Global corporate communication and the notion of legitimacy

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Abstract

When international companies seek to establish legitimacy, it involves different stakeholders locally and globally. This paper analyses corporate communication in order to trace the discursive construction of the customers, investors, staff and authoritiess from whom legitimacy is sought.

It is argued that the notion of legitimacy hinges on accountability, i.e. on the selection of groups to whom the writers feel responsible. Annual reports from the airline industry are used to test previous results that are based on concepts of Eastern collectivity and Western individuality. It is shown that this distinction is misleading: contrary to expectation, management construes accountability in similar ways vis-à-vis investors; in relation to the staff, the East-West difference runs along unexpected status-related lines.

Keywords: corporate communication; legitimacy; accountability; annual reports

Introduction: The dilemma of local and global, different and same

Global businesses face the challenge that if they want to succeed internationally, they must navigate interculturally. If we assume that success hinges on the ability to be accepted by the relevant stakeholders, it must be a major concern for each company to establish *legitimacy* in these quarters; hence, navigating interculturally means weathering the rocks of different social norms for acceptable, preferably laudable, company behaviour. The present paper enters the discussion of legitimacy by concentrating on the external corporate communication from the companies and the way it reflects

- *who* the relevant stakeholders are, in the eyes of management, and
- *if* a difference transpires in an East-West comparison.

Arguably, legitimacy is produced in the corporate communication departments of big companies. But there is not a great deal of agreement as to how the sought-for legitimacy is established, neither in the companies nor in the research literature, with respect to different regions and cultures. There are good reasons for the disagreement.

On the one hand, businesses that operate world-wide cannot credibly vary their corporate strategies to fit many local contexts; the importance of the One Corporate Voice tenet is a basic assumption in management training (Cornelissen 2007; Argenti and Forman 2002; Fombrun and van Riel 2007), and it has gained in importance with the rise of the Corporate Brand. Thus, if the idea is to sell tennis shoes, soft drinks or French perfume riding on a wave of world-wide enthusiasm for the brand name and its logo and slogan, it is counterproductive to adapt too much to local markets – besides, the cost is considerable (Chang 2009). Similarly, if customers cannot rely on consistency of the services they buy from IBM or Maersk Line or PricewaterhouseCooper, the corporate brand will suffer irreparable damage: it is the corporate identity that guarantees legitimacy. International Public Relations agencies clearly see global visibility as the most important trend (Verčič 2003).

On the other hand, there are many kinds of corporate messages, and some of them are highly suited to local accommodation, so that they serve the purpose of producing legitimacy in the context where they are read. The research literature has concentrated on two major areas, viz. the web presence and the corporate communications flagship, the annual report, in the light of cross-cultural comparisons. The first area, the websites, will form the basis for the review in section 1, while the contribution to legitimacy of

annual report will be treated in section 2. The most prominent factor in the explanations offered for the cultural differences is the feature of 'individualism' and 'collectivism' in the cultures under scrutiny, following Hofstede (2001).

However, the present paper will argue that in settling the argument between the local and the global exigencies, there is a factor with high explanatory value to be found in the notion of *accountability*, i.e. the degree to which the author is held responsible for a given result by specified others. It is arguable that this feature is the key to legitimacy, and that it can be isolated in central corporate texts in the choice of subject matter and in the lexico-grammatical fabric of the language used to describe corporate activity.

Furthermore, the feature cuts across national and organizational cultures. Texts reflect how the author, or more precisely, the *corporate persona*, sees the distribution of responsibility, how it takes credit or accepts guilt, when it speaks on behalf of the company. Notions of individual responsibility and group effort are crucial here because legitimacy cannot be claimed unilaterally – it has to be granted by the interlocutor or reader.

It has been posited by Kitayama, Markus, and their colleagues that accountability differs with notions of relevant audience, and that this relevant audience differs with culture: Persons from so-called "independent" cultures, where self-esteem is bound up with individuals making choices for themselves, are likely to think of the responsibility for the choice as their own. If put in a situation where others have chosen differently they may wonder, "Am I being foolish, making this choice?" In contrast, persons formed by an "interdependent", collectivistic background are likely to feel accountable to others for the choices they make; in the same situation, they may wonder, "Do I look foolish (to the others) in making this choice?" (Kitayama, Markus, Matsumo and Norasakkunkit 1991; Kitayama, Snibbe, Markus and Suzuki 2004). The test cases for these findings have US American and Japanese participants.

This cultural distinction is potentially important. If it is true that there is a noticeable difference in the way Eastern and Western subjects experience accountability, then it should be noticeable where corporate activity is described in terms of results, i.e. in the annual report; but according to the background set out below, this genre should be global, i.e. produced for world-wide reading. Therefore, to test the role of accountability, the paper will compare the representation of stakeholder groups, in this case in airline companies. If the reports are as global as it is assumed, there should be no difference in the way the companies seek legitimacy vis-à-vis their stakeholders. The empirical study is presented in section 3.

