An approach to manage corporate scandals

- Legitimizing negative incidents in CSR-reports

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Abstract

Background The relationship between CSR-reports and legitimacy has been ongoing from the very beginning that businesses started to report on sustainability related issues. Prior research suggest that businesses can enhance their competitive edge by maintaining legitimacy through CSR-reports. Therefore, prior research also suggests that businesses can alter how information is disclosed in CSR-reports in order to maintain or enhance their legitimacy. This has caused a tendency amongst businesses to create overly positive and unbalanced reports, but what happens when the lack of negative information backfires?

Purpose The purpose of the paper is to examine how negative information is disclosed before a corporate scandal, and which legitimization strategies are applied to communicate in CSR-reports to restore legitimacy after facing a corporate scandal.

Method The paper has applied a thematic analysis to analyze unobtrusive data gathered from CSR-disclosures from ten companies and media outlets who have reported on the scandal, using a qualitative approach.

Findings Three key findings were made. CSR-reports are used as a legitimacy tool to disclose negative information. The paper identifies continuous signs of companies shifting focus to maintain or restore legitimacy through the use of strengthened language, the addition of a time-aspect or a new perspective. This finding has led to the last key finding and conclusion of this paper; that an additional strategy can be identified in a majority of the companies – the strategy of shifting focus.

Keywords Legitimacy, CSR-reports, corporate scandals, negative incidents
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1. Introduction

Acting towards a more sustainable society is a global concern and a responsibility that is shared worldwide (Isaksson, Garvare & Johnson 2015; Sachs 2015). This responsibility has resulted in greater expectations from society and stakeholders for businesses to act accordingly. As suggested by legitimacy theory, businesses that are acting in line with norms and values shared by the society and their respective stakeholders, can establish, maintain and sustain legitimacy (Deegan 2002). Consequently, this has created a greater need within society and amongst stakeholders for businesses to inform and communicate how they are acting towards sustainability. This has also amplified the vitality for transparency in how this information is communicated as this is the root for legitimacy to be established which has led to the introduction of sustainability reporting (Global Reporting Initiative [GRI] 2016). In 2005, 58 percent of the 250 largest global companies (G250) were sustainability reporting (KPMG 2011). By 2008, this number increased to 70 percent (KPMG 2008). In 2011, a total of 92 percent of the G250 were reporting on matters of sustainability (KPMG 2011). Therefore, in today’s “CSR-society”, a society where stakeholders expect businesses to have corporate social responsibility (CSR) as a core part of their businesses, it is not sufficient for businesses to solely produce financial information and stay on the sideline and partly engaging in voluntary philanthropic activities – that is no longer a viable option. Stakeholders want, need and expect more from businesses on an environmental-, social- and economical level (Du, Bhattacharya & Sen 2010; Amran & Ooi 2014). Stakeholders not only expect businesses to act responsible within these areas, but they also want to be aware and informed in the process in order to have the ability to assess the sustainability performance of these businesses (Wang, Hsieh & Sarkis 2018; Hahn & Lülfs 2014).

1.1. Background

In order to meet, support and fulfill the expectations that stakeholders have; that businesses should act responsible on an environmental-, social- and economical level that is in line with norms and values shared by society and stakeholders and inform and communicate this information in a transparent manner, GRI (2011) has made it their mission to provide businesses with a credible and trusted globally shared framework that can be utilized by businesses no matter location, sector or size. This mission resulted in a set of
guidelines that businesses can and are encouraged to apply when producing CSR reports to provide their stakeholders with a truthful, balanced and transparent representation of businesses and their actions towards sustainability. GRI (2011) defines sustainability reporting as follows; “Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development (GRI 2011, p.3)”.

Even though businesses are provided with guidelines from GRI (2011), several businesses with “correctly” produced and published CSR reports have been accused, exposed and charged with violations on numerous counts of crimes on environmental-, social- and economical fronts (Clemente & Gabbioneta 2017). What this means is that part of the content in the CSR-report has been embellished and manipulated by the producers of it to maintain their established legitimacy (Clemente & Gabbioneta 2017; Wang et al. 2018; Arena, Bozzolan & Michelon 2015). However, this phenomenon is not new - corporate scandals have happened over time and will continue to happen (Clemente & Gabbioneta 2017).

1.2. Problematization

As there is and has been a continuous tendency of corporate scandals amongst businesses over time, accountability and transparency from them is highly desired by society and stakeholders as this determines their legitimacy (Amran & Ooi 2014). For businesses to disclose sustainability-related information and proactively report on it, it is suggested that conveying this information in a credible way (through a CSR-report) to a less informed party (stakeholders), businesses can reduce the information asymmetry that lies between them and their stakeholders and increase the legitimacy amongst them as well (Hahn & Lülfs 2014). Prior research state that businesses that disclose CSR-reports can enhance their reputation, thus improving their competitive edge (Wang et al. 2018; Hahn & Lülfs 2014). Furthermore, it can also reward businesses by maintaining, enhancing and securing their legitimacy in society (Amran & Ooi 2014). However, prior research also suggests that businesses that are attempting to improve their competitive edge by enhancing their reputation and legitimacy through CSR-reports, often are more motivated to produce overly positive reports (Wang et al. 2018; Cho, Roberts & Patten 2010). This tendency however, means that the reports have transformed from being a tool that aims to provide stakeholders with a “true and fair”-view to reduce the information asymmetry that lies between businesses and their stakeholder into
a self-serving and strategic impressions management tool that primarily is used for public relations (PR) purposes (Amran & Ooi 2014; Castelló & Lozano 2011; Cho et al. 2010; Deegan 2002). Even though it is more likely that CSR-reports contain more positive incidents than negative ones (Wang et al. 2018), a possible consequence of this tendency is that the usefulness of the reports can be questioned as it decreases the credibility and can increase the skepticism concerning the reliability of the report, thus affecting the legitimacy of businesses (Du et al. 2010; Cho et al. 2010; Hahn & Lülfs 2014). CSR-reports also jeopardize the risk of not fulfilling the “true and fair”-view that is sought after by GRI (2016) if an overly positive report is produced and must therefore include negative incidents to achieve balance. If, however, the disclosures of negative incidents are not in line with values, norms and beliefs shared by stakeholders, a potential risk and outcome is that it can compromise the current legitimacy of businesses (Hahn & Lülfs 2014).

In the past, legitimacy could be established by merely producing CSR-reports, and preferably with information in quantity. It has even been suggested that in attempting to establish legitimacy amongst stakeholders, ill-performing businesses produced CSR-reports with the intent to influence the perceptions of their stakeholders as a legitimization tactic (Deegan 2002; Milne & Gray 2015). However, while legitimacy has been established by producing reports with information in quantity, the focus has shifted from quantity to quality of information (Hummel & Schlick 2016). What information is produced and how this information is presented in CSR-reports now has the authority to generate legitimacy. CSR-reports have therefore regenerated its powers on creating legitimacy through merely existing to now; where the content of the reports and how it is perceived by their stakeholders, beholds the power to either establish, maintain, enhance or compromise it (Hahn & Lülfs 2014). However, as CSR-reports can create legitimacy through its content, several researchers suggest that businesses are producing overly positive reports to enhance their reputation and legitimacy (Hahn & Lülfs 2014; Cho et al. 2010; Wang et al. 2018; Hahn & Kühnen 2013; Deegan 2002). CSR-reports that shed an overly positive light on businesses and their actions compromises the balanced view that GRI (2016) is attempting to achieve. The unbalanced view of information presented in CSR-reports has caused several researchers to call for research on the quality and content of CSR-reports. Hummel and Schlick (2016) emphasizes the need to research how information is disclosed. Ballou, Casey, Grenier and Heitger (2012) underline the need for evaluating the content in CSR-reports. Furthermore, Hahn and Kühnen (2013) highlights
that the research on the unbalanced view in CSR-reports is scarce and calls for research that should aim to fill the gap on how negative incidents are disclosed in CSR-reports. Hahn and Lülfs (2014) recognizes the scarce research within this area and sheds a light on the area of reporting behavior that is related to voluntary GRI-oriented reports and the disclosure of negative incident.

While CSR-reports, their (un)balanced content and how the content is disclosed beholds the power to affect legitimacy, there is a need for researchers to further fill the gap on how negative incidents are disclosed in CSR-reports. If the disclosures of negative incidents are not in line with the values, norms and beliefs shared by businesses stakeholders, a potential risk and outcome is that it can compromise the current legitimacy of businesses (Hahn & Lülfs 2014). If so, Cho et al. (2010), Arena et al. (2015) and Wang et al. (2018) suggests that businesses can alter how the information in CSR-reports is disclosed to maintain their legitimacy. However, if negative incidents have not been disclosed truthfully and transparently by businesses themselves and have instead been uncovered by independent third parties, for example through mass-media outlets, this could lead to a potential public backlash and compromise their current legitimacy (Reimsbach & Hahn 2015). The following paper intends to bridge the gap between these areas and aims to contribute to further expand the research in the field of CSR-reports, legitimacy and the disclosure of negative incidents.

1.3. Aim

The aim of the paper is to examine how negative information is disclosed before a corporate scandal, and which legitimization strategies are applied to communicate in CSR-reports to restore legitimacy after facing a corporate scandal. To examine this, the following research questions will be used:

1. How has the negative information been communicated in the CSR-report before the corporate scandal?

2. How has the negative incident been communicated in the CSR-report after the corporate scandal occurred?
2. Theoretical framework

In the following chapter, the theoretical framework of the paper will be presented. This chapter is divided into three parts; CSR-reports, legitimacy theory and communicating legitimacy in CSR-reports.

