

The Retreat of Positivistic Corporate Social Responsibility, the Rise of Sensemaking and Reflexive Organization Change, a Rhetoric Analysis: The Case of Volkswagen

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Abstract: *The world has witnessed corporate scandals of monstrosity magnitude. The Enron Scandal, the Nike Sweatshop scandal and the recent Johnson and Johnson baby talc woes are some dishonours that have reshaped the business world and triggered many to reflect the importance of business ethics. Indeed, supranational and national movements such as the Global Reporting Initiatives have responded to these scandals by imposing stricter corporate reporting to instill greater transparency and responsibility. Ironically, despite unwavering efforts, corporations are still blatantly flouting regulations. The Volkswagen “diesel dupe” crisis is a stark reminder of the inherent weakness of current regulations. Despite Volkswagen’s staunch adherence to those stringent reporting guidelines, they breached ethics to the core, creating a tsunami of vehicle recalls, massive social, political and legal repercussions. Volkswagen perfect smart device is a “creative destruction” that challenged the fundamental usefulness of corporate reporting. Corporate Social Responsibility has evolved tremendously, now taking the form of positivistic reporting patterns. Corporations are measured by their ecological, social and economic performance where they flamboyantly table those data and information to garner stakeholders’ support and legitimacy. However, a pragmatic approach towards corporate social responsibility is self-defeating. It erodes and dilutes a corporation’s ability to make sense, communicate and adapt to their externalities. Instead, corporations boast of their corporate prowess and social performance. Using Volkswagen as a subject, this study exposes the inherent weaknesses of a positivistic corporate reporting approach to social responsibility. A positivistic approach such as this cannot engender a truthful, honest and open posture in business corporations. Instead, this study exemplifies that a meaningful sensemaking corporate social responsibility instill reflexive organization change and moral transpose within corporations. Using a rhetorical study, this paper underlines the rhetorical changes and metaphor in Volkswagen as they experience the crisis to epitomize that reflexive change and moral transpose in them. This study is novel and greatly enhances previous literatures in corporate social responsibility by instilling an appropriate model to underline these momentous changes and moral transformations in Volkswagen.*

Index Terms: *Positivistic CSR, Sensemaking, Reflexing Organization Change, Rhetoric Analysis*

I. INTRODUCTION

THE LACUNA OF POSITIVISTIC CSR

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The world has witnessed many unethical businesses. The 1984 Bhopal Disaster, the 1997 Nike Sweatshop Scandal, the Deepwater Horizon Oil spill in 2010, the Apple Foxconn scandal in 2017 and the most recent Johnson & Johnson (J&J) baby talc scandal in 2018 are some stark examples of unethical business. What do these scandals have in common? Other than the magnitude of social, environmental and economic impact, these corporations have one commonality. They are champions of positivistic CSR and displayed complex but standardized CSR reporting systems. They annually table attractive data and statistics to reflect their CSR ingenuity. Despite their flamboyant claims, these organizations breached ethics to the core.

Although CSR literatures are wide and varied, studies on CSR are fundamentally grounded on a positivistic regime. Positivism generally connotes any areas of study, research that hails a quantitative approach to social inquiry. Under a positivistic approach, social inquiries are deduced from empirical data that are measurable, quantifiable and verifiable [1]. Similarly, positivistic CSR requires their activities and outcomes measured and reported in sustainability and or annual reports, brochures and corporate web pages [2]. This positivistic methodology requires business firms to quantify their CSR advocacies through predefined parameters and standards [3] [4]. Positivistic CSR resembles a content meta-analysis and establishes a causal link between CSR implementations and corporate social performance [5].

However, there are concerns that positivistic and standardized reporting inhibit truthful CSR, risks masking transparency [6] and pays premium to lip service [7]. For example, The Wall Street Journal applauded apparel giant GAP Inc. in 2005 for reporting the inspection of 99% of their vendors to ensure labor working conditions met the required standards. However, Gap Inc. at the same time were still struggling to resolve discrimination and excessive workloads for their own workers [8]. Enron had also in place very good CSR reporting mechanism showing off their corporate responsiveness and their exceptional corporate citizenship [8]. The process of generating data and numbers becomes an end rather than a means to an end.

There are two inherent lacunas in a positivistic CSR approach. Firstly, positivistic analyses are often misconstrued as simply recording CSR activities without appreciating their values [2]. It triggers homogeneous CSR reporting patterns and misleads the public with a façade of compliance [9]. Positivistic CSR prompts manipulative reporting [10]. Firms apply a 'box ticking' approach and superficial numerical analysis. Authors [11] argued that superficial and cosmetic reporting requirements are "insufficient conditions to establish true CSR". A mechanical box ticking approach engenders a "rigid, mechanical practice involving the use of needlessly detailed 'standardised checklists' pursued without regard to weighing costs against benefits" [10].