1. Background: Producing the legitimate image

To understand the communication efforts that international companies make to position themselves with a view to legitimacy, it is first necessary to review the role of corporate communication in an intercultural perspective. As mentioned above, there is a body of scholarly work in the area that has concentrated on the companies' immediate presentation on their corporate website. This will serve as an introduction to the way the companies see themselves in a more general context.

Many studies of internationally oriented companies do not mention intercultural issues at all, as global communication is the norm and the company works in a transactional culture, where the primary purpose of communication is to get things done. This attitude I shall call, after the authoritative survey by Stohl (2001), *convergence*. The opposite trend, where multiculture is regarded as the cause of communicative differences and (normally) obstacles, she calls *divergence*.

We, the company: convergence

The corporations tell their stories as they wish to be seen, with values and missions that vouch for legitimacy. Analyses of this carefully staged corporate discourse tend to be critical of the organizational culture depicted rather than interested in any national or ethnic culture; among studies of major organizations, Boje mentions how Monsanto "positions itself as a company seeking a cure for world hunger", how the World Bank is "repackaged as an AIDS-elimination program", and (in particular) how Nike presents itself as "an agent of economic development and ecology" (Boje 2001:508) – all stances that can be questioned. Similarly, Gioia, Corley and Fabbri analyze the way companies rewrite history, through the example of Microsoft: "Instead of framing Microsoft's history as rooted in profitability and dominance of the burgeoning world of computer

software, Microsoft touted a historical vision focused on the more laudable mission of changing the world for the better via technology" (Gioia et al. 2002:627).

Among studies that compare mission statements, again national culture plays hardly any part, since the interesting companies are too big to be national. Instead, the corpus may be formed by a list like "Fortune 1000", as used by Williams (2008), who demonstrates a huge overlap in the chosen value words; unsurprisingly, *excellence*, *integrity*, and *innovation* come out on top. Much of the debate about the relations between a company and its stakeholders has been based on American firms, but some of the most publicized public-relations struggles have taken place in a global public sphere. Possibly the best documented case of dialogue or serial monologues has been from Shell, with the Brent Spar and later Nigerian controversy (for overview, see Livesey 2001).

In sum, it seems that for corporate communication that subscribes to the convergent view, legitimacy is sought through values that are assumed to be universal.

We are here for you: divergence

The companies have corporate web pages which must, to sustain the One Voice, contain the same material. However, customers are local, and this requires a separate web presence, tailored to local needs: for example, in Europe, Disney's web page opens in the local languages with games, information about current films showing, on-line toy shop and other invitations to spend time with the brand.

In the same vein, Okazaki (2005) shows how American firms standardize their web sites for Europe – UK, France, Germany and Spain – through a content analysis that finds no difference in logo, colour, or layout, but with the localization strategy used for direct sales functions and relationship marketing. Hu et al. (2004) compare company web pages as they appear in Japan, China, and UK, and find that most first impressions are the same for potential customers, whereas colour elicits different response. Since colour is now part of corporate branding, this could be a problem for consideration in the PR departments.

More remarkably, differences in the actual corporate history can also be found, if the market is big enough: Coca-Cola in China seeks to present itself on a par with Chinese companies (Yan Tian 2006), stressing government prizes and involvement with local communities in projects investing in schools and teacher training. The selection of web page content here is seen as an example of 'glocal' PR – locally adapted, but still representing the original American image that is part of what the customers buy.

Divergence, then, is observed if the group of stakeholders merits it. In the case of China, one of the primary stakeholders for a company is the government; if legitimacy cannot be established vis-à-vis the government, a large company cannot operate. It is in the company's interest to demonstrate that it is happy to be held accountable for its corporate citizenship – in this case Coca-Cola supporting teacher training in each region in China and sponsoring schools. For the sake of the most relevant legitimacy, local aspects take priority, and the American end of the company story disappears from view.

With this more mixed addition to the first, generalized section, it can be concluded that corporate legitimizing shows both universal and context-bound features.

2. Legitimizing vis-à-vis investors: the annual report

This section reviews studies on the discursive work that is done more specifically by annual reports, where the purpose is narrowed down through the financial contents; as above, scholars find some features that are not dependent on culture, and some that clearly are.

The most frequently read part of a company's annual report (or AR), is the Company Executive Officer's letter to the shareholders, which is a short, personal comment on the annual result, addressed to the people to whom the CEO is accountable. Despite quarterly publication of key figures, the letter remains surprisingly influential also with professional investors (Clatworthy and

Jones 2006). For international companies, the annual report will normally be available in the company's corporate language and at least one other language, normally English.

Great investors think alike: convergence

For the writer, the task is to build up a story that presents the company's efforts in the best possible light (to gain legitimacy), and at the same time project a persona that shows strength and competence (to gain trust). For the many aspects of textual or visual appeals in ARs, see the review of studies in the special edition of the *Journal of Business Communication* vol. 45, 3-4 (2008).