2.1. CSR-reports

Dilling (2010) states that in defining what a CSR-report is and what it intends to do, there is not a single definition that is mutually accepted by the users of the term as it has varied over time. The plurality of definitions is also underlined by Daub (2007). While some perceive it as a tool that reduces information asymmetries that lie between businesses and their stakeholders (Hahn & Lülfs 2014), others see it as an impressions management tool that businesses use to produce reports for PR-purposes (Amran & Ooi 2014; Castelló & Lozano 2011; Cho et al. 2010; Deegan 2002). Daub (2007) explains it as reports created by business to provide both internal and external stakeholders with information and a comprehensive picture regarding social-, environmental- and economic concerns. Similarly, Ceulemans, Molderenez and Van Liedekerke (2015) reasons it as a communications tool that businesses use to communicate with their internal and external stakeholders. From this perspective, the report intends to meet the expectations that stakeholders have on businesses; to understand how they are contributing to society. Junior, Best and Cotter (2014) and Runhaar and Lafferty (2009) argue that CSR-reporting is primarily used to maintain legitimacy, to avoid bad publicity and to create accountability.

The relationship between CSR-reports and legitimacy that is discussed by Junior et al. (2014) and Runhaar and Lafferty (2009) has been on-going from the very beginning that businesses started to report on sustainability related issues. The initial reason for businesses to produce CSR-reports were to report on social-, environmental- and economic concerns with the intent to seek and establish legitimacy amongst their stakeholders and in society in general (Higgins & Coffey 2016; Deegan 2002). As the interest in sustainability related information amongst stakeholders has increased, businesses are producing CSR-reports to meet the expectations of their stakeholders to establish legitimacy (Higgins & Coffey 2016; Deegan 2002). While this may be one motive for producing a CSR-report, other motives also include strategic benefits such as improvement of market position, corporate reputation and financial performance (Wang et al. 2018). This understanding of it, that CSR-
reporting is used as a communications tool to create legitimacy and to achieve strategic benefits, is also one that is shared by Deegan (2002) and the definition that will be used in this paper.

2.2. Legitimacy theory

Legitimacy theory stipulates that legitimacy in general is connected to values and what society perceives as “correct”. It is suggested that it can be seen as a social contract between businesses and the society in which businesses operate within, where both are vital to each other for legitimacy to be established. The theory assumes that businesses and their existence are dependent on the constant acceptance of society and stakeholders, as these are the ones that are the creators of legitimacy. However, as society is continuously changing, this affects the social contract which means that businesses must adjust themselves to become “accepted” by society and stakeholders when changes occur (Deegan & Unerman 2011; Islam & Deegan 2010). For businesses that are in line with the values in society and amongst their stakeholders, legitimacy is maintained. If or when businesses operate beyond the social contract, the legitimacy will be negatively affected. However, it is not uncommon for businesses legitimacy to vary over time as corporate scandals are a fact. Corporate scandals have happened in the past and they will continue to happen over time, no matter the intent (Clemente & Gabbioneta 2017).

Clemente and Gabbioneta (2017) identifies that corporate scandals not only have adverse consequences for the businesses involved, but as legitimacy theory stipulates, this will also affect society and stakeholders. In today’s information- and communication society, mass-media plays a fundamental role in the public’s perception of how businesses operate as their role is to expose wrongdoings that businesses try to hide. For example, when mass-media reports information that differs from what businesses have disclosed, information that has not been disclosed or information that is not in line with the social contract between them, society and stakeholders, this creates a legitimacy gap between perception and reality which in turn can affect the legitimacy negatively as they have been acting beyond the social contract (Islam & Deegan 2010; Reimsbach & Hahn 2015). To close this gap, Islam and Deegan (2010) proposes that businesses display a defensive behavior and responds to the criticism to close the gap as a legitimization strategy while Hahn and Lülfis (2014) suggests that businesses can apply different legitimizations strategies to close the existing legitimacy gap. Islam and Deegan
(2010) implies that as the legitimacy gap emerges, this affects the expectations that society has on businesses and as these expectations changes, consequently, so will the content of the CSR-reports. Consequently, this can cause a struggle between businesses and mass-media as both will be fighting to prove society and stakeholders wrong. While mass-media can reach the public through different outlets such as TV, newspapers, online magazines and social media to name a few, it is suggested that businesses utilize the communications tool they have; their CSR-reports (Carroll & McCombs 2003; Islam & Deegan 2010).

2.3. Communicating legitimacy in CSR-reports

The relationship between CSR-reports and legitimacy has been on-going from the very beginning that businesses started to report on sustainability related issues (Higgins & Coffey 2016). While the initial reason for businesses to produce CSR-reports were to seek and establish legitimacy amongst their stakeholders and in society, it has also been used to strengthen the relationship and create accountability between businesses and their stakeholders (Higgins & Coffey 2016; Junior et al. 2014; Runhaar and Lafferty 2009). Hahn and Lülfs (2014) explains that while that may be true; that businesses do report on sustainability related issues and that this does establish legitimacy, it is also common that CSR-reports often are overly positive, which also can hurt the legitimacy of it. Therefore, to achieve balance – negative incidents are also included. However, if the disclosures of negative incidents are not in line with the values, norms and beliefs shared by society and stakeholders, a potential risk and outcome is that it can compromise the current legitimacy of businesses. If that were to be the case, it is suggested that businesses alter how the information in CSR-reports is disclosed to maintain their legitimacy – from content of the reports to the use of language, pictures and figures (Tregidga & Milne 2006; Cho et al. 2010; Arena et al. 2015; Wang et al. 2018).

2.3.1. Legitimacy strategies

Based on the current theoretical framework within the area of restoring legitimacy, several legitimization strategies have been identified. In the study conducted by Hahn and Lülfs (2014), six legitimization strategies have been recognized. These are presented as follows; marginalization, abstraction, indicating facts, rationalization, theoretical and corrective action (type 1 and type 2). van Leeuwen (2007) also supports the idea that businesses use authorization and rationalization as two legitimacy strategies. van Leeuwen
(2007) also presents two additional strategies; mythopoesis and multimodal legitimacy. The combination of these legitimization strategies will be the theoretical base for the analysis in this study.

**The strategy of marginalization:** A typical sign of businesses applying this strategy is when negative incidents are explained as unimportant or irrelevant. Condemnatory adjectives are used to minimize the importance of the specific incident. Commonly used expressions that businesses apply in CSR-reports are in the realm of “having no significant impact” or “this incident has no serious affect” to marginalize the negative incident. Businesses also avoid explaining the effect by the negative incident as it is described as unimportant (Hahn & Lülfs 2014).

**The strategy of abstraction:** Abstraction aims to generalize negative incidents by changing the focus from the business and their responsibility, towards the industry in which they act within. Businesses will take distance from the negative incident and will blame the industry in general as the reason for the existence of the negative incident. Businesses using this strategy will legitimize their actions by redirecting the focus and responsibility from themselves to a collective problem that the entire industry carries (Hahn & Lülfs 2014).

**The strategy of indicating facts:** Businesses applying this strategy will mention negative incidents superficially but will do so without explaining or motivating why the negative incident has occurred and what the business is doing to face this problem (Hahn & Lülfs 2014). Here, negative incidents are more commonly included to achieve some sort of perceived “balance” in the CSR-reports rather than businesses taking responsibility and action towards them. They are simply included for the reason that an overly positive CSR-report will lack in credibility within society and amongst stakeholders. Businesses therefore increases the quantity of mentioning negative incidents in their reports but avoid evaluating them which means leaving the judgement to the readers. The strategy of indicating facts is considered to be pure, reliable and unbiased as businesses present partial facts, but this also can complicate it for the reader to internalize and understand it as they are not given the full picture (Hahn & Lülfs 2014).

**The strategy of rationalization:** Rationalization is about explaining and motivating negative incidents by referring to the use and function of specific historical incidents that have happened in the business past. To legitimize the
business action, this includes motivating and explaining differences by using tables and figures in CSR-reports that aim to simplify it for the reader to see the changes that have happened. van Leeuwen (2007) identifies two types of legitimation strategies within the strategy of rationalization; instrumental and theoretical, where instrumental rationalization focuses on creating legitimization through highlighting the reason and benefit of this action. For example, when instrumental rationalization is used - expression such as “due to” or “caused by” are commonly applied. Theoretical rationalization focuses on the current situation or reality and identifies that businesses are exposed to certain risks. While the theoretical approach is straightforward, the instrumental approach seeks reasons for it (van Leeuwen 2007; Hahn & Lülfs 2014; Vaara 2014).

The strategy of authorization: Businesses who apply this strategy focuses on seeking legitimacy through referring to authorities or certifications; authorities that can be neutral individuals outside the organization or laws and regulations and certifications that are labeled with a high stance in society. The use of authorities can contribute to an external explanation of the reason for the negative incident and in line with this strategy, that is what creates legitimacy. Businesses will redirect their responsibility towards a chosen authority, instead of taking responsibility for the negative incident themselves (van Leeuwen 2007; Hahn & Lülfs 2014; Vaara 2014).

The strategy of corrective action: Corrective action is a strategy that businesses apply by presenting ideas and measures for how they will handle potential negative incidents. Corrective actions are commonly divided into two types; type I and type II. CSR-reports that consists of corrective actions of type I, includes statements of vague and uninformative ideas of how potential negative incidents will be handled. Type II is the complete opposite - this form of corrective action provides a concrete and specific plan of how businesses will handle potential negative incidents (Hahn & Lülfs 2014).