Positivistic CSR also elicits pragmatic legitimacy. Many firms implement CSR to gain collateral business advantage [12]. Firms are eager to deduce competitive advantage while concurrently deploying CSR [13] as part of a firm's triple bottom line [14]. Firms devised CSR to gain competitive advantage measured through quantifiable outcomes. This sort of fusion is insufficient to instill an ethical core in business firms and often camouflages an ulterior business intent when applying their CSR activities. Pragmatic legitimacy derived from a capitalistic ideal maximises both the corporate and their stakeholders' interests. In pragmatic legitimacy, firms do everything in their power to persuade their stakeholders to ascribe their legitimacy of the firms through executing CSR strategies aimed at uplifting the interests of that group. The key driving factor in pragmatic legitimacy is to convince stakeholders that the leadership, corporate strategy and the output of the business firm are collaterally beneficial to the firm and the society [15]. Global movements such as the Global Reporting

Initiatives (GRI) are powerful instigators propelling firms into a spiral of enigmatic sustainability reporting. Authors [16] correctly argued that firms are 'colonised' by overwhelming positivistic nuance paying premium to attaining a pragmatic legitimacy. While positivistic movements have improved corporate reporting styles and instilled sophisticated tabulations and data, overt emphasis on CSR contents prevents firms from truly appreciating and understanding the intrinsic intents of CSR [17]. This results in a vacuum for appreciating the underlying psychological and anthropological reasoning in CSR deployments. It leads to monotonous corporate reporting rendering it impossible to delineate any differences between various typologies of reporting patterns [2].

A positivistic CSR overtone diminishes a firm's sensemaking and moral legitimacy. Sensemaking happens when organisations can no longer cope with turbulences with their standard regimes. Crisis, turbulence and disruptions trigger firms to reason, think and create new meanings [18]. It story tells and accentuates the reasoning processes within organisations. Sensemaking CSR engenders moral legitimacy. One author [19] defined moral legitimacy as "sociotropic"-it rests not on judgments about whether a given activity benefits the evaluator, but rather on judgments about whether the activity is "the right thing to do." These judgements become a barometer, which reflect whether an activity of the business firm promotes social welfare determined by the society's value system. Moral legitimacy relates to the subconscious mind of business firms. It reflects what the society deemed as imperative, inevitable and non-negotiable moral values firms must engender [15]. In the words of the authors [20] "there is little question in the minds of actors that it serves as a natural way to effect some kind of collective action". Any violation and or manipulation of this subconscious cognitive legitimacy risks firms rejected and defaced by intense social repugnance.

This paper theorizes that positivistic CSR diminishes a firm's ability to sense make CSR and achieve moral legitimacy. A firm that sense makes CSR attains moral legitimacy, which in turn spawns reflexive organization change and moral transpose. Positivistic CSR and pragmatic legitimacy can never capture such reflexive organizational developments. Authors [21] clearly explored this CSR sensemaking, reflexive organisation change and moral transpose in the work entitled "A Theorization on the Impact of Responsive Corporate Social Responsibility on the Moral Disposition, Change and Reputation of Business Organizations". The authors [21] explored the interface between CSR sensemaking, reflexive organisation change and moral transpose in the case of Shell's mismanagement of the Brent Oil Spar storage buoy saga in the Atlantic in 1995. The saga triggered backlash and public discontent resulting in Shell's share price decline and tattered reputation. The saga exposed Shell's 'awakening' towards reflexive organisation change and moral realignment.

Of course, many scholars have deliberated the notion of organisation change. From the inception of Lewin's triadic and planned organisational change model, scholars have since proliferated the extent of study. For instance, many studied the internal and external forces of organisational change while others debated the distinctions between planned change models and the more radical nonlinear change approaches [22] [23]. The association between deconstructive organisation change and learning has also recently received intense attention by modern scholars [24] [25]. While the literatures on organisation change is mature, writings associating CSR and organisational change is scarce and wanting. A literal search on google scholar with the search index 'CSR and organisational change' (as of 20th January 2019) yielded no results.

This paper differs uniquely from previous writings. Drawing from the key words of the title, this paper addresses two inherent gaps in CSR and organisational change theories. Firstly, this paper attempts to contextualise sensemaking CSR and reflexive organisation change in Volkswagen (VW) by examining 'diesel dupe' crisis. This study offers a current analysis on one of the most notorious corporate scandal often dubbed as a "scandal of epic proportions" [26]. Lensing through this

scandal, this paper explores the inextricable connection between sensemaking CSR and reflexive organisation change in VW. While most previous writings on CSR focused on a positivistic pretext where ethics is considered a peripheral component of capitalism and collateral business advantage [13], sensemaking CSR conversely prioritises stakeholders' interests [27]. Sensemaking CSR pays premium on the capacity of VW to make sense, surrender, relinquish control, listen, understand, respond and maintain an open posture to social persecutions throughout the crisis [3]. Sensemaking CSR decentralises a firm [25], produces socially responsive organisations, trigger profound reflexive organisational change and moral transformations [28] within an organisation, a point scarcely raised in previous literatures of organisational change management.