One particular aspect among the discursive efforts in ARs has received wide interest, viz. that of *agency*: it has been shown that sentences with active verbs and animate subjects tend to refer to the management team if the news is good (as in "we have met our target"), whereas abstracts, nominalizations and passives abound if the performance has been poor (as in "pricing pressures and unusually hot weather combined to severely erode margins") (Kohut and Segars 1992). Subramanian, Insley and Blackwell (1993) showed that writers who report profit write in clearer language with shorter sentences, whereas losses are found at the bottom of longwinded paragraphs.

In this connection, the psychological measure of *attribution* is frequently invoked: it is a common defence mechanism to view one's own successes as well deserved (internal attribution), but to view failure as due to outside, uncontrollable forces. The result is impression management – the effort to appear competent (self-enhancement) and to avoid blame (self-defence) (Aerts 2005; Bettman and Weitz 1983; Lee, Peterson and Tiedens 2004; Merkl-Davies and Brennan 2007).

On the other hand, facing up to poor results may also produce a persona that has control, a leader who has no need to prevaricate because he has a plan that can in fact deal with the mishap; thus Lee, Peterson and Tiedens (2004) found that "organizations that made less internal and less controllable attributions for negative events had lower future stock prices, whereas organizations that claimed personal accountability for negative events, rather than blamed others, had better future outcomes" (Lee et al. 2004: 1644).

The tendency to stand up and face the music is becoming something of a management fashion, at least for press conferences (possibly because CEOs have had reason to be coached in crisis management recently). However, in the reports it is noticeable that the responsible stance is normally taken when the blame can be shared with financial circumstances (the market); leaders do not apologise for anything ethically doubtful, like the common multinational company practice of siphoning off surplus from manufacturing plants in developing countries to their other divisions in tax havens; in the eyes of the investors, this is of course legitimate.

Selection of material is also noted: Low earners tend to focus on their efforts and on the future, whereas high earners tell the story of the products and market development (Kohut and Segars 1992). Similarly, many CEOs are highly selective in the choice of events; one analysis of the world's largest company, Wal-mart, illustrates how the convergence view is used to gather all outlets in the global empire in the spirit of the Founder: the figure of Sam Walton is employed to answer concerns about Wal-mart "raised by activists", which refers to the non-mentioning of problems like the large number of law suits against Wal-mart for intimidation, unlawful termination etc. (Boje and Rosile 2008).

Researchers that set out to look for cultural differences in ARs tend to find that culture is downplayed in multinational companies. Thus David (2001), in examining ARs from General Electric, found that visuals are used to provide the image of one happy family, with active, smiling workers photographed in similar situations across the world in Brazil, England and California. A study of nonfinancial disclosure practices in Belgium, Germany and the Netherlands revealed that the relevant parameter for comparison was not the country, but the industry and the size of the company: Larger, more global companies provide more voluntary information, and the pharmaceutical industry and energy companies provide significantly more than other branches of industry, presumably because the legitimizing exercise requires a show of good will, not for the investors, but rather for the general public (Vanstraelen, Zarzeski and Robb 2003).

One of the most robust results of intercultural communication studies is the importance that is accorded the notion of *face* in the East (for overview, see e.g. Ting-Toomey and Oetzel 2003; Spencer-Oatey and Franklin 2009). Often linked to notions of collectivistic or individualistic cultures, it can also be included in the discussion mentioned above raised by Kitayama, Markus and their colleagues (Kitayama et al. 1991; Kitayama et al. 2004). Concerns for face are related to the notion of interdependence, and it would make sense to expect that ARs would show the characteristics that have been found in laboratories, where (particularly) Japanese subjects tend not to blame others, as this involves a loss of face, and try to avoid blatant self-enhancement. However, ARs seem to supply a particular, international context: the idea of the self-effacing Eastern management was disproved by Hooghiemstra (2004, 2008, 2010), whose results show that if anything, the Japanese texts show more positive self-enhancement than the American counterparts. Similarly, Tsang (2002) shows that Singapore-based writers use self-serving attributions both in good and bad years.

Not all stakeholders are investors: divergence

The general view, then, seems to be that annual reports do not reflect very much culture, in that the purpose of the genre is to provide a) internationally relevant information and b) impression management on behalf of the management. However, a company's legitimacy is multi-facetted; it must be sought in relation to different stakeholders' views and priorities, representing the so-called Triple Bottom Line, sometimes known as the PPP principle: Profit, Planet and People (i.e., revenue responsibility, corporate social responsibility, and environmental responsibility, in various mixes; Wexler 2009).

However, cross-cultural comparisons have not paid attention to the different stakeholders, except with respect to legal requirements in different countries (i.e., the government as stakeholder) and, sporadically, to ownership structure. Thus Chau and Gray (2002) show that information in annual reports is very limited in Hong Kong and Singapore if the company is family owned (a frequent structure in the Hong Kong and Singapore stock markets). Here the view is that insiders do not need information or justifications, while outsiders get the legal minimum.