The strategy of mythopoesis: The intent of this strategy is to use “storytelling” as an action to create legitimacy in CSR-reports. Businesses do face the negative incident in it, but through the use of storytelling, businesses provide themselves with an opportunity to work themselves out of the crises. Briefly explained, mythopoesis is about facing the negative incident and through this action, they can also overcome it and walk away with an even stronger position in society and receive more legitimacy from stakeholders (van Leeuwen 2007).
The strategy of multimodal legitimacy: Multimodal legitimacy is a strategy that aims to not only utilize language as a legitimization tool, but it also uses visual methods to create legitimacy through pictures, figures and symbols (van Leeuwen 2007; Tregidga & Milne 2006; Cho et al. 2010; Arena et al. 2015; Wang et al. 2018). The gist of the strategy is to reach stakeholders with more depth in the information that is presented in CSR-reports. van Leeuwen (2007) explains that while language is an important legitimization tool, it is vital not to forget that there are several other tools that can be utilized in creating a greater understanding amongst stakeholders which consequently can create a stronger legitimacy within them and in society.
3. Method

The following chapter presents the methodological perspective that this research paper will take. This chapter has been divided into four sections; research strategy, data collection, data analysis and trustworthiness.

As the paper aims to examine how negative information is disclosed before a corporate scandal, and which legitimization strategies are applied to communicate in CSR-reports to restore legitimacy after facing a corporate scandal, a qualitative research strategy has been chosen.

3.1. Research strategy

As a deeper insight into the problem at hand is sought after, using qualitative data is believed to be a powerful source for analysis as it provides data that can illustrate how and why certain effects occur. Applying a qualitative approach also means having the ability to shed light on new perspectives on issues where a considerable amount of knowledge already is known. In this paper, this refers to the unobtrusive data that will be used. The unobtrusive data that will be used is in the form of CSR-reports which are produced before and after the corporate scandal as well as information presented in mass media-outlets during the time of the scandal - all of which have been produced and published independently from each other. Combining the information that has been produced and published independently from each other presents an opportunity to firstly, examine and shed light on a new perspective that previously has not been researched. Secondly, taking a qualitative approach to this perspective, also provides an opening to gain insight and an understanding to answer questions such as “how” and “what”. Lastly, as the research strategy in this paper has taken a qualitative stance, it will not be able to be generalizable. However, if variables are identified in the outcome, the results can also be tested quantitatively (Gray 2017; Bryman & Bell 2015). The gathered data will be researched with an inductive approach which means that the study aims to establish consistencies, patterns and meaning behind the gathered data to see if a relationship can emerge amongst the variables. However, as it is important not to jump to conclusions based on the outcome from just one case, it is suggested that multiple cases or observations can be applied in order for researchers to ensure a degree of reliability in their results (Gray 2017, Bryman & Bell 2015). Therefore, a sample of ten companies has been chosen.
3.1.1. Research sample

The sample that has been chosen is purposive and therefore fulfills the requirements that are sought after (Gray 2017). The companies are (1) perceived as legitimate amongst their consumers – the ones that this paper defines as stakeholders, (2) listed on the Sustainable Brand Index [SB Index] (2018) which is an index that is based on an independent study on circa 30 000 consumer interviews (Sustainable Brand Index 2018a) and (3), have experienced a corporate scandal. From the 326 listed companies on the SB Index, ten companies were selected. These are presented in table 1.

**Table 1: Table of the selected companies**

<table>
<thead>
<tr>
<th>Company</th>
<th>Corporate scandal</th>
<th>Year*</th>
<th>CSR-reports**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apoteket Hjärtat</td>
<td>Upsell of prescription drugs</td>
<td>2015</td>
<td>2014, 2015</td>
</tr>
<tr>
<td>Volvo (Volvo Cars)</td>
<td>Emission of NOₓ</td>
<td>2017</td>
<td>2016, 2017</td>
</tr>
<tr>
<td>H&amp;M</td>
<td>Child labour</td>
<td>2017</td>
<td>2016, 2017</td>
</tr>
<tr>
<td>Findus</td>
<td>Faulty meet</td>
<td>2013</td>
<td>2012, 2013</td>
</tr>
<tr>
<td>Zara</td>
<td>Unsustainable production</td>
<td>2016</td>
<td>2015, 2016</td>
</tr>
<tr>
<td>SAS</td>
<td>Discrimination</td>
<td>2017</td>
<td>2016, 2017</td>
</tr>
</tbody>
</table>

*The year that the corporate scandal became public.

**CSR-reports one year before and after the corporate scandal became public.
As the identified companies fulfill these requirements, unobtrusive data which is rich in information (Gray 2017; Bryman & Bell 2015), has been collected in the form of CSR-reports and in gathered information from media outlets concerning the corporate scandal.

3.2. Data collection

As the paper aims to examine how negative information is disclosed before a corporate scandal, and which legitimization strategies are applied to communicate in CSR-reports to restore legitimacy after facing a corporate scandal, unobtrusive data has been collected. The advantage of using unobtrusive data is that it has been produced and shared without the involvement or effect of the researchers, which also eliminates the “interviewer effect” in the collecting the data (Gray 2017). As this study intends to examine a phenomenon with a wider timeframe, a longitudinal study could be applicable as this would provide the opportunity to follow the course of events for each company. However, as the time frame is limited, this was not an option. Therefore, unobtrusive data has been chosen as an alternative approach to study this problem. A notable fact about the unobtrusive data that has been collected is that the information and quality in content differs as it has been produced since 2012 and forward, but as this has been used as a communications tool during these years - it is still a viable and reliable source of information for this study and the problem it intends to research.

To gather and analyze relevant data for the study, two CSR-reports from respective company have been collected; one that is published one year before the corporate scandal and one that is published one year after the scandal (i.e. the CSR-report that covers the year of the scandal). For example, in 2016, IKEA faced a corporate scandal concerning forced labor. This means that we will look at the report of the year 2015 (before the scandal) and the report of 2016 (which is published in 2017 but covers the operating year of 2016). The CSR-reports that have been used have been collected from each company’s website. Information about the corporate scandals has been collected from two media outlets to get different perspectives and a greater understanding of what the corporate scandal has entailed. The timeframe of the information presented in the media outlets have also been limited to the year that the scandal became public.
3.2.1. Presentation of corporate scandals

**IKEA:** In 2016, IKEA was exposed for buying cotton products from suppliers in Turkmenistan; a country that has been accused of subjecting its cotton farmers to forced labour (Westerberg 2016; Veckans affärer 2016; Svenska Dagbladet 2016) whilst in their CSR-report in 2015, communicating that 100% of their cotton production have been produced by farmers that are working sustainable and profitable (IKEA 2015).

**Apoteket Hjärtat:** In 2015, documents concerning how Apoteket Hjärtat were working with upsell were leaked. It was revealed that employees were prompted to compete in upselling of prescription drugs. Employees were encouraged and expected to discuss customers prescription(s) and attempt to get them extract these during their visits. Upsell is not new but considering the ethical aspect and danger of it in this field caused Apoteket Hjärtat to face a corporate scandal (Lagercrantz 2015; Hedander 2015).

**The Body Shop:** The Body Shop was nominated for the “Greenwashing award” in 2015; an award that gives attention to companies that states that they are “greener” than they are. The Body Shop was nominated due to the fact that their products contain substances that are questionable from an environmental aspect as well as their use of questionable ecolabels, which is not in line with the image of the company (Ekman 2015; Jordens Vänner 2015).

**Volvo:** The diesel scandal in 2017 was a consequence of the Volkswagen-scandal in 2015, where it was revealed that Volkswagen had manipulated their NO\(_x\) emissions – which is also what Volvo was accused and exposed for in 2017 (Johansson 2016; Volvo Car Group 2016). Volvo was charged with manipulating their NO\(_x\) emissions (Johansson 2016; Söderholm 2017).

**H&M:** As the company operates in high risk countries, there is an increased risk for child labour to be present in their supply chain. In the company’s report, they state that they have taken a clear stance again the use of all child labour and that the company continuously monitors their compliance (H&M Group 2016) but despite this, in 2017, H&M was caught in yet another child labour-scandal (Åkerman 2018; Svenska Dagbladet 2018; H&M Group 2017).

**Findus:** In 2012, “Horse gate” became a fact (SVT 2013; Fürstenberg 2013). The company found horse meat in their lasagnas causing stakeholders to question the company’s suppliers as well as how well the content in their
products were controlled. This was not quite in line with the quality and transparency that previously had been promoted (Findus 2012; Findus 2013).

**Ericsson:** In 2016 it became public that Ericsson had been accused of participating in bribery and colluding with lawyers and guards during the end of the 20th and beginning of 21st century, causing the company to be charged with corruption. The estimated amount that the bribery charges concern is considered to be more than 100 million SEK (Grönlund 2016; Mellqvist, Mothander & Lindblad 2016).

**Zara:** While Zara highlights how sustainable their productions are compared to the standard in their field (Inditex 2015, 2016), the company was caught in a scandal concerning their production. In 2016, their use of cotton, water management and chemical use was put in question which caused society and stakeholders to question the sustainability of Zara’s production (WWF 2016; Halling 2016).

**SAS:** In 2017, SAS faced a discrimination scandal as a job applicant was denied due to the fact that the applicant was wearing a hijab. SAS stated that the applicant was denied as it is not allowed for employees to visibly wear religious, political or ideological symbols in combination to wearing the SAS-uniform (SVT 2017, Dagens Nyheter 2017) - whilst the company is promoting diversity in all its forms (SAS 2016).