Secondly, this paper is novel as it entails a rhetoric analysis and observes the character of reflexive change in Volkswagen, a research question that falls squarely within a philosophical and anthropological conundrum. A rhetorical analysis excels as an anthropological method that hermeneutically analyses and interprets the semantics and text analogue [29]. This paper contributes by uncovering sub-conscious patterns underlying written and oral converse, an appropriate qualitative method for the inquest of moral transformations in VW, a point that yet addressed in current literatures. The paper begins by overviewing the 'diesel dupe' crisis. It then addresses the literatures pertaining to the notion of sensemaking CSR, reflexive organisation change and moral transpose. The paper then deliberates on the notion of rhetorical analysis as a research method for this paper.

II. VW AND THE DIESEL DUPE CRISIS

VW was ambitious. It strived to be the 'world's best automotive group' [30], boasted of 'beholding technological expertise and innovative power that is unparalleled in industry' [30] and aspired to be a 'future proof organisation' [31]. In 2015, VW overtook Toyota Motor Corporation as the largest car manufacturer in the world and accomplished VW's ten-year goal set earlier in 2007 by Martin Winterkon, VW's former CEO [32]. By 2018, VW was already on track to be the single most profitable automotive company globally, an ambition that sparked skepticism even with their most ardent supporters. VW was set to push ten million units annually, with a pre-tax revenue of 9% and bragged of an arsenal of the most 'satisfied customers' in the entire automotive industry. VW crowed their ecological prowess and ethical business approach. In 2012, VW bagged the 'Ethics in Business Award' for their outstanding contributions to the environment [32].

However, all these collapsed in September 2015 when the United States Environmental Protection Agency (USEPA) questioned VW's emission tests and accused them for violating the Clean Air Act. USEPA indicted VW for installing 'cheat devices' in approximately half a million of their diesel-powered vehicles in the United States of America (USA). The smart device reduced the Co2 emission during tests. However, at normal driving conditions, the cheat device disengages and Co2 emission increases 45 folds. VW cascaded into an entanglement of global scrutiny where they faced separate fraud charges in USA and Germany [33]. Once hailed a role model, many now 'accused' VW of fraud and their reputation in tatters [34]. Consequently, VW lost a third of their market share value within a week of the announcement and Martin Winterkorn resigned pending criminal investigations. The 'diesel dupe', dubbed as a "scandal of epic proportions" [26] evident how blatantly a corporation could lie, defraud and betray those trusts others bestowed upon them.

VW immediately became the centre of attention. Many wrote on the 'Diesel Crisis' and from various perspectives. Of course, journalists have taken their usual path of reporting VW's crisis as a sensational news piece [34]. Some explored the legal and economic consequences of the crisis on VW [26] [35]. Many others scrutinised the crisis from the paradigm of theoretical ethics. For example, some perused the scandal from the viewpoints of ethics, trusts and business integrity, while one author implicated the emerging grip of 'democratic ethics' and its relational influence on VW [32]. Some scrutinised

VW's public relation and communications strategies during the crisis [36] [37]. Other writers exposed the propensity of greenwashing in VW's responses towards the diesel crisis [38], while other more 'technical' scholars scrutinised the notion of ethical software development following the cheat device innovation [39] [40].

This paper takes a different stance. It explores the impact of sensemaking CSR on triggering a reflexive change within VW. It offers an in depth rhetorical study on the VW 'diesel crisis', purposefully selected to instill a meaningful and deeper anthropological inquest on organisation change management. The VW diesel saga provides a fertile context to examine research ideal raised earlier in this paper. Studying VW sheds insights on the role of sensemaking CSR on reflexive organisation change and its impact of moral transpose in business organisations.

III. LITERATURE REVIEW

Sensemaking has long been a vital element in musicology research, but only became a popular tool for social inquiries in late 60s [41] [42]. Scholars generally agree that sensemaking relates to the construction and interpretation of meanings [43] that underpin the justification and reasoning behind daily decisions [41]. Since an author's classical work entitled "Sensemaking in Organisations" [42] in 1995, the importance of sensemaking in organisation studies has grown exponentially. Sensemaking became pivotal to study organisation behaviour [43] and has since permeated into other areas of research including education [44], healthcare [45] and mass communication [46].

Unlike positivistic CSR ideal, sensemaking requires a firm to comprehend, understand and fathom their tripartite relationships with stakeholders [3]. It requires firms to respond and prioritise the rights and interests of stakeholders [27] paying premium on the capacity of a firm to surrender, relinquish control, listen, understand, make sense, respond and maintain an open posture to social persecutions [3]. Sensemaking CSR contributes to decentralise a firm [25], produce profound structural organisational change and cultural transformations. It transposes a firm from being socially responsible to being socially responsive [28].

The recent Facebook data breach scandal is a good example. At the congressional hearing, Mark Zuckerberg admitted that the firm has not done enough in protecting data security. Zuckerberg mentioned, "it was a big mistake" and will "work through all changes" to ratify it [47]. Following the incident Facebook took up full page adverts in nine newspapers in United States of America (USA) and the United Kingdom (UK) to publicly apologise their breach of trust. The tagline reads, "I am really sorry that this happened... We have a basic responsibility to protect people's data, and if we can't do that, then we don't deserve the opportunity to serve people" [47]. Facebook experienced a deconstructive momentum that saw the tumbling of 14% of its equity value. It invites the firm to reconsider its underlying ethical values.

