



EXPLORING THE MAIN DISCOURSES AND POWER
RELATIONS IN THE DISCLOSURE ON SOCIAL
INEQUALITY ISSUES IN CORPORATE NARRATIVES

BY

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ABSTRACT

This research aims at exploring the main discourses and understanding the power relationship in the language and presentation of the disclosures on social inequality issues in corporate narratives. The research was conducted in three stages. The objective of the first stage was to explore the main discourses and understand the power relationship in the language and presentation of the disclosures on social inequality issues in the sustainability reports of Fortune 500 companies. The main purpose of the second stage was to explore the main discourses and understand the power relationship in the language and presentation of the disclosures on social inequality issues in the annual reports of the companies of a developing economy – Bangladesh. The method that was applied in both of these stages is Critical Discourse Analysis (CDA). It was found that the three dominant social inequality discourses that exist in these reports are: (i) discourses in relation to economic inequality, (ii) discourses related to gender inequality and (iii) discourses related to racial and ethnic inequality. It was seen that companies used the language and presentation style strategically to convince the readers. The companies tried to portray themselves as ‘distress relievers’ and ‘capable’ enough to deal with the social inequality issues. They portrayed themselves as the symbols of ‘kindness’ and ‘development’. In this way, the spirit of capitalism was glorified. In the third stage of this research, the main reasons behind the disclosure/non-disclosure of social inequality issues by Bangladeshi companies were explored by conducting interviews with the professional accountants of Bangladesh. It was found that these professional accountants think that though in these reports, the discourse of ‘social welfare’ gets highlighted; there lies profit and survival motives behind them. In general, very few Bangladeshi companies report on social inequality issues. According to the interviewees, the main reason behind this lies in the socio-cultural structure of Bangladesh. In general, in Bangladesh, people who are powerful do not discharge accountability to the less powerful group. The interviewees mentioned that Bangladeshi companies are very powerful agents in Bangladeshi society. They hold money and political power. That is why they can ‘avoid’ being accountable. The research concludes that as the representatives of ‘capitalism’, companies are mostly inclined to generating profits. Though the discourse of ‘social welfare’ is highlighted in these reports, it is in fact a ‘secondary’ issue. The companies make strategic use of language and presentation (such as graphs and other visuals) that create a ‘surface illusion’ of ‘welfare’ and ‘development’ in the minds of the readers. This ‘illusion’ hides the main motive – generating profit.

ملخص البحث

يهدف هذا البحث إلى توضيح الخطابات الرئيسية وفهم علاقة القوة في اللغة وعرض الإفصاحات حول قضايا عدم المساواة الاجتماعية في الروايات ذات الدلالات المؤسسية. وقد أجري البحث على ثلاث مراحل. وكان الهدف من المرحلة الأولى كشف النقاب عن الخطابات الرئيسية وفهم علاقة القوة في اللغة وعرض الإفصاحات حول قضايا عدم المساواة الاجتماعية في التقارير المتعلقة بالاستدامة الصادرة عن خمسة (٥٠٠) شركة من شركات فورتشن. وكان الغرض الرئيس من المرحلة الثانية الوقوف على الخطابات الرئيسية وفهم علاقة القوة في اللغة، وعرض الإفصاحات حول قضايا عدم المساواة الاجتماعية من خلال التقارير السنوية للشركات ذات الاقتصاديات المتنامية لبنغلاديش. والمنهج المتبع في كلتا المرحلتين هو المنهج النقدي الخطابي التحليلي. وقد تبين أنّ الخطابات الثلاثة الأكثر شيوعاً في قضية عدم المساواة الاجتماعية والتي أقرتها التقارير هي: الخطابات المتعلقة بعدم المساواة الاقتصادية، والخطابات المتعلقة بعدم المساواة بين الجنسين، والخطابات المتعلقة بعدم المساواة العرقية والإثنية. ويُعتقد أنّ الشركات تستخدم أسلوب اللغة والعرض بشكل استراتيجي ومؤثر لإقناع القراء. وقد قامت الشركات بتصوير نفسها على أنّها قادرة على "التغلب على حالات الضيق" وكذلك على التعامل مع قضايا عدم المساواة الاجتماعية بشكل فعال. عدت نفسها رمزاً "للعطف" و "التنمية". وبهذه الطريقة تصبح روح الرأسمالية مُقدّسة ومُجَدّة. في المرحلة الثالثة من هذا البحث، تم استكشاف الأسباب الرئيسة وراء الكشف أو عدم الكشف عن قضايا عدم المساواة الاجتماعية من قبل الشركات لبنغلاديش من خلال إجراء مقابلات مع المحاسبين المهنيين لبنغلاديش، وقد تبين أنّ هؤلاء المحاسبين المهنيين يعتقدون أنّهم على الرغم من أنّ هذه التقارير تقوم بتسليط الضوء على خطاب "الرعاية الاجتماعية"، إلا أنّ هناك دوافع الربح والنّجاة وراءها. بشكل عام، فإن الشركات التي تقوم بإصدار تقارير حول قضايا عدم المساواة الاجتماعية في بنغلاديش قليلة جداً. وحسب آراء المتقابلين فإنّ السبب الرئيس في قضية عدم المساواة الاجتماعية يكمن في طبيعة التركيبة الاجتماعية والثقافية لبنغلاديش. وبشكل عام، فإن أصحاب النفوذ لبنغلاديش يتهربون من المساءلة القانونية أمام الضعفاء والأقل نفوذاً. ويشير المتقابلون أنّ الشركات البنغلاديشية ذات نفوذ مؤثر في المجتمع البنغلاديشي، وأنّها تملك المال والسلطة السياسية في البلاد. وبناءً على ذلك، فإنّ بإمكانهم التنصل من المساءلة القانونية. ويخلص البحث إلى أنّ الشركات تغلب عليها نزعة استجرار الأرباح لنفسها باعتبارها تُمثّل "الرأسمالية". على الرغم من أنّ التقارير التي تصدرها هذه الشركات تقوم بتسليط الضوء على "الرعاية الاجتماعية" إلا أنّها في الواقع تُعدّ من القضايا الثانوية. تقوم الشركات باستخدام استراتيجي للغة والعرض (كالرسوم البيانية وغيرها من الصور المرئية) لإنشاء مايسمى بـ "السطح الوهمي" الناتج عن خطابات "الرعاية الاجتماعية" و "التنمية" في أذهان القراء، هذا الوهم يُخفي الدافع الرئيس لخطابات الشركات -دافع توليد واستجرار الأرباح والمكاسب.