**Nordea:** Nordea was caught in the Panama-scandal of 2016. The bank was accused of encouraging wealthy customers to launder their money by redirecting them to offshore accounts (Dagens Industri 2016; Horvatovic 2016). The tax evasion scandal caused stakeholders and society to question the values that they promote; “great customer experience, it’s all about people and One Nordea Team (Nordea 2015, p7)”.

### 3.3. Data analysis

To approach and analyze the collected unobtrusive data, a thematic analysis has been conducted and as the study takes an inductive approach, Gray (2017) suggest that themes emerge from the data by processing it over, and over again. As some of the companies had reports in Swedish, these were translated into English (see table 2). To analyze the gathered data for this study, the CSR-reports as well as information from the corporate scandals were processed several times, with different perspectives to let the themes emerge naturally from it. As theme after theme from respective company emerged, the data was
processed all over again in detail, to be able to extract valuable information that ultimately will help answer the research questions of the study. This is an approach that is supported by Gray (2017), who explains that once themes emerge, the data is analyzed through these themes and that they should be reflected in the research questions.

As shown in table 1, companies and their respective corporate scandal have been presented. From this and the gathered unobtrusive data, three to five themes per company has emerged and are presented in table 2. These themes will be more specifically presented in chapter 4 – empirical results.

Table 2: Table of keywords for respective company

<table>
<thead>
<tr>
<th>Company</th>
<th>Keywords</th>
</tr>
</thead>
<tbody>
<tr>
<td>IKEA</td>
<td>Cotton, water, labour, Turkmenistan, farmers</td>
</tr>
<tr>
<td>Apoteket Hjärtat</td>
<td>Prescription drugs (receptbeladga läkemedel), upsell (merförsäljning), prescription free drugs (receptfria läkemedel)</td>
</tr>
<tr>
<td>The Body Shop</td>
<td>Environment, sustainability, certified</td>
</tr>
<tr>
<td>Volvo</td>
<td>Emission, carbon dioxide + CO₂, nitrogen oxide + NOₓ, XC90, electrification</td>
</tr>
<tr>
<td>H&amp;M</td>
<td>Child labour, cotton, human rights, forced labour</td>
</tr>
<tr>
<td>Findus</td>
<td>Horse meat (hästkött), quality (kvalité), responsibility (ansvar), control (kontroll)</td>
</tr>
<tr>
<td>Ericsson</td>
<td>Corruption (corruption), bribe (mutor), responsibility (ansvar)</td>
</tr>
<tr>
<td>Zara</td>
<td>Water, cotton, sustainability, chemical</td>
</tr>
<tr>
<td>SAS</td>
<td>Human rights, employee, legal, discrimination, diversity</td>
</tr>
<tr>
<td>Nordea</td>
<td>Tax, customer experience, trust</td>
</tr>
</tbody>
</table>

3.4. Trustworthiness

Gray (2017) and Bryman and Bell (2015) stipulates that to ensure quality and strengthen the results in any qualitative study, four aspects of trustworthiness
should be considered. These are credibility, transferability; dependability and confirmability.

3.4.1. **Credibility**

In a qualitative study, credibility refers to the accuracy of the results presented in the study. As this study uses secondary data in the form of unobtrusive data, data triangulation through multiple sample strategy has been applied to ensure the credibility of the results. Multiple sample strategy can include time-, space- and person triangulation. Time triangulation refers to data for the same phenomenon being collected over time (Gray 2017). In this study, unobtrusive data that has been published over a two-year period has been collected and analyzed which fulfills the criteria of time triangulation. The requirements for space triangulation is fulfilled as this refers to collecting data for the same phenomenon from multiple sites (Gray 2017). In this study, two CSR-reports from a timespan of two years have been collected from respective company’s website. Information about the corporate scandal that respective company has gone through has also been collected from two different media outlets. This leads to the last sample strategy; person triangulation. This usually refers to data being collected from three different levels within an organization, but as this study uses multiple companies hand in hand with unobtrusive data from external sources in the form of media outlets - a different kind of triangulation has been made. The data has therefore been triangulated through the information presented by respective company (in two CSR-reports, one before the scandal and one after), and through two different media outlets to get at least two different external perspectives of the corporate scandal. Based on this, there is confidence in the results being accurate.

3.4.2. **Transferability**

As transferability refers to how the results of this study can be applicable to other contexts with similar characteristics (Gray 2017). Based on the intent of the paper; to identify legitimization strategies that businesses use before and after facing a corporate scandal, the hope is to find strategies that are more commonly used under certain shared circumstances amongst the companies. Therefore, the study aims to create results that are transferable to other contexts, companies or situations by providing the reader with an extensive explanation of how these results were achieved and which characteristics they were based on. However, the results of the study cannot guarantee that this
will always be the outcome as there can be other factors that can affect the potential result.

3.4.3. **Dependability**

Gray (2017) explains dependability as to what extent a study can be replicated. For this study, that means providing sufficient and explanatory information to the reader about the chosen companies, their respective corporate scandals as well as how negative information has been disclosed before and which legitimization strategies are applied after the scandal. This also means thoroughly explaining to the reader how this information is processed and treated which is dependent on having a detailed methodological chapter as well as providing the reader with an extensive discussion.

3.4.4. **Confirmability**

This refers to the neutrality of the study’s results. As unobtrusive data has been applied, the gathered data has been produced independently of this study - meaning that the participating companies have not been provided with the opportunity to potentially bias the results through skewing or leading the results. Furthermore, this has also minimized the “interviewer effect” as the results are not reactive. However, as the researchers are the ones interpreting the results, Gray (2017) explains that there is a potential risk for researcher bias. To tackle this potential risk, the author suggests that a minimum of two participants should actively process and treat the information and analyze the results. To process the gathered data, both researchers have treated the information separately to establish two perspectives of the information as well as processing it together to get a collective perspective of it, as suggested by the thematic analysis that this study has applied.
4. Empirical results

In the following chapter, the empirical results of the study will be presented. Here, a table of keywords as well as information from each company’s CSR-disclosures before and after the corporate scandal will be presented.

As the aim of the paper is to examine how negative information is disclosed before a corporate scandal, and which legitimization strategies are applied to communicate in CSR-reports to restore legitimacy after facing a corporate scandal, the empirical results will consist of a table of keywords to present how the companies have faced these themes before and after the scandal and information from respective company’s CSR-disclosures, before and after the scandal.

4.1. IKEA

In table 3, five keywords are presented to illustrate the scandal of forced labour and how these keywords have been used by the company before and after the scandal.

Table 3: Table of keyword for IKEA

<table>
<thead>
<tr>
<th>Keyword</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>112</td>
<td>102</td>
</tr>
<tr>
<td>Water</td>
<td>153</td>
<td>154</td>
</tr>
<tr>
<td>Labour</td>
<td>55</td>
<td>43</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Farmers</td>
<td>16</td>
<td>27</td>
</tr>
</tbody>
</table>

In 2015 and 2016, IKEA illustrates pictures of farmers working in the field.

4.1.1. Before the corporate scandal

When discussing the topic of cotton, the environmental aspect (water management, chemical fertilizers, pesticides) is enhanced whereas the economical aspect is presented as a short-term effect (improving earnings for farmers) and the social aspect of the farmers is seen as a long-term consequence of the practice (IKEA Group 2015).
IKEA (2015) explains that the aim of having all cotton used in their products from more sustainable sources was reached at the end of FY15. As they aim to source their own and the rest of the industry’s cotton from more sustainable sources, they work together with WWF to support farmers in having sustainable farming practices in their cotton production. They are also founding members of the Better Cotton Initiative (BCI), an organization that intends to better the cotton production for the environment, for the people and for the entire sector. IKEA (2015) explains that customers will be able to see their action plan which means that whatever cotton product their consumers will buy, the low price and good quality will remain - but with cotton that is produced by farmers working sustainably and profitably.

In terms of human rights, this is continuously communicated to suppliers and co-workers through standards, policies and codes. An identified risk is in the process or employment of migrant workers. It can be associated with explorative and unethical practices. “The promise of a better future can turn into a burden of large debts from recruitment fees and – in the worst cases – bonded labour (IKEA Group 2015, p.74)”. As this risk has been identified, clear standards (IWAY) have been set. There is a zero-tolerance policy for forced labour and human trafficking and suppliers are expected to respect right such as transparency of terms and conditions and non-discrimination (IKEA Group 2015).

4.1.2. After the corporate scandal

IKEA (2016) states that they love to work with cotton, but that they are uncomfortable with the conventional production as it can have a negative impact on the environment and can potentially be harmful to cotton farmers and their families who are living close or below poverty line. Therefore, the company underlines that the use of more sustainable farming practices can improve farmers’ livelihoods, working conditions as well as protect the environment.

Regular traceability assessments enable us to guarantee that the cotton we use comes from more sustainable sources. In FY16, we conducted 40 audits with our suppliers and sub-suppliers. […] We communicated the milestone and the benefits it brings through store communication, videos, on our website and through social media. (IKEA Group 2016, p.29)
“We are positive about our progress, but we know that just one company by itself cannot transform a whole industry. Collaboration is key (IKEA Group 2016, p.29).”

4.2. Apoteket Hjärtat

In table 4, three keywords are presented to illustrate the scandal of upsell of prescription drugs and how these keywords have been used by the company before and after the scandal.

