamheten, har alltid varit en viktig fråga för ett företags fortsatta framgång och hållbarhet. Nu har dock samhällelig hållbarhet och hållbarhetsfrågor som kretsar kring miljön fått en allt större betydelse för intressenter, inte minst beroende på hur företag rapporterar om dessa. Ballou et al. (2018) förklarar att revision har utförts på företags CSR-rapporter för nästan två tredjedelar av de globalt 250 största företagen. Detta visar på hur viktigt kvaliteten på CSR-rapporter är.

The Global Reporting Initiative (GRI) har på en internationell nivå varit en banbrytande organisation vad hållbarhetsrapportering beträffar sedan de grundades år 1997. Över de senaste decennierna har problem kring hållbarhet och miljöfrågor ökat exponentiellt och fått mera utrymme inom medier, vilket i sin tur lägger tryck på företag att vara så transparenta som möjligt med vilka effekter

deras verksamhet har på miljön, samt rapportera om vilka övriga negativa effekter som förekommer.

Finländska bolag var inte tvungna att rapportera om samhällsansvar ända fram till år 2017, vilket i sin tur betyder att de första obligatoriska rapporterna utgavs år 2018. Detta betyder givetvis inte att det inte har förekommit hållbarhetsrapporter för tidigare räkenskapsår. Enligt ett EU direktiv som utgavs sent år 2016 blev det ett krav på börslistade bolag, kreditinstitut och försäkringsbolag att publicera rapporter över samhällsansvar. Företag vars antal anställda överskrider 500 och vars omsättning överstiger 40 miljoner euro är inom ramen för den nya lagen. Bolag ombads nu att som ett tillägg till deras affärsmodell och riskhantering även rapportera om samhällsansvar och deras policy gentemot deras anställda, korruption och mänskliga rättigheter. Detta kunde utföras genom en separat CSR rapport, eller en integrerad rapport som en del av bolagets övriga årsberättelse.

8.2 Forskningsfråga

Avhandlingens forskningsfråga baserar sig på att undersöka om det har uppstått en signifikant förändring inom transparensen i CSR-rapporter vid börsnoterade finska bolag efter att bokföringslagen 1376/2016 trädde i kraft. Målet med studien är att klargöra om förändringen i bokföringslagen har haft en effekt på andelen negativa externaliteter som redogörs för i CSR-rapporterna. Detta analyseras som tidigare nämnts genom en kvalitativ innehållsanalys. Ytterligare granskas CSR-rapporternas bildmaterial för att klargöra om det finns en signifikant skillnad i antalet skenbilder före och efter det att förändringen i bokföringslagen trädde i kraft.

8.3 Syfte

Syftet med studien är att undersöka hur företag rapporterar om negativa externaliteter som verksamheten leder till. För att kunna undersöka skillnaderna i rapporteringsmetoder före och efter förändringen av bokföringslagen så kommer samplet bestå av finländskt börslistade bolag vars rapportering påverkas av den förändringen i bokföringslagen.

8.4 Metod

I denna avhandling har innehållsanalys tillämpats som forskningsmetod eftersom den passar för att besvara forskningsfrågan, dvs. huruvida transparensen i CSR-rapporter har förändrats efter den nya lagstiftningen. Detta utförs genom en jämförelse av företags CSR-rapporter före och efter införandet av den nya lagen. För att kunna utföra denna jämförelse behövs en analys av text och bildmaterial, varpå innehållsanalys är den mest logiska, och användbara, forskningsmetoden. Yu, Kuo och Kao (2017) antyder i deras studie på att innehållsanalys är en god metod för att samla in kvalitativa data för att sedan rapportera det kvantitativt. De nämner ytterligare att innehållsanalys har använts som en forskningsmetod för att undersöka CSR-data, vilket är applicerbart även på denna studie.

Samplet i denna studie utgörs av fyra finska börsnoterade bolags CSR-rapporter från 2015 till 2018. Bolagen är DNA, Kesko, UPM och KONE. Denna tidsram lämpar sig för studiens syfte, eftersom det möjliggör att jag kan kontrollera effekterna före och efter förändringen i lagstiftningen, vilket är syftet med studien. Det slutgiltiga samplet är begränsat till fyra bolags rapporter eftersom det säkerställer att analysen inte är allt för tidskrävande och det möjliggör även analys av rapporterna så noggrant som möjligt, eftersom analysen utförs manuellt och inte med hjälp av ett program specifikt gjort för innehållsanalytiska syften.