APPROVAL PAGE

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DECLARATION

I hereby declare that this dissertation is the result of my own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Dewan Mahboob Hossain

Signature.....

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This thesis is dedicated to

My loving parents

Mr. Dewan Mosharraf Hossain and Mrs. Gulshan Ara

My younger brother

Dr. Moinul Hossain

My respected teacher and mentor

Dr. Riazur Rahman Chowdhury

and

My best friends

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LIST OF ABBREVIATIONS

ACA	Associate Chartered Accountant
CA	Chartered Accountant
CDA	Critical Discourse Analysis
CPD	Continuous Professional Development
CSER	Corporate Social and Environmental Reporting
CSR	Corporate Social Responsibility
FCA	Fellow Chartered Accountant
ICAB	Institute of Chartered Accountants of Bangladesh
ICAEW	Institute of Chartered Accountants of England and Wales
ICMAB	Institute of Cost and Management Accountants of Bangladesh
ICSB	Institute of Chartered Secretaries of Bangladesh
MNC	Multinational Corporations
NGO	Non Governmental Organisations
SAFA	South Asian Federation of Accountants
SEC	Securities and Exchange Commission
UNDP	United Nations Development Program

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Social inequality is considered a social problem (Henslin, 2011; Sullivan, 2012; Mooney, Knox & Schacht, 2013). According to Sullivan (2012), an issue can be considered as a social problem when (a) it is recognized as threatening by an influential group in society, (b) a large number of people are getting affected by it and (c) its remedy depends on collective action by the people in society. Authors such as Henslin (2011), Sullivan (2012) and Mooney, Knox and Schacht (2013) have written textbooks on social problems and recognized social inequality as a social problem. Social inequality affects a large number of people in society and it needs collective action to solve it. When some groups in the society do not have equal access to important resources, services and positions like some others, we can say that there exists inequality in that society (Kerbo, 2009). Today the issue of social inequality is given serious attention by social workers, politicians, environmentalists and the media. This is a burning question for today's society.

In many ways, people in society are not equal. Due to their different colour, gender, social class, educational level and health condition, gaps in terms of resources and power are created (Newman, 2012). Some groups of people enjoy more benefits in terms of resources and power over others. Thus, the more powerful and resourceful group may exploit the group which is lacking power and resources (Hossain, 2013b). As a result, there arise conflicts and social problems (Henslin, 2011; Stiglitz, 2012).

Different authors have classified social inequalities in different ways. For example, according to Henslin (2011), the main types of social inequalities are

economic inequality, racial and ethnic inequality, inequalities of gender and sexual orientation and inequalities in medical care (in terms of physical and mental illness). Hurst (2010) classifies social inequality as economic inequality, status inequality, political inequality, gender inequality, inequality in terms of sexual orientation, and racial and ethnic inequality. Newman (2012) talks about inequalities in economics and work, inequalities in law and justice and inequalities in health and illness.