Table 4: Table of keywords for Apoteket hjärtat

<table>
<thead>
<tr>
<th>Keyword</th>
<th>2014 (Q1 &amp; Q2 + Q3)</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription drugs</td>
<td>6 + 2</td>
<td>2</td>
</tr>
<tr>
<td>Upsell</td>
<td>1 + 0</td>
<td>0</td>
</tr>
<tr>
<td>Prescription free drugs</td>
<td>2 + 2</td>
<td>3</td>
</tr>
</tbody>
</table>

4.2.1. Before the corporate scandal

Price reductions were implemented in the beginning of the year as a deal between Läkemedelsindustriföreningen and the government was made. As this deal was made, the replacement model has been more controlled towards volume rather than price (Apoteket Hjärtat 2014a). This led to a mission that had the intent to discuss and ask customers questions to help them get an overview of their consumption. The aim was to minimize the risk of wrong expeditions and increase upsell and service.

Goals have also been set up for the use of the expert support EES, that gives the pharmacists warning signals as inappropriate combinations of drugs to elderly are in connection to the prescription expedition. Apoteket Hjärtat has also during the spring participated in a project about “structured conversations about drugs” that is given by Läkemedelsverket […] (Apoteket Hjärtat 2014a, p.4)

4.2.2. After the corporate scandal

Prescription drugs will in the future also be the core of the operation but with a growing health trend, consumers are demanding a broader supply of both products and services. Our ambition is to continue to grow and take a leading position. (ICA Group 2015, p.4)

Apoteket Hjärtat introduced the project “Choose with your Heart (Välj med Hjärtat)” during the year that aims to help customers make sustainable choices
of drugs as well as products. The project includes for example requirements with buying, signage and marketing as well as development of own brand products. (ICA Group 2015, p.44)

4.3. The Body Shop

In table 5, three keywords are presented to illustrate the scandal of greenwashing and how these keywords have been used by the company before and after the scandal.

Table 5: Table of keywords for The Body Shop

<table>
<thead>
<tr>
<th>Keyword</th>
<th>2012/2013</th>
<th>2014/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>15</td>
<td>48</td>
</tr>
<tr>
<td>Sustainability</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>Certified</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

In 2012/2013 and 2014/2015, The Body Shop illustrates pictures of a healthy production and planet. They also illustrate pictures of their collaborations.

4.3.1. Before the corporate scandal

The natural environment is a term that encompasses all living and nonliving things occurring naturally on earth. We simply know it as “home” and also know that if we collectively continue to abuse it, it won't be around for our grandchildren's children. We need to clean up our act quickly and support our eco-warriors and their determination to help us preserve our beautiful planet. (The Body Shop 2013, p.20)

The importance of the natural environment, animal protection, human rights and volunteering is presented. The company presents pictures of their sustainability initiatives and their involvements as well as collaborations, fundraisings and volunteering practices. They also highlight how they act towards these important topics and underlines the importance of the collective responsibility towards them (The Body Shop 2013).

4.3.2. After the corporate scandal

“Our aim is to be the world’s most ethical and truly sustainable global business (The Body Shop 2015, p.35).”

The Body Shop (2015) explains themselves as ethical green business pioneers and state that their values influence everything they do, which means that they constantly run their business in more environmentally and sustainable ways.
The company presents several examples such as being founding members of the Roundtable on Sustainable Palm Oil (RSPO), producing facial products with naturally derived exfoliants since 2014 and producing products free from polyethylene microbeads since the end of 2015. Furthermore, all of the wood used for packaging, accessories and for the shops are certified by the Forest Stewardship Council (FSC), which means that it comes from sustainable sources.

“Instead of being driven by comparisons with our past performance, competitors or industry standards, our Enrich Not Exploit™ Commitment is inspired by the needs of our planet and its people (The Body Shop 2015, p.38).”

“‘It’s in our hands’ and our hand and nature logo illustrate our vision of a symbiotic relationship between humans and our planet. We need each other to thrive but humans need to act now as this relationship is at risk (The Body Shop 2015, p.42).”

### 4.4. Volvo

In table 6, five keywords are presented to illustrate the scandal of NO\textsubscript{x} emissions and how these keywords have been used by the company before and after the scandal.

<table>
<thead>
<tr>
<th>Keyword</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emission</td>
<td>72</td>
<td>70</td>
</tr>
<tr>
<td>Carbon dioxide + CO\textsubscript{2}</td>
<td>1 + 40</td>
<td>1 + 44</td>
</tr>
<tr>
<td>Nitrogen oxide + NO\textsubscript{x}</td>
<td>1 + 3</td>
<td>1 + 3</td>
</tr>
<tr>
<td>XC90</td>
<td>62</td>
<td>16</td>
</tr>
<tr>
<td>Electrification</td>
<td>20</td>
<td>41</td>
</tr>
</tbody>
</table>

In 2016, Volvo presents pictures and interviews with users of the XC90. In 2017, they present pictures that reflect a purer environment.

#### 4.4.1. Before the corporate scandal

Sustainability is described as a core part of Volvo’s (2016) strategy and a key component to their future success. They aim to make a positive contribution
to society. However, there are challenges within the industry; namely emissions of CO$_2$. “Our EU fleet average CO$_2$ emissions in 2016 were 121g/km. We track our improvements annually and we are on course to meet the 2020 EU target of 95g/km (Volvo Car Group 2016, p.35). Volvo (2016) further explains; “We work to improve the environment within our vehicles, with the aim of ensuring that the air within a Volvo is cleaner than the air outside, improving both the customer’s experience and protecting their health (Volvo Car Group 2016, p.35).”

4.4.2. After the corporate scandal

Volvo (2017) explains that to reduce their environmental footprint means looking towards an electric future. Not only will this minimize their environmental impact, but it will maximize the social impact of customers and employees. However, as of today - CO$_2$ emissions are a challenge for the entire industry. Volvo keeps ahead of current and future emission standards and track improvements annually. “Our EU fleet average CO$_2$ emissions in 2017 was 125 g/km. We track our improvements annually and we are on course to meet the 2020 EU target of 95 g/km (Volvo Car Group 2017, p.59).”

4.5. H&M

In table 7, four keywords are presented to illustrate the scandal of child labour and how these keywords have been used by the company before and after the scandal.

<table>
<thead>
<tr>
<th>Keyword</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child labour</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>Cotton</td>
<td>88</td>
<td>53</td>
</tr>
<tr>
<td>Human rights</td>
<td>121</td>
<td>92</td>
</tr>
<tr>
<td>Forced labour</td>
<td>10</td>
<td>7</td>
</tr>
</tbody>
</table>

In 2016 and 2017, H&M presents pictures of healthy, happy children in other situations and pictures that are taken in factories/in the field are of “age-appropriate” workers.
4.5.1. Before the corporate scandal

Raw materials such as cotton are often associated with poor working conditions, high water- and chemical use. H&M (2016) also identifies a potential risk for child- and forced labour within this area, which is explained as a salient human right issue. They explain that there are challenges with traceability and that they therefore do not always have full insight.

“Today, it is rare to find any workers below the statutory minimum age in our suppliers’ factories. We have taken a clear stance against all use of child labour for many years. It is a minimum requirement for all factories producing for the H&M group, and we continuously monitor compliance. […] If we discover any person below the minimum age working in any of our business partner’s factories, we have a clear policy in place that guides us to act in the best interests of the child. This can include ensuring the individual enrolls in school, compensation to the family for the lost income and partnering with civil society organizations. (H&M Group 2016, p.80).

A review was made at the end of 2016 which resulted in “expanding child labour to the broader children’s rights, due to the various ways our activities directly and indirectly impact children, while still recognizing child labour as an issue of great severity (H&M Group 2016, p.113).”

4.5.2. After the corporate scandal

H&M (2017) has monitored working conditions in supply chain factories since 1998 with results that have improved basic health, safety, employment and prevention of child labour to name a few, so while their 100% Fair & Equal ambition is new - their work is not.

We make it an absolute, minimum requirement for all factories producing for H&M group to be free from child labour and this compliance is continuously monitored. During 2017 we identified one case of child labour. If we find any person below the minimum age working in any of our business partners factories, then our Child Labour Policy guides us (and our business partners) to act in the best interests of the child. This can include ensuring that the individual enrolls in school, providing compensation to the family for lost income and partnering with civil society organisations. (H&M Group 2017, p.66)

The most recent review took place at the end of 2017. […] We also expanded child labour to the broader children’s rights due to the various ways our activities directly and indirectly impact children, while still recognizing child labour as an issue of great severity. (H&M Group 2017, p.91)
4.6. Findus

In table 8, four keywords are presented to illustrate the scandal of faulty meat and how these keywords have been used by the company before and after the scandal.

<table>
<thead>
<tr>
<th>Keyword</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horse meat</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>Quality</td>
<td>40</td>
<td>19</td>
</tr>
<tr>
<td>Responsibility</td>
<td>31</td>
<td>19</td>
</tr>
<tr>
<td>Control</td>
<td>7</td>
<td>8</td>
</tr>
</tbody>
</table>

Table 8: Table of keywords for Findus

In both 2012 and 2013, Findus presents pictures that reflect quality of their production and the ingredients they use.

4.6.1. Before the corporate scandal

We place high demands on how we grow our vegetables and how we buy raw materials, packaging and everything else. The requirements take environmental, human and animal considerations into account and are our rightful choice in the selection of suppliers (Findus 2012, p.3).

Findus (2012) acts for transparency when it comes to food and quality - even in difficult times. As horse gate became a fact in the spring of 2013, Findus acted efficiently and quickly as authorities, customers and consumers were informed.