Who are the stakeholders, then? The primary stakeholders addressed in ARs are *investors*; and through them (and arguably, chiefly,) market analysts. But investors pay attention to industrial relations; hence, *staff* is a stakeholder, and in fact frequently mentioned. Investors are also interested in reputation and customer loyalty; therefore *customers* are represented, not normally as a direct stakeholder, but via efforts made by the company to improve service or products. Finally, investors are interested in operating climate and innovation, which is why social and civic reputation matters, especially vis-à-vis the *authorities*. There is a whole separate literature on corporate reporting and responsibility for the environment that addresses the authorities; in the following, however, the main focus will be on profit and people.

3. How the airlines see their accountability: 6 examples

It is now time to return to the two questions that were raised at the beginning: When international companies seek legitimacy, *who* are the *stakeholders* they address, and is there a *difference* between East and West in the way they do it? Annual reports offer updated material for a test case.

The following examples are gathered from the airline industry, which has been hard hit by the recession, and for the sake of comparison, from three Western and three Eastern airlines. The samples include the parts of the CEO/ Chairman's Letter where stakeholders are represented. In a crisis it is particularly revealing to notice how the letter refers to *staff*, as personnel interest is diametrically opposed to that of investors, except through untroubled industrial relations. The extracts are selected from the introductory letters in the latest reports available at the time of writing from Air China (PRC, profit), Japan Airlines (loss), Singapore Airlines (profit), Delta (US, loss), KLM (European, profit) and SAS (European, loss). The extracts are collected in Appendix 1. However, it should be stressed that in all cases the context is larger than the extracts.

The sample is small enough to allow textual analysis rather than large-scale content analysis; it is a choice to extricating discourse features that illustrate the way the texts construe the relationship

between management, owners and staff, in preference to a software-based approach that includes many more texts by automatically picking up certain words. The principal reason is that in impression management, the delicacy of tact is needed, and that operation happens in the lexico-grammatical layer of text, where e.g. the choice between an active and a passive form of a verb may carry meaning. Hence the approach is based in critical discourse analysis of a type current since Fowler, Hodge, Kress and Trew (1979); the basic view of discourse analysis is that speakers present a context-bound image of the world and the ideological system that they endorse, and the causal relations that they consider normal; close analysis can make such relations less self-evident.

Findings: Management and Profit

1. First and foremost, the management is responsible to investors for their money. Across the six extracts, the *attribution of responsibility* for the low profits or losses reported is very similar: the downturn is due to situational factors (financial crisis, fewer passengers, rocketing oil prices), while the salvation plan is in the hands of competent agents:

Air China:

The continuance of the global financial crisis and the outbreak of the influenza A (H1N1) in the first half of 2009 brought enormous difficulties for the aviation industry. Facing market pressure, the group proactively balanced the relationship between strategic development and risk management and adjusted its operational strategy in a timely manner. […]To cope with the general weak demand in passenger and cargo market, the Group continues to explore ways to maximize its cost potential through numerous cost-saving measures including adjusting its fleet structure, improving the alignment capacity with market demands, driving energy efficiency and optimising its debt structure.

Japan Airlines:

During FY2008 …the entire company assiduously worked to achieve the goals set forth in the plan by implementing a variety of measures that were spelled out in the plan, including the continuation of thorough cost-cutting measures, no-holds-barred approach to route restructuring, the introduction of new fuel-efficient aircraft, aircraft downsizing, the expansion of our "Premium Strategies", the achievement of our personnel reduction goals on a consolidated basis one year ahead of schedule, and a review of our related businesses. […] Nevertheless, the JAL group's revenue and earnings fell far short of our initial forecasts for FY2008 due to the unprecedented volatility in fuel prices and the sharp decline in demand for air services that was caused in the extraordinary downturn in the global economy.

Singapore Airlines:

at the half-way point, the world was confronted by major shocks to the global financial system, causing the collapse of once-invincible institutions. Many leading, iconic corporations required government-assisted life support. Demand fell sharply, across all cabin classes. […] (G)oing into 2009-10, the group will work hard to contain costs. With reductions in flying capacity during the next year, we have already taken steps to reduce the size of the operating fleet, which will bring costs down quickly. […] Our management and staff have responded, and will continue to respond, to the changing business climate with disciplined cost management and aggressive sales techniques.

Delta Airlines:

For 2008, we reported a consolidated net loss of $8.9 billion […] During 2008, fuel prices fluctuated dramatically. Fuel is one of our most significant costs. At the beginning of the year, crude oil prices hovered around $100 per barrel, escalating to $145 per barrel by mid-summer. We were not able to increase revenues through ticket prices, fuel surcharges or other passenger service fees to cover all our higher fuel costs. Accordingly, we reduced capacity by 5% in the second half of the year compared to our 2008 plan.