Inequality has become a massive social problem today (Henslin, 2011). Over the years, many new dimensions of social inequalities have come into existence. The United Nations (2013) have also identified several types of inequalities that prevail in the present world. According to United Nations (2013), other than income inequality, there exist inequalities in health and education. Indigenous people also face the problems of inequality. Older people in the society are facing problems with employment and thus getting unequal treatment. The United Nations (2013) report states that social inequality should be considered as a serious matter and there should be social protection from the society.

All these inequalities put some groups of people in an unprivileged situation in comparison to others (Henslin, 2011). Many people around the globe encounter inequalities in almost every aspect of life. Inequalities exist in families, educational institutions, organisations, laws and sometimes in religions (discussed in detail in Chapter Two).

Organisations are part of society. They have a symbiotic relationship with society (Hossain, 2011; Hossain & Chowdhury, 2012). Thus, it can be expected that, in order to operate in society they have to be careful about addressing social problems. When these organisations operate in a global environment in particular, they have to deal with a very diverse range of people. These people differ in terms of nationality,

race, ethnicity, religion, gender, educational levels and socio-economic status (Shen et al., 2009). That is why in human resource management, the issue of managing diversity has become important. The issue of diversity is important for two reasons. First, having a diverse group of people may give a competitive advantage to the organisation as they might possess a diverse range of skills (Green et al., 2002; Nair & Vohra, 2015). Second, diversity can help address the problem of social inequality. By hiring people of different race, ethnicity, nationality, gender and economic class in the workforce, the organisations can help in mitigating the problem of social inequality (Shen et al., 2009; Mazur, 2010; Nair & Vohra, 2015).

Other than managing diversity and dealing with inequalities inside the organisation, present day corporations are also showing interest in mitigating this social problem through Corporate Social Responsibility (CSR) practices (Aberu, David & Crowther, 2005; Jatana & Crowther, 2007; Hossain, 2011; Hossain & Chowdhury, 2012; Rahman et al., 2014). In recent times, corporations around the world want to show that they are concerned about society and this leads to their involvement in many activities that attempt to address social problems (Hossain, 2011).

Corporations want to show that they are conscious about the welfare of society and that they are accountable for their activities. In order to discharge this accountability, companies go for corporate social reporting (Gray, Owen & Adams, 1996). This type of reporting can be done through several media such as annual reports and websites. In recent years, many companies produce stand-alone sustainability reports (Burrill & Schaltegger, 2010; Borial, 2013). The companies report on their social and environmental activities in these documents. It is important

that the organisations, as part of the society, attend to social problems and report their activities to the stakeholders (Davis, 1977; Mathews, 1993).

In their annual reports, websites and stand-alone sustainability reports many companies are reporting their internal practices on diversity issues (related to gender, race and ethnicity, and disability) as well as their social welfare activities that focus on their contributions to poverty alleviation, women empowerment, health and medical issues, education and environment (Aberu, David & Crowther, 2005; Jatana & Crowther, 2007; Hossain, 2011). In most cases, these reports are prepared in narrative form. This present study thus makes an attempt to explore the main discourses on social inequality issues in these corporate narratives. Moreover, this research also makes an attempt to understand the power relationships in the language and other forms of presentations (such as tables, graphs and visuals) in corporate narratives.

This research aims at understanding the main discourses and the power relationships in the language and disclosure on social inequality issues in the corporate narratives in sustainability reports and in some portions of annual reports. The research is qualitative in nature. The broader research objective is divided into three interrelated parts which entail to three specific studies. The first study explores the main discourses and the power relationships in the languages and presentation of the disclosures on social inequality issues in the global sustainability reports of the top 100 companies of Global Fortune 500. The second part of the study concentrates on exploring the main discourses and the power relationships in the disclosure on social inequality issues in the narratives of the annual reports of the companies in a third world economy, i.e., Bangladesh. In both of these cases, Critical Discourse Analysis (CDA) of the corporate narratives was conducted. In general, companies disclose their social and environmental performance through narratives. In these cases, they use

language and some other forms of presentations such as graphs, charts and photographs. While conducting CDA, both language and these other forms of presentations were considered. It was anticipated that there would be differences between the social disclosure of Fortune 500 companies and that of Bangladeshi companies as these companies operate in different cultures and environments. Thus, to identify the possible socio-cultural, political and industrial factors which lead to these differences in disclosure, in the third part of the study, semi-structured in-depth interviews were conducted with professional accountants of Bangladesh.

Bangladesh is a third-world economy that is suffering from acute social inequality problems (discussed in more detail in Chapter Two). Economic inequality/poverty exists at a high level (Japan Bank for International Development, 2007; Belal, 2008; Titumir & Rahman, 2011; Ferdousi & Dehai, 2014). Access to health and education is also not equal for people from different social classes (Japan Bank for International Development, 2007). Gender inequality exists as a massive problem in this society (Siddiqi, 2003; Belal, 2008; Ferdaush & Rahman, 2011; Alam, Blanch & Smith, 2011). Some ethnic groups have to deal with many aspects of discrimination (Mohsin, 2003; Dhamai, 2006; Barakat et al., 2009; Chowdhury & Hossain, 2010; Hossain, 2013a). That is why the people in the society do not have equal access to jobs, finance and resources. The interview results highlight why, despite experiencing massive problems of social inequality in the country, the corporations in Bangladesh are not highlighting this issue in corporate narratives.