8.5 Empirisk analys

I studien har som tidigare nämnts både text och bildmaterial använts som data i innehållsanalysen. Beträffande analysen av textdata har ramverket använt av Hahn och Lülfs (2014) i deras studie replikerats, med undantaget att denna studie har utförts manuellt och inte med hjälp av ett innehållsanalytiskt program. Målet med textanalysen var att identifiera passager i textmaterialet som hade anknytning till negativa externaliteter förorsakade av bolagens verksamhet. För att identifiera dessa passager har i studien likt Hahn and Lülfs (2014), uppgjorts en lista över negativa aspekter och nyckelord som man förknippas med CSR och

hållbarhet. Efter att det totala antalet textpassager hade identifierats var nästa steg att individuellt granska dessa passager och retoriken i språket för att klargöra på vilka ställen i rapporterna som negativa aspekter av verksamheten nämns. För analysen av bildmaterialet i CSR-rapporterna har varje bild analyserats individuellt och sedan i mån av möjlighet kategoriserats in i skenbilder med hjälp av definitionerna av Olivier Boiral (2013).

Resultatet av textanalysen visar på att rapporterna av negativa externaliteter rapporteras i korta textpassager och några av de retoriska rapporteringsteknikerna som Hahn och Lülfs identifierade förekom även i dessa rapporter. Mindre än tio passager per CSR-rapport kunde identifieras till den grad att negativa externaliteter av verksamheten nämndes. Den vanligaste negativa externaliteten i alla CSR-rapporter var minskningen av koldioxidutsläpp. De flesta av de textpassager som hade negativ klang och som kunde identifieras, var dock rationella i retoriken, dvs. orsak och påverkan av händelserna, exempelvis en ökning av koldioxidutsläpp, rapporterades i de flesta fallen. Detta resultat var väntat med tanke på samplet och det överensstämmer med resultat som Boiral (2013) samt Hahn och Lülfs kom fram till i sina studier.

Beträffande kategoriseringen av bildmaterialet i skenbilder så förekom det inte en väsentlig ökning eller minskning av dem före eller efter förnyelsen av bokföringslagen. Utifrån totalt 556 analyserade bilder kunde 242, dvs. 43,84 %, kategoriseras i skenbilder definierade av Boiral (2013). Den vanligaste skenbildskategorin var naivitet och lycka (eng. Innocence and Happiness), vilken bestod av 40,7 % av alla kategoriserade skenbilder.

8.6 Sammanfattning av resultat

Baserat på resultatet av studien kan det inte klargöras om transparensen har signifikant ökat eller minskat som en följd av reformen av bokföringslagen. Det bör poängteras att Finland har ett relativt lågt korruptionsindex och därmed borde transparensen i de finansiella och icke-finansiella rapporterna överlag vara god.

Det kan inte heller genom resultatet av denna studie fastställas att bolagens vilja att rapportera om negativa externaliteter har ökat eller minskat som en följd av förnyelsen i bokföringslagen. Men däremot har hållbarhet och CSR fått en allt större betydelse i bolagen vilket syns genom textdata och ökade mängden data i rapporterna. Det finns inte heller skäl att misstänka att de exempel som har lyfts fram i studien skulle skada transparensen allvarligt. Detta är fallet eftersom de enskilda exempel som har nämnts naturligtvis inte understryker vikten av all övrig rapporterad information så som vilka handlingar bolagen utför för att bekämpa klimatförändringen och i allmänhet öka hållbarheten i sin verksamhet. Dessutom är det värt att komma ihåg att bolagens vilja att rapportera om negativa externaliteter, enligt ändringen i lagen, är valfri om det finns sannolika skäl att misstänka att rapporteringen av sådan information skulle skada bolagets kommersiella status avsevärt. Detta är möjligt enligt bestämmelserna i 3 a kap. 3 § i lag om ändring av bokföringslag 1376/2016. En förutsättning för detta undantag är dock att uteblivet offentliggörande av sådan information inte utgör ett hinder för att den bokföringsskyldige uppvisar en rättvisande bild av verksamheten och resultatet. Detta kan vara ett skäl till att förändringen i andelen information om negativa externaliteter inte är signifikant.

8.7 Begränsningar och förslag på vidare forskning

Syftet med denna studie var att öka förståelsen av hur bolagen rapporterar om CSR, hållbarhet och transparens i CSR-rapporter. Målet med studien var att undersöka om förändringen i bokföringslagen 1376/2016 hade haft en effekt på transparensen i CSR-rapporter genom att analysera text och bildmaterial i rapporterna utgivna år 2015–2018. Strategier i retoriken och skenbilder identifierades och kategoriserades. En begränsning med studien är att den har utförts av en person och utan ett innehållsanalytiskt program, vilket ökar felmarginalen för möjliga mänskliga fel. Det kunde vara intressant att i fortsatta studier mäta effekterna över länder, exempelvis de övriga nordiska länderna och att utöka samplet. Detta skulle dock förutsätta ett innehållsanalysprogram.

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