4.6.2. After the corporate scandal

It all started in January 2013 when our world surveillance captured that horse meat was sold as beef in hamburger in Ireland. Because we buy parts of our meat from Ireland, Annika Grähs at the Quality Department decided to once again review all the suppliers we work with and demand proof of traceability from them. In response to our quality control of the supply chain, we received a written letter [...] that the content of the one-portion lasagna might not match the table of contents. We immediately acted to stop deliveries of one-portion lasagna. We sent the product to DNA analysis and contacted the Swedish Food Safety Authority. By doing this, we discovered the meat fraud because the analytical response showed that the test contained horse meat. (Findus 2013, p.26)
When the horse meat was discovered, consumer confidence in Findus fell as a brand and we knew it was vitally important to do everything we could to restore it as quickly as possible. Based on our values, transparency, responsibility and action, we quickly came to a decision that the entire company was behind. To open up our facility and welcome everyone who wanted to visit us in Bjuv to see how we work! (Findus 2013, p.26–27)

4.7. Ericsson

In table 9, three keywords are presented to illustrate the scandal of bribe and corruption and how these keywords have been used by the company before and after the scandal.

<table>
<thead>
<tr>
<th>Keyword</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption</td>
<td>14</td>
<td>29</td>
</tr>
<tr>
<td>Bribe</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Responsibility</td>
<td>127</td>
<td>125</td>
</tr>
</tbody>
</table>

4.7.1. Before the corporate scandal

Ericsson's business ethics code is the basis for how we work with responsible business practices and is our overall policy. […] Ericsson is committed primarily to human rights, anti-corruption work, responsibility in the supply chain, improvement of environmental performance and good standards regarding employee conditions and a good working environment. (Ericsson 2015, p.38)

We conduct business in accordance with corporate governance laws and regulations and have also joined several initiatives for responsible business management and management of sustainability issues. In some countries where we operate, there is a high risk of corruption. […] However, we cannot guarantee that no violations occur, which in turn can cause significant adverse effects on our business, our operating profit, our financial position, our reputation and our brand. (Ericsson 2015, p.127)

4.7.2. After the corporate scandal

It is important to emphasize that Ericsson has zero-tolerance for corruption and the company continuously strengthens the processes and how they are implemented. Over the past year, Ericsson has intensified this work and has both added internal resources and hired external advisors to support the overall process and provide an external view of the robustness of the company's programs. (Ericsson 2016, p.32)
“Ericsson volunteered for inquiries from the United States Securities and Exchange Commission and the US Department of Justice regarding the company's compliance with the US Foreign Corrupt Practices Act (Ericsson 2016, p.32).”

Ericsson (2016) explains that if they fail to comply with laws and regulation, they will be the ones who suffer the most. “Failure to comply and the changes that may be required may have a significant negative impact on our business, our financial position and our brand (Ericsson 2016, p.125).”

4.8. Zara

In table 10, four keywords are presented to illustrate the scandal of unsustainable production and how these keywords have been used by the company before and after the scandal.

Table 10: Table of keywords for Zara

<table>
<thead>
<tr>
<th>Keyword</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>84</td>
<td>127</td>
</tr>
<tr>
<td>Cotton</td>
<td>27</td>
<td>49</td>
</tr>
<tr>
<td>Sustainability</td>
<td>190</td>
<td>233</td>
</tr>
<tr>
<td>Chemical</td>
<td>25</td>
<td>74</td>
</tr>
</tbody>
</table>

In both 2015 and 2016, Zara presents numerous pictures of their production, illustrations of their production as well as several logos of the collaborations they have.

4.8.1. Before the corporate scandal

Zara explains that 2015 stands out for the progress that has been made in the development of sustainable products as 34 million items used 100 percent organic cotton which is translated into 4,219 tonnes and an increase of 318 percent by weight from 2014. There is also close work with Textile Exchange and Better Cotton Initiative (BCI) (Inditex 2015).

Implementing the measures included in the Green to Pack programme allowed us to save using 660 containers in maritime distribution and, thanks to improved land transport planning, avoid 2,300,000 kilometers of transport and their associated emissions. In addition, plans for improving shipment density
were completed, avoiding the use of 185,700 m2 of cardboard. (Inditex 2015, p. 73)

4.8.2. After the corporate scandal

[...] The independent organization Textile Exchange positioned us as the fourth company on a global scale in consumption of organic cotton by volume, which was up five positions compared with the previous year. Furthermore, Inditex is ranked as the second company that most increased consumption of organic cotton. [...] The production process for this fiber is carried out in a closed circuit that allows the reuse of water and over 99% of chemicals used. Inditex is the world leader in the consumption of this material, having sold 6.35 million garments made from it in 2016. (Inditex 2016, p.110)

“We collaborate with this coalition of organizations for Human Rights, labour rights, investors and businesses in the eradication of child labour and labour exploitation in cotton production, especially in Uzbekistan and Turkmenistan (Inditex 2016, p.122).”

4.9. SAS

In table 11, five keywords are presented to illustrate the scandal of discrimination and how these keywords have been used by the company before and after the scandal.

<table>
<thead>
<tr>
<th>Keyword</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human rights</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Employee</td>
<td>65</td>
<td>68</td>
</tr>
<tr>
<td>Legal</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Discrimination</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Diversity</td>
<td>6</td>
<td>9</td>
</tr>
</tbody>
</table>

4.9.1. Before the corporate scandal

“SAS wants to be perceived as a company that takes CARE of its customers, employees, the environment and society at large. (SAS 2016, p.8).”

SAS stipulates that employees play a key role in the value-creation process for the customer offering and therefore, as an employer, it is their responsibility to
ensure a decent work conditions and a decent environment (SAS 2016).
“Responsibility for labor practices and work conditions is very important and has been identified as a material aspect in this sustainability report. SAS is a large employer and has a major impact on responsibility (SAS 2016, p.11).”

“Diversity Policy promotes equal treatment of all employees and job applicants. Work on equal treatment includes promoting diversity and equality in all its forms (SAS 2016, p.11).”

“SAS focuses on increasing employee engagement and increasing understanding of the values that form the basis for how the business is run (SAS 2016, p.16)”.

4.9.2. After the corporate scandal
In a survey conducted amongst SAS stakeholders, diversity and equality, work conditions and business ethics were listed as top three most material topics. Based on the material topics, the company explains “SAS has a zero-tolerance policy towards all forms of harassment and works continually to counteract this through different activities (SAS 2017, p.16).” Furthermore, the company has a diversity policy aiming to promote diversity and equality.

[...] In the opinion of SAS, there is uncertainty concerning the rules governing where employees are based and where the work is carried out. SAS’s position in this matter is clear. Society must clarify and create the prerequisites for a level playing field within the industry, whereby employees are employed under local terms, where they are based and where their work is carried out. When based in Scandinavia, employees should be covered by Scandinavian employment terms, work legislation and tax regimes. (SAS 2017, p.16)

4.10 Nordea
In table 12, three keywords are presented to illustrate the scandal of tax evasion and how these keywords have been used by the company before and after the scandal.

<table>
<thead>
<tr>
<th>Keyword</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax</td>
<td>45</td>
<td>33</td>
</tr>
<tr>
<td>Customer experience</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Trust</td>
<td>17</td>
<td>13</td>
</tr>
</tbody>
</table>

Table 12: Table of keywords for Nordea
4.10.1. Before the corporate scandal

“Nordea is a value-based organization guided by our three values: Great Customer Experiences, It’s all about people and One Nordea Team. Our business fundamentals need a solid foundation, composed of sound ethical principles. This foundation is our license to operate (Nordea 2015, p.7).”

The ethical standards, as outlined in the Nordea’s Code of Conduct, Sustainability Policy and Tax Policy, together with their three values guide them when advising customers about tax implications. They also comply with external regulations to not mislead customers in their decisions (Nordea 2015).

“We manage tax costs and risks carefully [...] we aim to maintain a good local tax reputation (Nordea 2015, p.28).”

4.10.2. After the corporate scandal

“Transparency and openness are key components to earn trust from society (Nordea 2016, p.5).”

In April, customers’ trust in Nordea (2016) was bruised as media pointed them out as one of several actors in the “Panama Papers”, portraying them as giving unethical financial advice regarding tax structures. The criticism was taken seriously, and several actions were carried out as doubts in their ethics is regarded as unacceptable. “We understand that the public perception of compliance goes beyond regulatory requirements, and re-strengthening customer trust is our very top priority (Nordea 2016, p.5).”

Transparency is key for the finance sector as a whole. [...] Banks need to find ways to display this type of information and transparency must apply to all operational areas, including how the bank deals with tax avoidance issues. The past year has displayed ambiguities on this topic, for Nordea and the entire financial industry, which highlights the need to include tax issues as a sustainability aspect. (Nordea 2016, p.33)
5. Discussion

In the following chapter, the reader will be presented to a discussion that intends to answer the research questions of the paper. The chapter has been divided into three parts; legitimacy strategies before and after the corporate scandal, identified patterns and the strategy of shifting focus.

The aim of the paper is to examine how negative information is disclosed before a corporate scandal, and which legitimization strategies are applied to communicate in CSR-reports to restore legitimacy after facing a corporate scandal. To answer this, the following research questions have been used:

1. How has the negative information been communicated in the CSR-report before the corporate scandal?

2. How has the negative incident been communicated in the CSR-report after the corporate scandal occurred?

5.1. Legitimacy strategies before and after the corporate scandal

To answer the research questions, the empirical results will be discussed. Each legitimization strategy will be presented individually and will contain a discussion of how the companies have used these legitimacy strategies to communicate negative information before the scandal, and how they have been used to communicate the negative incident after the corporate scandal.