KLM:

KLM has been through a difficult year, in which we, just like every other airline, were seriously affected by the global economic crisis […] Initially, we concentrated on cost savings and a reconsideration of investments. At the point when the crisis persisted, we were also forced to take a look at the capacity and reduce this to the level of the previous fiscal year […] we managed to reduce our staff by 1,800 FTEs within a reasonably short period, without compulsory layoffs.

SAS:

The Group's 2008 income before nonrecurring items in continuing operations amounted to MSEK -395 […] Within the framework of Strategy 2011 and our short-term Profit 2008 program, we have

> implemented savings measures totaling approximately SEK 4 billion since 2007. A key element was the reduction in capacity by a total of 33 aircraft […] As a result of the global and internal crises and to improve SAS's profitability, extraordinary negotiations were initiated with our labor organizations.

Thus everyone sees the causality in the same way: *crisis, weak demand, market pressure, volatility in fuel prices, changing business climate*, supplemented with some individual variation (influenza in China, internal unrest in SAS).

Similarly, *agency* shows a distribution where everyone presents themselves as active and in control: they have already *taken steps,* and *implemented savings measures*, stressing successes: *the group proactively balanced [strategies], we managed to reduce [staff]*. Some verbs refer to continuing processes, however, seeing that losses are unlikely to be short-lived: the *group continues to explore ways to maximize its cost potential, negotiations were initiated*.

The quotations are virtually interchangeable. Thus with respect to general accountability to stakeholder number one, the investors, there is no difference between East and West.

2. For *reference to the enabling stakeholders*, Japan Airlines is alone among the loss-makers in positively apologizing, thus acknowledging responsibility in a way that is fully compatible with the expected Eastern show of deference and acceptance of criticism:

> Nevertheless, the JAL group's revenue and earnings fell far short of our initial forecasts for FY2008 due to the unprecedented volatility in fuel prices and the sharp decline in demand for air services that was caused in the extraordinary downturn in the global economy. For this, we sincerely apologize to our investors.

Singapore Airlines, likewise, thanks its shareholders explicitly:

> In closing, let me record my thanks to shareholders for sticking with us during these times. We appreciate your loyalty, and are committed to managing through these times prudently, so that we provide sustainable returns to you for the long term.

But then, the Singapore CEO thanks everyone, including staff, fellow directors, and customers. Since the AR is not directed at customers, this is a piece of auto-communication which, in practice, is directed at investors and staff alike:

> Also, to our customers, we appreciate you have a choice of airlines, and that you choose to fly with us. We are absolutely committed to continuing our quest to deliver you the world's best service in the air, and on the ground.

Air China makes a bow towards both investors and corporate citizenship, but more notably, it credits the Government:

> Benefitting from the PRC government's implementation of its policy of spurring domestic demand and related measures taken by the aviation industry to fight the financial crisis, the domestic air passenger market did better than expected in the first half of the year […] The group will continue to operate steadily, […], develop sustainability and strive to create greater value for its shareholders and society in this cold winter for the aviation industry.

No other airline acknowledges the stakeholder that creates its rules. Many airlines count their national governments among their investors, but in this sample they are not addressed as policy-making government, but rather as investors.

In the West, SAS does not directly address the shareholders, but the letter ends with them:

> Our new and more competitive collective agreements, a streamlined and simplified organization […] create excellent prospects for a new, more vigorous SAS. They will also help us create long-term value for our shareholders.

KLM and Delta make no explicit mention.

In this section, then, there is at least some difference: cultures with steeper hierarchies seem to acknowledge owners and powers more, in preference to a peer-level treatment among business partners.

3.If valiant failure is associated with *telling the story* of how much we tried (Kohut and Segars 1992), the feature should be noticeable in the companies that made a loss. A blow-by-blow story of the difficult year incorporates not only time, but also cause and effect, and such structures are found in three texts:

> We were not able to increase revenues through ticket prices […] accordingly, we reduced capacity by 5% […] We also offered voluntary workforce reductions […] these programs helped us right-size our workforce (Delta)

> At this point when the crisis persisted, we were also forced to take a look at the capacity and reduce this […] By doing so, we managed to reduce our staff (KLM).

> Even so, we saw that this would not be enough. As a result of the global and internal crises and to improve SAS's profitability, extraordinary negotiations were initiated with our labor organizations (SAS)

The three text are all Western, and, arguably, all justifying poor or poorish results. As a genre characteristic, narrative may be deemed stylistically unfit as too chatty for Eastern ARs – with the very limited corpus, this is a hunch rather than a result.

4.Differences in *tone*. Studies have noted that part of the characteristic self-enhancing depiction of management in the US was aggressive, war-like metaphors like "laser-focused on earnings per share" (last letter by Enron's CEO, Jeffrey Skilling, and its chairman, Kenneth Lay, quoted by Amernic and Craig 2006). This trait is noticeable by its absence. The only signs of capitalist fighting metaphors are in Singapore Airlines' *disciplined cost management and aggressive sales techniques* and in Japan Airlines' *no-holds-barred approach to route restructuring*.