Scholars have since studied the contributions of sensemaking on organisational cognitive dissonances, conflicts, confrontations and their reconciliations in organisations [43]. This prompted writers connecting CSR sensemaking, moral legitimacy and organisation change [43] [48]. Organisation change is inevitable in business. Literatures on organisation change is rich and dense. Organisations must change to adapt to social demands. Conventional and planned models in organisational change postulate a gradual and predictable change in business organisations. Earlier studies presuppose a triadic mode of planned organisation change [22]. Later organisation change models champion a more radical nonlinear approach. The author [22] termed this as a punctuated equilibrium, capable of generating deeper structural alterations and revolutions within the organisation during the change process.

While literatures on organisation change are plentiful, studies on organisation change involving sensemaking CSR and moral discourse is scarce. Sensemaking CSR triggers a moral discourse in organisation change and business firms need to stretch their sociological and organisation imagination to capture the reflexive values rather than the outcomes of the change

[49]. An anthropological sensemaking approach to studying organisation change is seductive [50] [51] so that there is adequate attention given on the reflexive ideals and making sense on the deeper values of organisation change. When an organisation encounters dramatic disruptions or crisis, their culture and shared beliefs challenged, distorted and fundamentally deconstructed and reconstructed.

In sensemaking, the change process itself and the constructed meanings are scrutinised, studied and rationalised to generate a deeper appreciation of the change process and its impact on the firm's moral transpose. A change through sensemaking generates a more pervasive and thrusting behavioural alterations. Within the sensemaking approach, organisations become deconstructed paying premium to study the process of deconstruction [25]. The likes of Shell reflexive organisational change is evidence of a sensemaking and reflexive change often reflected from their linguistic and conative expressions [3]. The authors [21] studied this form of reflexive discourse in organisation change and moral transpose. The examples of Shell's repentance from its Brent Oil Spar saga in 1995 deeply construed an organisation change that reflexively transformed the business and altered its moral legitimacy. Sensemaking triggers organisation change that transcends regular structural change but one that fortifies a moral reboot and sensemaking the deeper derivatives of change [52]. One excerpt of Shell's annual report clearly epitomises this phenomenon.

We believe that we acted honorably in both cases. But that is not enough. Clearly, the conviction that you are doing things right is not the same as getting them right. For us at least, this has been a *very salutary* lesson. We were ready to *learn from experiences, however painful*, because of a planned process of change begun in 1994. It represented the *most thorough and far reaching review* for over 30 years - *our Transformation*. Nothing was *sacrosanct, and fundamentals were questioned: the structure, the way business is done, the quality of leadership, relationships with people and our vision of the future* [53] [Emphasis added].

Shell appeared deconstructed by the saga that in turn triggered sensemaking, reflexive organisational change and moral transpose. Shell began sensemaking their crisis. Words and phrases such as “very salutary lesson” and “learn from experiences” are good examples of sensemaking. Words resembling “transformation” connotes reflexive organisation change and the fact Shell questioned their “fundamentals” reflects a moral transpose. Sensemaking provides a socially richer and ontologically denser CSR exploration. Sensemaking examines how business firms interpret and adapt to their externalities. Described as a process in which an individual or an organisation develops their cognitive connection with the environment, sensemaking perceives CSR activities as not merely a positivistic measurable scheme, but how a business firm connects and adapts to their externality. Sensemaking constructs a unique social connection between the firm and its external environment and fulfilling their stakeholders' needs. This is consistent with the enactment model of organisational learning which ascribed firms as constantly reflecting their evolving role in the business environment.

What then is a moral transpose? What kind of moral transpose do firms experience when they encounter a crisis? To answer this question, it is vital to address the trajectory of an organisation's moral transposition i.e. transforming from what to what and from where to where? To address this point reader (s) must understand the fundamental theories of ethics. For simplicity, there are two main theoretical divisions of utilitarianism and Kantianism often termed as ‘rival ethical principles’ [54] conveniently labelled as the ‘consequentialist’ and ‘non consequentialist’ approach. The authors [54] for example lament that such division is a common and simplistic measure and is capable of providing a clear resolution to specific ethical dilemmas.