5.1.1. The strategy of abstraction

The strategy of abstraction before the scandal

Hahn and Lülfs (2014) explains the strategy of abstraction as companies distancing themselves from this negative information and redirecting focus and responsibility by blaming the industry as this can be understood as a collective problem. This use of this strategy was evident in several companies; IKEA, The Body Shop, Volvo and Ericsson, in various extents. While IKEA explains that they “want sustainable cotton to be the norm for the entire industry, not just IKEA (IKEA Group 2015, p.28)”, they also explain the environmental-, economic- and social challenges in the industry and highlight the importance of how they tackle the environmental issues connected to the industry through their initiative BCI. Therefore, while simultaneously “blaming” the industry - they also underline their responsibility in it. Similarly, Volvo also exemplifies that the challenges in the automotive industry
concerning emission of CO\textsuperscript{2} and explains that they keep track of standards and improvements annually. In contrast to how these two deals with what they refer to as an industrial challenge, both The Body Shop and Ericsson, identify that there is an existing problem within the industry but redirects all responsibility to it and society at large. While the Body Shop underlines the entire industry’s (and society’s including their own) collective responsibility - Ericsson takes it one step further and redirects all responsibility from themselves towards the industry and states that if violations happen, “it can cause significant adverse effects on our business, our operating profit, our financial position, our reputation and our brand (Ericsson 2015, p.127).”

The strategy of abstraction after the scandal

Based on the empirical results, it is evident that the two companies; The Body Shop and Volvo, kept most of their consistency in how they used this strategy. The Body Shop has continued towards the industry and society at large, while Volvo still explains CO\textsuperscript{2} as a challenge for the industry. Neither of these companies faced their corporate scandal through this strategy. While IKEA and Ericsson abandoned this strategy to seek legitimacy elsewhere, Apoteket Hjärtat, Nordea and SAS found theirs. Based on the findings in the empirical results, these three companies, has not only placed blame and redirected responsibility towards the industry but they have also supported their arguments with the use of authorities.

5.1.2. The strategy of indicating facts

The strategy of indicating facts before the scandal

This strategy refers to superficially mentioning negative information but avoid evaluating it. Partial facts are commonly used (Hahn & Lülfs 2014). Ericsson, Zara and Nordea have all used the tactic of partial facts in their disclosures as all three companies provides the reader with positive facts; “committed to anti-corruption work (Ericsson 2015, p.38)”, “increase of 318 percent (Inditex 2015)”, “save using 660 containers [...] avoid 2,300,000 kilometers [...] avoiding 185,700 m2 of cardboard (Inditex 2015, p.73), “we manage tax costs and risks carefully (Nordea 2015, p.28)”, within a negative area without providing the reader with a complete picture of the topic as well as avoiding to evaluate it. As suggested by Wang et al. (2018), Cho et al. 2010 and Arena et al. (2015), information can be altered to maintain legitimacy, and this is what can be identified in these reports.
The strategy of indicating facts after the scandal

As the gathered empirical results has been analyzed, Nordea has changed strategy but both Ericsson and Zara have continued to provide their readers with positive partial facts, but now with increased strength in the words that are used such as “zero-tolerance [...] invested continuously in the last decade to strengthen (Ericsson 2016, p.32)”, “world leaders in consumption of organic cotton (Inditex 2016, p.110)”.

5.1.3. The strategy of rationalization

The strategy of rationalization before the scandal

The use of this strategy is evident when information is communicated in such a manner that the past in used as a reference. Tables and figures are common tools that can be applied (Hahn & Lülfs 2014). van Leeuwen (2007) identifies two types; instrumental rationalization that highlights benefits and theoretical rationalization that focuses on the fact that businesses are facing certain risks. Based on the empirical findings, IKEA, Volvo and Findus have all used tables, figures and clearly explained the numbers used and achieved, to further highlight the improvements they have made over the past year to create a stronger legitimacy in society and amongst their stakeholders (van Leeuwen 2007; Tregidga & Milne 2006; Cho et al. 2010). In contrast to being provided with clear information that is in context to past performance and figures, Zara has the tendency to present information filled with numbers - but numbers that lack in context. This is a constant pattern that has been identified in their report. In terms of discussing risks, all companies touched upon the subject which is in line with the social contract and expectations that exist between companies, society and stakeholders (Deegan & Unerman 2011; Islam & Deegan 2010). However, the companies that held a discussion concerning risks they were facing were IKEA, Volvo, Nordea, H&M and Findus which according to theory creates a more balanced reports which by extent creates legitimacy (GRI 2016; Hahn & Lülfs 2014).

The strategy of rationalization after the scandal

Based on the companies who utilized this strategy before their corporate scandal; IKEA, Volvo, Findus, Zara and Nordea and how they have used this after - not much has changed in their approach. What has been recognized is that the approaches have slightly been modified through the use of obfuscat ing language. The empirical results can therefore support Cho’s et al.
(2010) theory that companies who are lacking in environmental performance, use positive language in their reports to communicate maintain legitimacy amongst stakeholders and in society.

For example, Volvo’s use of “tracking improvements” through numbers. In 2016, their emissions were 121 g/km, in 2017, the emissions were 125 g/km - both having the aim of 95 g/km in 2020 (Volvo Car Group 2017, p.59). Despite the increase in emissions, the company still refers it as “improvements”. The same pattern is identified in H&M - who still identifies the risks as they did in their previous report, but this time adding strength in their statements, for example by referring to progress made over time “since 1998” (H&M Group 2017, p.59) and “absolute, minimum requirement” (H&M Group 2017, p.80). Zara’s use of this strategy after facing their corporate scandal remains the same; information filled with numbers that are lacking in context that is supported by authorities.

What can be seen it that while IKEA, H&M and Findus has sought other legitimacy strategies, Nordea has remained and SAS has embraced it. After the corporate scandal, Nordea still uses the strategy of abstraction as they redirect their responsibility towards society but, they do identify that there is a loss of trust and legitimacy amongst their stakeholders and they do understand what risks they currently are facing due to what has happened over the past year. Meaning, while Nordea still sees this as an industrial problem - they do accept responsibility for the consequences of it. Similarly, SAS also uses a combination of these two strategies; rationalization and abstraction, but unlike Nordea, it is evident that SAS does not understand nor face their stakeholders as they hide behind the uncertainty and what they believe it should be - not what it is.

5.1.4. The strategy of authorization

Authorization is explained as a strategy that companies apply to redirect their responsibility towards authorities or certifications and create legitimacy in society through the perception of their cooperation (van Leeuwen 2007; Vaara 2014). As the empirical results have been treated, three distinctive findings have been identified. The first one is that this strategy is adopted by all companies through various methods; collaborations, volunteering, sponsorships etcetera. These results signal that legitimacy in this sense is
maintained through “piggybacking” on already established and legitimate organizations, as companies are upholding the social contract between themselves, society and their stakeholders (Islam & Deegan 2010). The second finding is that two types of authorizations have been identified; external- and internal authorization. While all companies communicate some form of external authorization in their reports, almost all of them (except Apoteket Hjärtat) also underline an internal authorization through company-based codes of conducts or other forms of policies. Last but not least, while authorization (external or internal) can maintain a company’s legitimacy, a third finding has been that too much focus on authorities and name dropping of them can compromise it rather than maintain it (Hahn & Lülfs 2014).

The strategy of authorization after the scandal

The three findings established in the empirical results from before the scandal occurred is also confirmed in the reports after; all companies are still “piggybacking” on legitimate organizations to restore their loss of legitimacy but to an even greater extent. However, while previously using legitimate organizations as support, they are now being used as an obvious choice. Secondly, the overall use of communicating external- and internal authorities has increased which also counteracts the third finding; that mentioning too many authorities (external or internal) can prevent legitimacy to be restored faster (Hahn & Lülfs 2014).

5.1.5. The strategy of corrective action

The strategy of corrective action before the scandal

The strategy of corrective action refers to how businesses will handle potential negative incidents. These are divided into two types; type I which refers to vague ideas of how these will be handled and type II, that presents concrete ideas of how companies will face these (Hahn & Lülfs 2014). In terms of corrective action type I it has been identified that IKEA, H&M and SAS utilize this strategy hand in hand with what this study refers to as internal authorization, which is believed to provide more concrete support to an otherwise vague idea. Volvos uses type I in certain circumstance on its own, which provides information that gives the reader a positive perception, but as the vague idea is presented - it ultimately becomes lacking in content. However, in the areas where Volvo uses type II - the communication is clear, concrete and provides specific numbers and targets. This finding, that
a company can communicate information of type II, but also provides type I, confirms the theory presented by Wang et al. (2018) - that companies can manipulate readability in CSR-disclosure. While IKEA and H&M both present more concrete action plans in type II, they still use internal authorization to uphold the established social contract (Islam & Deegan 2010). The use of authorities is a pattern that also can be identified in Apoteket Hjärtat’s use of corrective action type II, but unlike IKEA and H&M, they use external authorization. However, being concrete is relative which is evident as Zara presents their corrective action type II-strategy through their green initiative. What is problematic here is that while being provided with concrete numbers, the company remains vague in execution and solely focuses on “positive” results that easily can be questioned. Considering the information that Zara presents; “Save using 660 containers [...] avoid 2,300,000 kilometers of transport and associated emission [...] avoid the use of 185,700 m2 of cardboard (Inditex 2015, p.73)”, this supports the theory of manipulating readability of environmental disclosures presented by Cho et al. (2010).

5.1.6. The strategy of mythopoesis

van Leeuwen (2007) explains the strategy of mythopoesis as storytelling to face the negative incident. To reach success, the company needs to work
themselves out of the negative incident by giving themselves an opportunity to overcome it and walk out of the incident with a stronger position in society. Based on the two companies; The Body Shop and Findus, that have applied storytelling “before” the scandal became public, only one has been successful in the outcome. The cause of this is identified as one company seizing the opportunity that van Leeuwen (2007) speaks of, whereas the other uses storytelling for the sake of it. Findus took the opportunity to face the negative incident beforehand, which for them had a successful outcome.