In sum, the discursive construction of the Self, i.e. We, the Group Management, is quite similar across the six texts, with stylistic differences, particularly in formality. The construction of the most important stakeholders is not noticeably different, either, with the variation that the three Eastern texts plus one Western address the Other´s interest in the shape of investors, and, with China, also mention the power that allows them to operate.

Findings: Management and People

The workforce and its interest represent 'soft' responsibility. All six companies have cut staff numbers and may be cutting more. The discursive construction of staff and management-staff relations shows directly whether the company feels accountable to the staff. Here the differences are remarkable.

Eastern texts:

Air China does not at any point mention its staff, except indirectly as part of the operating cost:

> the Group continues to explore ways to maximize its cost potential through numerous cost-saving measures including adjusting its fleet structure, improving the alignment capacity with market demands […] cement its industry-leading cost advantages

In this case, *industry-leading cost advantages* means "low pay" and is therefore staff-related.

Japan Airlines has a hint of people:

the entire company assiduously worked to achieve the goals

But after that, the staff only figures as *the achievement of our personnel reduction goals*.

Singapore Airlines, however, addresses the *surplus staffing capacity* as a serious human problem:

> There are difficult flow-on effects from these decisions: we are addressing our surplus staffing capacity through measures that spread the sacrifice across the many, and in doing so, ensuring retrenchment becomes a measure of last resort. Over the years, Singapore Airlines has invested heavily in our people. The relations with our unions mean there is a good understanding of the impact of the economic downturn, and an appreciation that sacrifice is needed to successfully navigate our way through it

With cost-cutting construed as *sacrifice*, this is the discourse of a patriarch who feels responsible for the happiness (=jobs) of his people, and who in return now expects their understanding, as people and as unions, in order for them (the remaining staff) to be part of the eventual success.

Western texts:

In the Western group, all address the problem of cutting staff.

KLM presents the process as a *gradual reduction:*

> Part of this process involved gradual reductions of our temporary staff and agency contracts. By doing so, we managed to reduce our staff by 1,800 FTEs within a reasonably short period, without compulsory layoffs […] Our motto is "Keep the family together". There is no central programme of economies, but we rather prefer to work on a custom basis within our businesses. Flexibility and solidarity are important guiding principles for us. I am proud of the flexibility and solidarity shown by all KLM employees, who are making every effort during these difficult times to restrict the damage caused by the crisis in any way they can […]

Without the pathos of "sacrifice", this discourse is strikingly similar to Singapore Airlines in its praise for the *flexibility and solidarity* that the airline needs in return for its family care and social responsibility.

Delta chooses to stress the aspect of free will:

> We also offered voluntary workforce reduction to our US-based non-pilot employees during the year. These programs helped us right-size our workforce to the capacity reductions. Approximately 4,200 employees, or 8% of our pre-Merger workforce, elected to participate in these programs.

While the management aspect is still uppermost in the choice of the oddly deodorized term *right-size*, the staff figures as a stakeholder who was *offered* a possibility that many *elected* to take.

Finally, SAS's CEO does not mention staff, but he devotes a long section of the letter to *our labor unions* and *the new agreements that were reached*:

> As a result of the global and internal crises and to improve SAS's profitability, extraordinary negotiations were initiated with our labor organizations. New agreements were reached corresponding to savings of SEK 1.3 billion on an annual basis, a genuine breakthrough for our cultural turnaround […] One of the most important priorities I had when I joined SAS in 2007 was to change and improve relations with our labor unions, and thus the culture. From both the Group Management's and union negotiators' sides a great effort has been made toward creating a value consensus and a common target scenario, thereby establishing a platform for a "cultural turnaround". In my view, we have brought about a historic change, even if more will be needed in the future. Through persistent effort we have created a spirit of mutual trust that is absolutely necessary for implementing sweeping and difficult changes.

Instead of using benign patriarchal discourse, this CEO writes as a party to industrial negotiations, subject to strikes and unrest among the staff, but with the same reliance on their future understanding and loyalty for the "sweeping changes" to come, i.e. further cuts. The role of the unions is thus completely different from the unions mentioned in the Singapore report. In SAS, management and staff are presented as working together as equals, with a common interest in creating a "cultural turn-around" that, if all goes well, will save the company.

With this mixture, a comparison between East and West in this field seems to be thoroughly ambiguous.

3. Discussion: Legitimacy and accountability across cultures

To collect these results in an orderly fashion, we need to return once again to the notion of accountability. When Kitayama et al. (2004) investigated cultural differences in self-presentation, they found that the interdependent Japanese participants were eager to forestall criticism from peer-groups, whereas the independent Americans did not feel the need to justify if they were convinced of their choice. But, following Hooghiemstra, there is no reason to assume that Japanese and American impression management would differ in the way they justified results. Rather than just credit this to globalization, it is arguable that the trait is a natural consequence of the

circumstance that in annual reports: the writer *is* accountable to his owners, whatever his cultural mindset. With the similar need to create an effective, active and accident-proof corporate Self, the results turn out to be fairly similar among the CEOs.