The authors' [54] opinion is misleading and a contradiction. It deludes firms to believe that there is only ‘one best way’ of measuring ethics. Firms are misguided to undertake one perspective in the sacrifice of the other. Auhors [21] in their work

addressed the point that a crisis can trigger a firm’s moral transpose from utilitarianism to Kantianism. Their work specifically highlighted VW’s moral transpose during in the diesel crisis. The authors wrote:

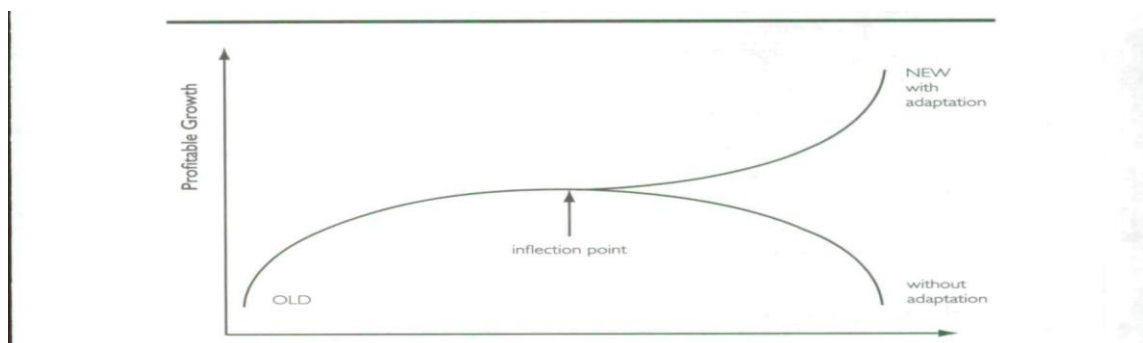
...despite the unembellished distinctions between the two concepts they can be inextricably linked in context. While it is a common and regular assumption that business firms normally usurp a utilitarian business value, firms are estopped in protruding that value when they breach the minimal content of morality. That would result in a punctuated equilibrium which in turn forward serious business repercussions for the firm. Most firms will respond by resorting to embrace universalistic and categorically imperative moral values [21].

Despite those writings, there is a literature gap to identify an appropriate model, which could illustrate the mechanism of sensemaking and reflexive organisation change in practice. While writers support the notion of sensemaking and organisation change, there is a deficit in literatures to explain this sort of change using an appropriate model and framework. No authors have yet proposed a workable model that explains the mechanism of sensemaking and reflexive organisational change in practice. The current authors intend to fill this literature gap.

To fill the gap, the current authors adapt from other spheres of study. One particular theory that stands out in redefining crises and organisation change is the concept of Strategic Dissonance Model (SDM). First coined by Intel Inc.’s CEO [55], the theory postulates the resonance of crises as an indicative barometer of organisational strategy misalignment and renewal. The authors [55] theorised that a firm’s strategic intent and direction can swiftly expire amidst dynamic changes within an industry. A strategic dissonance occurs when a crisis or dynamic shift within the industry expires an organisation’s strategic intent. In the words of the authors [55], “where it signals the impending industry or corporate transformation”.

One major contribution of the strategic dissonance theorem is that it conceptualises that a crisis can lead an organisation to experience what he terms as the ‘strategic inflection point’ (SIP). This theorem provides a powerful indicator when (if at all) an organisation’s strategy, direction, technological capabilities becomes obsolete, antithetical, redundant or being replaced by newer ones. Firms are trapped in the ‘valley of death’ if they are unable to overcome this redundancy. Conversely, firms that are able to overcome the SIP cherish new markets and fresh developments. The SIP reflects the precise point in which firms need to determine the next course of actions, either to improvise and overcome the changes or maintain status quo. The SDM theorem is illustrated in **Diagram 1** below:

Diagram 1: Strategic Dissonance Model



Source: [55]

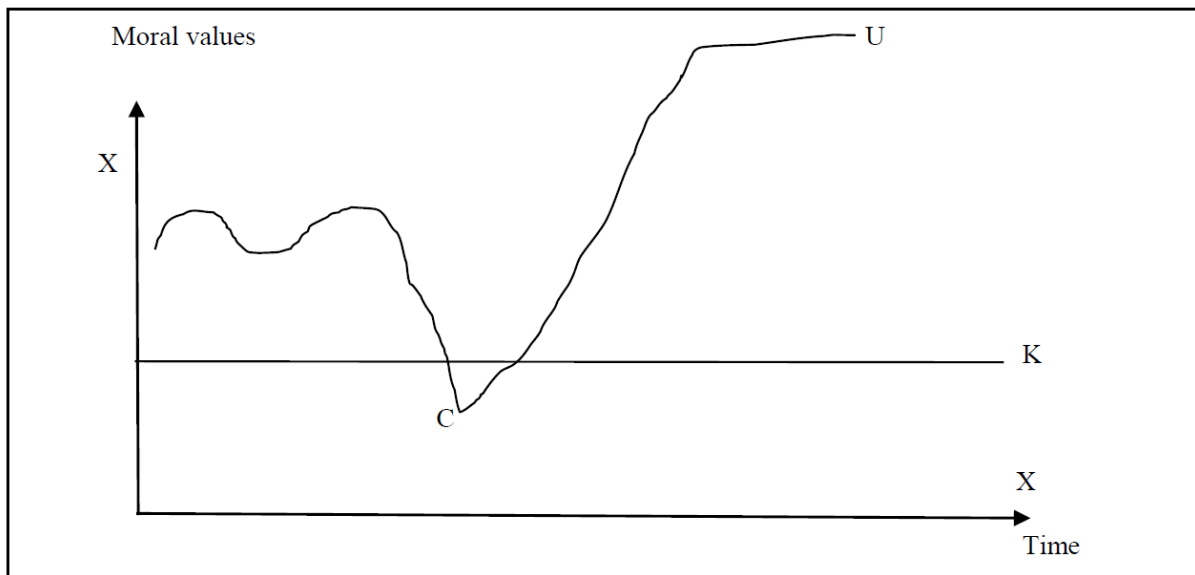
Diagram 1 clearly shows that a firm, which fails to adapt and resolve the crisis, will experience negative growth that ultimately leads to their demise. The inflection point becomes a decisive moment where firms must decide to improvise and