The strategy of mythopoesis after the scandal

Comparing how this strategy has been used before any scandal has become public to how it has been used after, several - if not all - companies have applied this as a strategy, some better than others. As presented by van Leeuwen, for storytelling to be a successful legitimization strategy - an opportunity needs to be seized. As mentioned, several companies have used storytelling in their reports - but despite this, Findus is believed to be the only company that has fully succeeded through this legitimization strategy. Comparing story to story, the difference amongst Findus and remaining companies is time - Findus seized the opportunity and took the time to briefly add it to their report that was being produced for the previous financial year. However, in doing so - stakeholders and society were able to be reached with their story in the “right” time for it to have the most impact - which it did. Therefore, this study suggests that while finding an opportunity is of importance - time can also be a crucial deal breaker.

While corrective action has been the strategy with most “movement” amongst the companies, the strategy of mythopoesis is the strategy with the most growth in the aftermath of the scandals. How this strategy has been used amongst the companies also confirms and supports how the study has chosen to define a CSR-report; as a communications tool used to create legitimacy to achieve strategic benefits (Higgins & Coffey 2016; Wang et al. 2018; Deegan 2002).

5.1.7. The strategy of multimodality

The strategy of multimodality before the scandal

The strategy of multimodality is used to look beyond language and applied to create legitimacy through figures, symbols and pictures (van Leeuwen 2007; Tregidga & Milne 2006). It can be identified that a majority of the companies
in this study used the strategy of multimodal legitimacy to maintain legitimacy in an additional way.

The strategy of multimodal after the scandal

This strategy has been relatively unchanged - the only difference is that all of the companies have applied this strategy after their respective scandals. As theory suggests, this is a strategy should not be used on its own to establish, maintain or restore legitimacy - it should be used to intensify the current strategies that companies are applying (van Leeuwen 2007). This theory can be confirmed by the empirical results of the study.

5.2. Identified patterns

Looking at how companies have utilized their legitimacy strategies before and after the scandal became public, a number of patterns could be identified. The companies that held on to their legitimacy strategy through and after their corporate scandal, sharpened their use of it through intense language. What this means is that before the scandal, certain facts were presented and if the company chose to keep this fact in their report after the scandal, the fact was intensified through the use of stronger language to underline the fact and the addition of a time-aspect. Another pattern that could be distinguished is that a majority of the companies abode to around three to four legitimacy strategies, while there was a company that partly used bits and pieces of all strategies both before and after. While the majority of companies could create depth in their communication through these, the one using all struggled with this. This led to the reader being presented with information lacking in context which hampered the opportunity for their report to maintain, and after a loss, restore legitimacy through the use of their report.

The empirical results also indicated that while presenting information about the risks that the company could be exposed to, once again the language became a tool in how this was handled. This time, it was not to strengthen certain attributes or add a time-aspect, instead, language was used to shift the focus from one perspective to another. As companies were facing risks within one of the social- environmental- or economical aspect, they chose to highlight the benefits of another aspect. Once the corporate scandal became public, two tendencies could be identified; the companies either highlighted the “new” aspect (the aspect that became public in combination to the corporate scandal) with support in the previous one or did not face the “new”
aspect at all but increased the use of the previous one and added an additional perspective to it.

Furthermore, as the empirical results have been discussed, it has been identified that the strategy of marginalization has become obsolete in this study. In regard to legitimacy theory and the social contract between companies, society and stakeholders - minimizing negative incidents that have become public through a corporate scandal and calling them unimportant or irrelevant, is not a viable option in today’s “CSR”-society as stakeholders expect more from businesses (Deegan & Unerman 2011; Islam & Deegan 2010). Therefore, this paper suggests that the strategy of marginalization can be perceived as outdated in today’s “CSR”-society as it does not create legitimacy. However, based on the findings in the paper; the patterns of shifting focus, either through the use of strengthened language, the adding of a time-aspect or a new aspect, leads this paper to suggest that there is an additional strategy that can be identified in a majority of the companies - the strategy of shifting focus.

5.3. The strategy of shifting focus

Based on the identified patterns from the empirical results, the characteristics that can be identified and outlined for this strategy are shifting focus through the use of strengthened language, shifting focus through the addition of a time-aspect or shifting focus from one aspect to another, for example from a social aspect to an environmental or economic aspect. This is also evident in the tables of keywords (table 3-6 and 9-12) as a majority of the companies have doubled their use of certain keywords while in another aspect have completely shifted their focus from one aspect to another. These characteristics can be used individually or in combination of each other.

The strategy of shifting focus before the scandal

In analyzing the empirical results, the presented characteristics could be distinguished in several companies. The use of strengthened language has been identified in both IKEA (“zero-tolerance”) and SAS (“takes CARE”). This tendency is also illustrated by H&M, with the addition of the use of a time-aspect (“rare [...] clear stance [...] for many years”). The use of shifting focus through the aspect of time has been recognized in Findus and in Volvo. In Findus case, they shifted the focus towards their scandal beforehand in their CSR-report that was covering the operating year before the scandal whereas
Volvo shifts the focus towards the future. Considering the final characteristic; shifting focus through a new aspect, this is apparent as IKEA discusses the negative information about the cotton farming industry from the perspective of the environment and the financial benefits that the farmers will have.

The strategy of shifting focus after the scandal

Looking at how the companies have used the strategy of shifting focus after their respective corporate scandal, an increase in use has been recognized. In analyzing the empirical results after the scandals, the characteristics of language has most commonly been used in combination with the aspect of time. This is evident in The Body Shop, H&M, Ericsson and SAS, all of which highlight the aspect of time hand in hand with the use of strengthening language. For example, as Ericsson discusses corruption and their zero-tolerance towards it, they also make sure to highlight that they have systematically and continuously been working with this issue during the last decade. From the aspect of time as a characteristic of the strategy, both IKEA and The Body Shop present information with this tendency. The characteristic that was most commonly identified was the tendency of shifting from one aspect to another.

Looking at the information presented in IKEA, the company now underlines the environmental and social aspect of the farmers whereas they previously solely focused on the environmental and financial benefits. In Apoteket Hjärtat, the aspect of focus shifted on a product level in combination with the use of strengthening language; from the upsell of prescription drugs to prescription free drugs through their campaign “choose with your heart”. This aspect is also identified in Volvo, Nordea and Ericsson, where the latter one shifts the aspect through the use of they would suffer in comparison to the suffering they would cause.
6. Conclusion

The aim of the paper has been to examine how negative information is disclosed before a corporate scandal, and which legitimization strategies are applied to communicate in CSR-reports to restore legitimacy after facing a corporate scandal. In regard to the aim of the paper and the gathered and analyzed empirical data, three key findings have been identified.

First of all, it is established that a majority of the companies uses three to four legitimacy strategies in their CSR-reports both before and after a corporate scandal became public. Secondly, as the empirical results have been treated with the theoretical framework in mind, it is evident that one of the strategies have become obsolete in this study. In regard to legitimacy theory and the social contract that exist between companies, society and stakeholders - minimizing negative incidents that have become public through a corporate scandal and calling them unimportant or irrelevant, is not a viable option in today’s “CSR”-society as stakeholders do expect more (Deegan & Unerman 2011; Islam & Deegan 2010). Based on the results of this study and the extent of the corporate scandals that each company has gone through, the paper suggests that the strategy of marginalization can be perceived as outdated in today’s “CSR”-society as it does not create or restore legitimacy after going through a corporate scandal. The strategy itself may be useful in other remarks but based on the empirics and the severity of these scandals, it has not been identified as powerful or useful enough for the companies to get through their scandals.

Last but not least, based on the empirical findings in the study, a number of patterns have been identified. In general, the results have presented a continuous sign of companies shifting focus to maintain or restore their legitimacy, either through the use of strengthened language, the addition of a time-aspect or a new aspect. Based on these identified patterns from the empirical results and the discussion, this has led the paper to suggest that there is an additional strategy that can be identified in a majority of the companies – the strategy of shifting focus.

6.1. Theoretical implications

The theoretical implication of this study is the strategy of shifting focus that has been identified in a majority of the companies used in this study. Based on the identified patterns from the empirical results, the characteristics that can
be identified and outlined for this strategy are shifting focus through the use of strengthened language, shifting focus through the addition of a time-aspect or shifting focus from one aspect to another.

The use of strengthened language here is identified as words used to further highlight and intensify the statements or arguments that the companies are making. The addition of a time-aspect refers to underlining a statement or an argument by referring to the process over time, a specific point in time (either past or present) or referring to the future. Basically, shifting focus from their current situation to a prior or potential one. Last but not least, the shift in aspect can either be on a macro-level, for example from a social aspect to an environmental or economic aspect, or a micro-level one within the company. Furthermore, it is also suggested that these characteristics can be used individually or in combination of each other.

6.2. Limitations and future research

The main limitation of this study is that the findings cannot be generalized as the study has taken a qualitative approach and relatively few companies have been applied. However, as ten companies have been applied – all of which are in different fields as well as having different corporate scandals occurring within the past five years, this does provide a solid foundation for the conclusions of the paper.

Based on the limitations of the study, that the findings cannot be generalized, it is suggested that future research can take a quantitative approach to this problem to create generalizable results, either to each separate industry or attempt to approach all. Another way to approach this in future studies would be through conducting a longitudinal study. A final suggestion would be to further explore the contribution of this paper; the strategy of shifting focus, to establish and create a greater understanding of the strategy.
7. References


Appendix