The case is slightly different with respect to accountability to staff. Certainly the Japanese and Chinese texts are different in that they simply do not mention staff, symptomatic of writers that do not consider themselves accountable to staff, but rather regards the entire company, with staff and assets, as externally accountable. With regard to staff, then, it is two Eastern texts that represent the clearest example of *independent* rather than *interdependent* thinking. This should be unexpected, except possibly for the context of business hierarchy: Thinking how you look in front of Others makes most sense in front of *valued* Others with the power to legitimize (i.e., in a steep hierarchy, not staff.)

Two of the (reasonably) successful airlines, Singapore and KLM, both construe responsibility and a certain amount of pride and joy in their staff, while stressing the mutual obligations; they both make it clear that their hand was forced (thus relinquishing some of the control that CEOs seek to present) in the interest of a humane procedure. In discourse terms, a sort of half-way house.

Finally, Delta and SAS can be grouped because of the business-like stance adopted by their leaders. In both cases, and particularly for SAS, the voluntary aspect is uppermost: In explaining to their investors, both writers are clearly looking over their shoulders to the staff , who find themselves discursively construed as partners who have agreed to the cuts for the greater good of the company. Both these companies have had a history of strikes, and there are powerful reasons for treating the unions as valued stakeholders, since they can ruin the company if relations deteriorate. The two texts with the most obvious *interdependent* mindset are thus Western.

There are two morals to be deduced from this unexpected result. One is that in looking for cross-cultural similarity and difference in established genres, we are dealing with family likenesses across a range of features, and it makes sense to expect ambiguous results. Even with a variable with such robust results as independence and interdependence, the tendency to look for cultural clashes in the literature is bound to be tempered if we are dealing with international business genres.

The other moral is that the context is always a factor, in this case e.g. the influence of the adverse business situation and the relative power of the players. It is claimed in this paper that it is possible to see the discursive construction of accountability as symptomatic of the writer's view of this balance, but more precise results should be checked against corporate reality and the relative bargaining strength of the stakeholders at the time of writing.

Global corporate homepages and annual reports are situated where legitimacy is sought from different sources. The present study uses discourse analysis to show that the calculation behind the weighting of the sources reflects both cultural norms and harsh circumstances; it can be concluded that the notion of corporate legitimacy is not only relative, but fluid and adaptable.

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Appendix 1

Air China (profit)

http://www.airchina.com.cn/en/ir/index.shtml

> The continuance of the global financial crisis and the outbreak of the influenza A (H1N1) in the first half of 2009 brought enormous difficulties for the aviation industry. Facing market pressure, the group proactively balanced the relationship between strategic development and risk management and adjusted its operational strategy in a

timely manner. With overall flight safety maintained and service quality increasingly improved, the Group's operations generated results clearly better than the same period last year. […]

Benefitting from the PRC government's implementation of its policy of spurring domestic demand and related measures taken by the aviation industry to fight the financial crisis, the domestic air passenger market did better than expected in the first half of the year […]

To cope with the general weak demand in passenger and cargo market, the Group continues to explore ways to maximize its cost potential through numerous cost-saving measures including adjusting its fleet structure, improving the alignment capacity with market demands, driving energy efficiency and optimising its debt structure. […]

The group will continue to operate steadily, take good advantage of the relatively rapid growth of the domestic market, bring into play the competitive edges of its hub network, cement its industry-leading cost advantages, continually improve its ability to respond to crisis, develop sustainability and strive to create greater value for its shareholders and society in this cold winter for the aviation industry.

Kong Dong, Chairman

Japan Airlines (loss)

http://www.jal.com/en/ir/finance/annual/

[at the time of writing, JAL has filed for bankruptcy, or more exactly, Corporate Reorganization Procedures]

During FY2008 […] the entire company assiduously worked to achieve the goals set forth in the plan by implementing a variety of measures that were spelled out in the plan, including the continuation of thorough cost-cutting measures, no-holds-barred approach to route restructuring, the introduction of new fuel-efficient aircraft, aircraft downsizing, the expansion of our "Premium Strategies", the achievement of our personnel reduction goals on a consolidated basis one year ahead of schedule, and a review of our related businesses. Consequently, our strategy steadily produced results, as we were able to raise the level of our performance in terms of on-schedule service and being the preferred airline, while at the same time improving our cost structure.