adapt to harness the opportunities or face destruction if they choose to relent their strategies. Conversely, if the firm adapts, it leads to new unexplored business frontiers. Grove's theorem is powerful yet simple because it signifies when a firm should change in the event of a crisis. The SIP plays a pivotal role in predicting an incisive point where a firm must change radically so that they do not become obsolete.

What is a crisis then? Crises refer to those occasions that disrupt, distort the function, structure, nature and cognitive content of a business firm [38]. Naturally, organisations encounter increasingly challenging business environment depicted primarily by heightened stakeholders' demands. The incongruences between business strategies and stakeholders' demands generate conflicts that lead to crises. Crises are becoming regular due to the proliferation, publicity and politicisation of risks management. Organisational crises have always been a taboo for businesses as they disrupt organisations and expose them to non-linear and uncontrollable events leading to disorder [56]. Other authors [57] [58] perceived that chaos and crisis delimits the conventional strategy for problem solving and subverts a planned approach in management. However, sensemaking enhances the 'values' of crises. Literatures [59] [60] argued that organisations could learn through crises.

Despite the contributions of the SDM in depicting crisis and strategic dissonance, it does not represent sensemaking CSR and reflexive organisation change. To fill this literature gap, the current authors modify the SDM model to illustrate the relationship between a crisis, sensemaking, reflexive organisation change and moral transpose. The authors term this revised model as the 'ethics dissonance model' (EDM). The EDM model is as shown in **Diagram 2** below.

Diagram 2: Ethics Dissonance Model



Source: Authors

The curve U represents the ethical values of a firm throughout different times X. One could observe that U is nonlinear but presents an inconsistent curvature of utilitarian ethical values. U represents the utilitarianism and relative ethical values of the firm measured through the hedonist calculus of pain and pleasure. The standard and linear horizontal line denoted as K represents a categorically imperative and universally accepted Kantian value. K lays the fundamental and minimum content of the Kantian moral values that a firm must adhere. Over time, a firm's moral value dips and breaches the Kantian

minimum moral content in K as denoted as C. In that case, an ethical inflection point ensues and a firm will experience backlash. In turn, the firm then increase their moral value as seen in the upward soar in U. The upward soar represents a sober renewal where firms experience reflexive change and rejuvenate their moral values. This revised model provides a succinct and practical amalgamation of utilitarianism and Kantianism. This EDM framework is novel and charters an unprecedented connection between utilitarianism and Kantianism.

IV. RESEARCH METHODOLOGY

An interpretive paradigm grounds this research. It permits a researcher to perceive the world through the experiences and perceptions of their subjects. Interpretivism uncovers the primary order character, which underpins the second order of knowledge [61]. The main contribution of interpretivism is to process those internal logics, understand and constructing them, to use them as building blocks for theorizing. One author [62] commented, “interpretivism is the lens most frequently influencing the choice of qualitative methods”. The strength of interpretivism is that it is a constructivist epistemology. It aims to “understand how members of a social group, through their participation in social processes, enact their particular realities and endow them with meaning, and to show how these meanings, beliefs and intentions of the members help to constitute their actions” [61]. Interpretivism entails relativism which view that reality is subject to an individual’s senses [63]. Interpretivism postulates that reality is individually constructed and that an objective reality does not exist. Reality is constructed through the interactions between the world and the consciousness of a person.

To enhance the value of interpretivism for this study, the current authors usurped a rhetorical analysis of VW’s annual and sustainability reports to discern its pattern of sensemaking, reflexive organisation change and moral transposition. A rhetoric study is inward looking and anthropologically grounded on the prescriptive and contextual values of a research. It hermeneutically analyses the interpretive meanings of semantics and text analogue to uncover those sub-conscious patterns [64] by scrutinising the cultural role and unwritten conventions that mould VW’s responses in the diesel crisis. It deciphers the extent of purposive meanings beyond descriptive and literal information.

This paper rhetorically analyses statements made by VW’s CEO to discern how a firm responds to each stage of the diesel crisis. It also provides a useful method to detect sensemaking, reflexive organisation changes and moral transposition in VW. A rhetoric analysis is capable of supplying a multivariate or multi-dimensional exploration, depicting the interactions between VW and its externalities. Rhetoric analysis and hermeneutical approach is of course an essential part of interpretivism. Rhetoric studies the art of persuasion and expression through words [16]. Organizations might implicitly or explicitly portray their intentions and consequent actions their linguistic expressions. Rhetoric is a useful way to reflect and gauge the implicit intents of corporations within a communications style and pattern of expression when responding to externalities.