1.2 CORPORATE NARRATIVES

Over the last few decades, many companies around the world have taken the initiative to report on their social and environmental performance through several media. As

mentioned earlier, companies report these issues mainly through annual reports, websites and stand-alone sustainability reports. In reporting these issues, companies generally do not follow the traditional accounting methods that mainly use numerical figures and calculations. Rather, in reporting corporate social and environmental performances, they use narratives that use language and some other forms of presentation such as graphs, charts and photographs. Generally, the companies that report on these issues put these narratives in a portion of the annual reports. Over the last decade, another form of report – sustainability report has gained popularity mainly among giant multinational companies.

In recent years, many companies are producing separate sustainability reports in order to highlight their environmental and social impacts. Several local and international bodies have made attempts to promote the concept of sustainability reporting. According to Adams and Narayan (2007), some prominent bodies include: (1) the Global Reporting Initiatives (GRI), (2) the International Standards Organisation (ISO), (3) the World Business Council for Sustainable Development (WBCSD), (4) AccountAbility, and (5) the Sustainability Integrated Guidelines for Management project (SIGMA).

Global Reporting Initiatives (GRI) is one of the international non-profit organisations that is very active in encouraging corporate social and environmental reporting through sustainability reports. According to Global Reporting Initiative (GRI) website, a sustainability report presents “the organization’s values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy”¹.

¹From the official web site of Global Reporting Initiative visited on 30 June 2014 (<https://www.globalreporting.org/information/sustainability-reporting/Pages/default.aspx>)

Buhr (2007) mentions that over the last century corporate reporting has gone through several phases of development and standardisation. Though this process is slow, numerous forms of reporting have come into existence. Social and environmental reporting is a result of this development process. According to Buhr (2007), this type reporting started with employee reporting. After that, over the years, social reports, environmental reports, triple bottom line reports and sustainability reports have been introduced.

There are some rationale for preparing sustainability reports (Buhr, 2007). It can be considered as a moral or ethical duty. There can be social, peer or industry pressures to report on these issues. This type of reporting helps in impression management and getting corporate awards. In some cases, it can help in getting financial advantages because of positive investor reactions.

Of late, many big companies in the world have produced stand-alone sustainability reports with different titles such as ‘sustainability report’, ‘corporate social responsibility report’, ‘corporate citizenship report’ and ‘global responsibility report’. In these reports, corporate social responsibility issues are presented both in quantitative and qualitative forms. As these reports are prepared solely for the purpose of providing disclosure on sustainability issues, the descriptions on these issues are relatively more detailed in comparison to those in corporate annual reports.

Corporate narrative reporting research is an emerging sub-area of research in social and environmental accounting. Merkl-Davies, Brennan and Vourvachis (2014, p. 1) define corporate narrative reporting research as:

....research from any discipline which either focuses on corporate narrative reporting as a phenomenon of study (i.e., the focus is on the activity of corporate narrative reporting) or which uses corporate narrative documents as a means of studying variety of organisational phenomena.

The present study is a corporate narrative reporting research as it focuses on the texts, language and presentation (table, graphs and other visuals) in the corporate narratives in sustainability reports and annual reports. In phase one, the sustainability reports of a sample of Fortune 500 companies were analysed. Many of these companies prepare stand-alone sustainability reports in order to disclose their social and environmental performances. While examining Bangladeshi companies, corporate narratives in annual reports were taken into consideration. In general, Bangladeshi companies do not prepare stand-alone sustainability reports.

It is important to mention here, rather than focusing on the quantity of disclosure, this study focuses on the language and presentation of corporate narratives. There is no doubt that the disclosure level in the sustainability reports is high in comparison to the disclosure level in the annual reports. While comparing the annual reports of Bangladeshi companies and those of Fortune 500 companies' sustainability reports, it is evident that the extent of disclosure on social inequality issues is higher for the latter. However, the extent of disclosure is not the central issue of the present study. The strategic use of language and other forms of presentation are the main concerns for this study.

1.3 PHILOSOPHICAL PERSPECTIVE OF THE RESEARCH

Research can be guided or influenced by one of the three philosophical perspectives; positivist, interpretive and critical. This research is conducted from the critical perspective.

Myers (2009) views positivist research as the most dominant paradigm in business and management research. Positivists believe that reality is objective and thus it can be described with the help of “measurable properties” (Myers, 2009, p. 37).