Nevertheless, the JAL group's revenue and earnings fell far short of our initial forecasts for FY2008 due to the unprecedented volatility in fuel prices and the sharp decline in demand for air services that was caused in the extraordinary downturn in the global economy. For this, we sincerely apologize to our investors […]

Haruka Nishimatsu, Group CEO

Singapore airlines (profit)

http://www.singaporeair.com/saa/en_UK/content/company_info/investor/annual_report.jsp?v=1151160580&

[T]he world was confronted by major shocks to the global financial system, causing the collapse of once-invincible institutions. Many leading, iconic corporations required government-assisted life support. Demand fell sharply, across all cabin classes. […]

With reductions in flying capacity during the next year, we have already taken steps to reduce the size of the operating fleet, which will bring costs down quickly. There are difficult flow-on effects from these decisions: we are addressing our surplus staffing capacity through measures that spread the sacrifice across the many, and in doing so, ensuring retrenchment becomes a measure of last

resort. Over the years, Singapore Airlines has invested heavily in our people. The relations with our unions mean there is a good understanding of the impact of the economic downturn, and an appreciation that sacrifice is needed to successfully navigate our way through it […]

Our management and staff have responded, and will continue to respond, to the changing business climate with disciplined cost management and aggressive sales techniques. […]

In closing, let me record my thanks to shareholders for sticking with us during these times. We appreciate your loyalty, and are committed to managing through these times prudently, so that we provide sustainable returns to you for the long term.

Also, to our customers, we appreciate you have a choice of airlines, and that you choose to fly with us. We are absolutely committed to continuing our quest to deliver you the world's best service in the air, and on the ground. As you will have seen with the introduction of the A330, and its new medium-haul cabin products this year, our commitment to product and service innovation will not diminish as a consequence of the difficult times.

To our staff, thank you for your commitment and your understanding of the measures required of you, both during the last year and this one coming. You are the key to delivering on our commitment to our customers.

Finally, I would like to thank my fellow directors for another solid contribution during this year. The direction and counsel provided serves our shareholders, customers and staff well.

Stephen Lee

       Chairman

Delta Airlines (loss)

http://www.delta.com/about_delta/investor_relations/index.jsp

> [now merged with NorthWestern Airlines; the annual report does not contain a "letter from the CEO", but rather a "discussion of results" by the management]

For 2008, we reported a consolidated net loss of $8.9 billion […]

> During 2008, fuel prices fluctuated dramatically. Fuel is one of our most significant costs. At the beginning of the year, crude oil prices hovered around $100 per barrel, escalating to $145 per barrel by mid-summer. We were not able to increase revenues through ticket prices, fuel surcharges or other passenger service fees to cover all our higher fuel costs. Accordingly, we reduced capacity by 5% in the second half of the year compared to our 2008 plan. As part of this capacity reduction we removed 31 aircraft from our operating fleet, of which 22 have been sold or returned to the lessors and nine remain temporarily grounded or held for sale. We also offered voluntary workforce reduction to our US-based non-pilot employees during the year. These programs helped us right-size our workforce to the capacity reductions. Approximately 4,200 employees, or 8% of our pre-Merger workforce, elected to participate in these programs.

KLM (profit)

http://corporate.klm.com/en/publications

> KLM has been through a difficult year, in which we, just like every other airline, were seriously affected by the global economic crisis … Initially, we concentrated on cost savings and a reconsideration of investments. At the point when the crisis persisted, we were also forced to take a look at the capacity and reduce this to the level of the previous fiscal year. Part of this process involved gradual reductions of our temporary

staff and agency contracts. By doing so, we managed to reduce our staff by 1,800 FTEs within a reasonably short period, without compulsory layoffs […]

Our motto is "Keep the family together". There is no central programme of economies, but we rather prefer to work on a custom basis within our businesses. Flexibility and solifdarity are important guiding principles for us. I am proud of the flexibility and solidarity shown by all KLM employees, who are making every effort during these difficult times to restrict the damage caused by the crisis in any way they can […]

Peter Hartman, President and CEO

SAS (loss)

http://www.sasgroup.net/SASGroup/default.asp

The Group's 2008 income before nonrecurring items in continuing operations amounted to MSEK -395 […]

Within the framework of Strategy 2011 and our short-term Profit 2008 program, we have implemented savings measures totaling approximately SEK 4 billion since 2007. A key element was the reduction in capacity by a total of 33 aircraft, of which 15 were Spanair aircraft. Even so, we saw that this would not be enough. As a result of the global and internal crises and to improve SAS's profitability, extraordinary negotiations were initiated with our labor organizations. New agreements were reached corresponding to savings of SERK 1.3 billion on an annual basis, a genuine breakthrough for our cultural turnaround […]

One of the most important priorities I had when I joined SAS in 2007 was to change and improve relations with our labor unions, and thus the culture. From both the Group Management's and union negotiators' sides a great effort has been made toward creating a value consensus and a common target scenario, thereby establishing a platform for a "cultural turnaround". In my view, we have brought about a historic change, even if more will be needed in the future. Through persistent effort we have created a spirit of mutual trust that is absolutely necessary for implementing sweeping and difficult changes. […]

Mats Jansson, President and CEO

About the Author

Anne Marie Bülow teaches at the Copenhagen Business School. She was originally appointed to a chair in English in 1996, but her current work is primarily with strategic communication, interpersonal organizational communication and intercultural communication. From June 2009 she heads the cross-departmental research group CBS Centre for Negotiation.

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