Rhetorical interpretivism accentuates an interactive, constructivist formula to ascertain and interpret the operating mechanisms instigating a phenomenon, which proves very useful for CSR sensemaking, reflexive organization change and moral transposition [65]. Rhetoric interpretations approach also paves the need to sense make human interactions, their methods of communication and views an organization as a connected rather than a disjointed complex network. It helps an organization to remain progressive and adaptive, understanding the necessity to blend with their environment. Organizations through rhetoric sensemaking views its development as constantly evolving through complex interactions within and outside the organization so that any progress it makes is regarded as temporal rather than static.

The importance of rhetoric in organisation change cannot be understated. This is because organisation change involves more than merely structural changes but also alterations in human interactions, behavior and emotions. For instance, authors

[66] wrote extensively on the “rhetoric violence in business process reengineering” a form of radical change that was first sparked off in Japan during the 90s. Interestingly, authors [67] argued that organisation change, especially the more radical ones, are analogous to revolutions. Radical change envisages forcefulness and a degree of coercion that directly influence the views, culture and patterned behavior of their respondents. Similarly, the author [66] lamented that change produces stories, which in turn justify the change. Looking at the fact that organisation change is usually non-linear but made up of concoctions of emotions, feelings and conflicting interests, rhetoric and storytelling become a necessary tool to construct the reality through linguistic analysis. Another author [68] argued that change is decisively influenced by the “explicitness of the rhetorical elements in the situation” and is particularly a colourful approach to understand fully the change phenomenon.

For the purpose of rhetorical inquiry, the annual and sustainability reports of VW will be scrutinised. They are derived from VW’s main website (available at https://www.volkswagenag.com/en/InvestorRelations/news-and-publications/Annual_Reports.html, last accessed on November, 2019). A firm’s annual report provides a good qualitative and rhetorical study as it reflects an approximate barometer of a firm’s perception on CSR, an accurate means to assess corporate activities and to examine the company’s social activities to various stakeholders [60] [69]. Companies reflect these management trends in their discourses, especially in their annual and sustainability reports. For example, the CEO’s statements often define the companies’ strategic lines, which is considered one of the most representative parts of the reports. An examination and cross analysis of these reports may provide possible trends and perhaps the level of understanding of the firm towards CSR. The hallmark of a rhetoric analysis.

In this paper, the current authors rhetorically examined VW’s annual and sustainability reports to provide a coherent and complete understanding on their CSR implementations. VW’s annual and sustainability reports from 2013 to 2018 are analyzed. This provides contextual longitudinal comparisons of VW responses pre- crisis, during crisis and post crisis stage. The value of annual reports as a rhetoric analysis in turn rests on three basic assumptions. Firstly, there is an assumption that enterprises are artifacts that are socially constructed by human activities and interactions where corporations confront continuous complexities [69]. Most enterprises are composed of numerous interest groups and more or less formalized institutions, defined as a broad grouping of stakeholders who have common traditions and values with respect to a common interest. The enterprise’s complexity becomes manifest in the management of stakeholder relations and interests and often the complexities of this tripartite relationship are reflected in the annual or sustainability reports.

Secondly, the senior management is responsible to plan and implement corporate CSR and this information and strategic intents channeled to lower levels of the organization [69]. Managers and upper managers, especially, bring together and interpret information for the system as a whole. Furthermore, any substantive change in the organization leads to the alteration of existing value and meaning systems. Thirdly, the annual reports represent a collective and synchronised effort from all fronts and levels of the business firm to achieve CSR success. It is assumed that annual or sustainability reports represent the imprints of organizations’ cognitive systems and memories into explicit words [70]. The views portrayed in these reports signify an approximately unanimous opinion, vision and methods of attaining the corporate CSR objectives. A rhetoric examination of annual and CSR reports are highly relevant qualitative research techniques emphasizing on interpreting meanings of words, non-standardized data and analysis through conceptualization [71].

The research design emphasizes the relevancy of thematic coding. Adapting the proposed steps by previous researchers [72], the current author undertakes four (4) main steps to establish suitable themes and codes. Firstly, the current authors peruse repeatedly the VW’s annual report and sustainability reports so that the authors are familiar with the structure of the

reports and the voluminous data presented. In doing so, the authors could detect recurring patterns of expressions in CEO's statements. However, the current authors caution that this study does not attempt to analyse every section of those reports. It is not practical and academically unsound to peruse a 'complete' analysis of these reports. This causes floodgate of voluminous data, often misleading researchers astray. Therefore, to avoid analyzing voluminous data, the current authors pay premium attention to the sections on CEO's letter to shareholders in the annual reports and CEO's letters to the stakeholders in the sustainability report [73]. This is logically a good strategy because CEO's letters are often not regulated by law [74].

