



available at www.sciencedirect.com



journal homepage: <http://www.elsevier.com/locate/scaman>



Discursive (de)legitimation of a contested Finnish greenfield investment project in Latin America

Maria Joutsenvirta^{a,*}, Eero Vaara^{b,c,1}

^a *Helsinki School of Economics, PB 1210, FI-00101 Helsinki, Finland*

^b *HANKEN School of Economics, PB 479, FI-00101 Helsinki, Finland*

^c *EMLYON Business School, France*

KEYWORDS

Corporate social responsibility;
Legitimacy;
Discourse;
Media;
Multinational corporation;
Forest industry

Abstract Despite the central role of legitimacy in corporate social responsibility debate, little is known of subtle meaning-making processes through which social actors attempt to establish or de-establish legitimacy for socially contested corporate undertakings, and through which they, at the same time, struggle to define the proper social role and responsibility of corporations. We investigated these processes in the context of the intense sociopolitical conflict around the Finnish forest industry company Metsä-Botnia's world-scale pulp mill in Uruguay. A critical discursive analysis of Finnish media texts highlights three types of struggle that characterized the media coverage: legalistic argumentation, truth fights, and political battles. Interestingly, this case illustrates how the corporate representatives – with the help of the national media – tend to frame the issue in legalistic terms, emphasize their expert knowledge in technical and environmental evaluations, and distance themselves from political disputes. We argue that similar tendencies are likely to characterize corporate social responsibility debates more generally.

© 2008 Elsevier Ltd. All rights reserved.

Introduction

Growing global concerns about ecological and social problems such as climate change, poverty and depletion of natural resources together with increasing expectations that corporations take more responsibility for the well-being of people and nature have intensified academic debate within the field of business and society. In this paper, we aim to extend the discussion about legitimacy among corporate social responsibility (CSR) scholars as well as to contribute to the discursive

theorizing about legitimacy more generally. In spite of the central role of legitimacy in CSR debate (e.g., Deegan, 2002; Palazzo & Scherer, 2006; Sethi, 1975; Wood, 1991), little is known of subtle meaning-making processes through which various actors attempt to establish or de-establish legitimacy for socially contested corporate operations and through which they, at the same time, participate in defining the proper social role and responsibility of corporations. Indeed, the narrow conception of legitimacy in the CSR debate has prevented both researchers and practitioners from gaining an understanding of some crucial sociopolitical processes involved in the legitimation of contested corporate undertakings.

Our starting point is that a central part of building social acceptability (i.e., legitimacy) for controversial corporate actions takes place through argumentation. We argue that a discursive perspective on legitimacy carries the potential

* Corresponding author. Tel.: +34 647390191.

E-mail addresses: maria.joutsenvirta@gmail.com (M. Joutsenvirta), eero.vaara@hanken.fi (E. Vaara).

¹ Tel.: +358 50 3059359.

to avoid some of the shortcomings of earlier legitimacy theorizing around CSR (Palazzo & Scherer, 2006). In particular, it allows us to understand the complexities, ambiguities and contradictions around legitimation (Vaara & Tienari, 2008).

In this paper, we provide a discursive analysis of a revealing case that illustrates some of the societal and political tensions produced by multinational corporations' (MNC) investments in technology and capital hungry countries (Sethi, 2002). The Finnish forest industry company Metsä-Botnia's (henceforth Botnia) world-scale pulp mill project in the Uruguayan town of Fray Bentos, situated on the banks of the Uruguay River that forms the boundary between Uruguay and Argentina, sparked harsh criticism and opposition from Argentinean civil activists. Organized demonstrations against Botnia have mobilized tens of thousands of Argentinians, particularly residents and neighbours of the town of Gualeguaychú on the opposite bank of the Uruguay River, whose tourism has been seen to be endangered by the potential pollution of the pulp mill into the river. In the open and widely mediatized conflict, the activists have criticized Botnia's project by referring to its potential negative impacts on the environment and people's health as well as towards the local economy and culture. Having started as a civil reaction against the pulp mill projects of the Spanish ENCE and Botnia, the conflict has widened into an intense diplomatic dispute between Argentina and Uruguay, which has both been affected by and had negative impacts on Botnia.

Our research question is: Through which discursive strategies do various actors construct a sense of (il)legitimacy in sociopolitical conflicts involving firms? The study focuses on media texts seeing them as an increasingly important arena where corporate activities are legitimized and delegitimized. Our analysis of Finnish media texts uncovers three types of discursive legitimacy struggle which characterize the media coverage: legalistic struggles, truth struggles, and political struggles. In particular, this case illustrates how the corporate representatives – with the help of the national media – tend to frame the contested corporate undertaking in legalistic terms, emphasize their expert knowledge in technical and environmental evaluations, and distance themselves from political disputes. We discuss some implicit consequences of these discursive (de)legitimation acts in relation to the social role of corporations in a global society. Our analysis also makes visible aspects which problematize Botnia's legitimating attempts and provide us interesting manifestations of the politicization of corporations, an increasingly discussed phenomenon in the current CSR debate (e.g., Matten & Crane, 2005; Matten, Crane & Chapple, 2003; Palazzo & Scherer, 2006; Scherer & Palazzo, 2007). We argue that similar tendencies are likely to characterize debates around corporate social responsibility more generally.

We begin with a brief overview of the CSR literature by focusing on the prevailing conception of legitimacy and its shortcomings. We then present a discursive perspective on legitimacy which is useful in uncovering crucial and often ignored sociopolitical processes involved in the legitimation of contested MNC undertakings. In the following two sections, we describe the empirical context of our study as well as the data and the method of analysis. We then present the three types of legitimation struggle. The final section sum-

marizes the issues raised in the article and discusses the implications of the study for theory and practice.

Legitimacy in corporate social responsibility literature

The notion of legitimacy is an important theme in sociological analysis in general (Berger & Luckmann, 1966; Giddens, 1984; Parsons, 1960; Weber, 1968) and organizational analysis in particular (Deephouse & Suchman, 2008; DiMaggio & Powell, 1983; Dowling & Pfeffer, 1975; Meyer & Rowan, 1977; Scott, 1995; Suchman, 1995). While there are different approaches to legitimacy, most subscribe to a view where it is defined as "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, p. 574).

The fundamental assumption of legitimacy theory is "the idea that in order to continue operating successfully, corporations must act within the bounds of what society identifies as socially acceptable behaviour" (O'Donovan, 2002, p. 344). Therefore, it is not surprising that legitimacy has become an important avenue for CSR theorizing. According to Wood (1991), "the basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities; therefore, society has certain expectations for appropriate business behavior and outcomes" (p. 695). In her often cited CSR taxonomy, legitimacy is the key concept at the institutional (or societal) level of analysis, as opposed to the organizational and individual levels. Palazzo and Scherer (2006) have claimed that the core assumption of various concepts through which scholars have theorized about the role of corporations in society (CSR, corporate citizenship, business ethics, stakeholder theory and the like) is "the unavoidability of normative conformity with the social environment", and, therefore, legitimacy "is the 'yardstick' of the discussion in the CSR field" (p. 73; see also Sethi, 1975, p. 60).

Legitimacy provides us an important way of thinking about the threat that the powerful reaction from civil activists or other societal actors cause for controversial corporate undertakings. Indeed, growing direct pressure from civil society on corporations (e.g., Sethi, 2002) together with changing power relations between state, economy, and civil society groups (e.g., Margolis & Walsh, 2003; Marsden, 2000; Matten & Crane, 2005) have changed the societal limits to profit making, and legitimacy has become a critical issue for corporations, especially for globally operating multinationals (Palazzo & Scherer, 2006).

Legitimacy theory has been an often used framework to explain how various corporate ethical practices (standards, codes, programs, policies, etc.) can serve to legitimize corporate operations (e.g., Bansal & Roth, 2000; De Blasio, 2007; Deegan, 2002; Hunter & Bansal, 2007; Long & Driscoll, 2008). Much of the CSR literature that has applied legitimacy theory originates from the area of social and environmental accounting. These scholars have used the theory especially to explain why corporations inform publicly about their social and environmental performance (Deegan, 2002). They have explored the purpose of and motivations for corporate environmental and social disclosures and suggested that compa-

Download English Version:

<https://daneshyari.com/en/article/896093>

Download Persian Version:

<https://daneshyari.com/article/896093>

[Daneshyari.com](https://daneshyari.com)