Therefore, the letters provide the management excellent forum to manage and or manipulate outsiders' impressions. Authors argued [75] that many American CEO's use this as a platform to impress their investors with overflowing positive remarks while minimizing that negative information. Others indicate that investors rely on those letters to decide on their investment directions, which is often a predictive tool on the company's success or failure [76] [75]. However, for the purpose of this research, the CEO's comments on VW's sustainability issues are also scrutinized. Prior to 2017, these commentaries are conjoined with their annual reports, but post 2017, VW published independent sustainability reports to address those issues specifically. Since VW faced an environmental crisis, reading those sustainability reports and commentaries are relevant to this piece of study. Secondly, the authors then set out the theme of the research. The themes are strongly connected to key words of this paper that are (1) sensemaking CSR (2) organizational change and (3) moral transposition. These three (3) themes provide the cornerstone of this research where the CEO's statements and expressions are coded and categorized into those defined themes. The themes and those sub themes are illustrated and explained in **Table 1 below**:

Themes	Sub Themes	Codes	Description	Examples
Sensemaking	Proactive; positivistic CSR; Reflexive CSR; open posture	Crisis, cooperation, stakeholders, trust, commitment, dialogue, partnership and other words that resemble approximate meanings.	Any words or phrases that described a firm's dexterity to command control over stakeholder management. Any purports of firm to use those feedback to enhance financial performance. Any words or phrases describing how a firm connects or attempts to reconnect with stakeholders, openness, transparency, learn, collaboration, partnerships in a meaningful way.	"have forged new partnerships and entered into new participations....A company's long-term success depends on its authenticity in assuming responsibility for their environment and society" (VW Annual Report, 2016).
Organisation Change	Deconstruction; reflexive change	Rebuild, regain, learn, crisis, rejuvenate and other words that resemble approximate meanings.	Any words or phrases describing a firm's effort to change their culture and or facing a grave crisis. Any words describing a revamping of company structures, ethos, vision corporate strategy.	"That is why we are realigning our structures, our mindset and the way we approach things. More than that, we are renewing our targets" (VW Annual Report, 2015).
Moral Transpose	Pragmatic legitimacy, moral legitimacy	Strategic CSR, triple		"Sustainability means simultaneously striving economic,

		bottom line, integrated CSR, crisis, apology, change, sincere, absolute and other that resemble approximate meanings.	Any words or phrases that boasts of a triple bottom line, strategic CSR framework, ability to control environment and do good to the community, Any words or phrases showing remorse, sadness overtone, regret and seeking forgiveness. Any words or phrases showing firms commitment to be better and absolute determination to change.	social environmental goals equal priority” (VW Sustainability Report, 2018, pp.24) “I would like to apologise to you our shareholders that the trust you placed in Volkswagen has been broken” (VW Annual Report, 2015).
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Table 1: Thematic, Sub Themes and Codes

Thirdly, the authors refined the primary themes into sub themes. This stage is important so that the primary themes can capture more precise parameters of this research. Sub themes enable researchers to scrutinise detailed considerations emerging from those primary themes. For example, sensemaking requires the researcher to explore sub division of themes including reflexive CSR and open posture. The theme organisation change includes sub themes such as deconstruction and reflexive organisation change. Lastly, the theme moral transpose signifies the connotations of utilitarianism and Kantianism.

Fourthly, the current authors then coded the CEO’s statements by slotting their words and or expressions into the predefined themes and sub themes identified earlier in this research. This process is conducted manually without the assistance of any software. The code here pertains to those words and rhetoric used in the annual reports which are then appropriately slotted into the predefined primary themes and sub themes identified earlier. In doing so, the current authors pay attention to recurring use of words and the overtone, which reflect those expressions and or emotions depicted within thematic categorisation. To enhance the robustness of this coding process, the current author takes the following steps proposed by another researcher [77]. These steps are (1) that the coding will include both single words and phrases. This allows the current authors to capture broader terms and meanings as well as specific linguistic patterns. (2) The current authors will eliminate irrelevant information from the texts sharp and raw data. Words categorised as names and pronouns are deleted while notations, nouns and prepositions are preserved. This provides a precise processed text allowing sharper and clearer annotations of the statements. (3) The current authors also used Microsoft thesaurus to guide broader spectrum of words that carry similar or approximately similar connotations.

V. RESULTS AND FINDINGS

To summarise the results of the rhetorical analysis, the current authors deployed a simple descriptive analysis so that reader (s) can grasp a simple statistical value of those codes throughout the epoch of VW’s ‘diesel dupe’. To do this, the

current author will calculate the number of words for each theme, sub themes and codes in comparison from 2012 to 2018. The authors compare the following expressions and rhetoric (1) reflexive sensemaking, (2) reflexive organisation change and (3) moral transpose.

For this exercise, the current author uses the Microsoft Word 2016 Thesaurus application as a guide. To do this, the current authors calculate either a single word or a single phrase as one unit. A semi colon (;) demarcates each of the distinctive words and or phrases. To avoid repetition, the author will not tabulate the words or phrases twice for each sub themes and codes. However, the current authors caution that a statistical tabulation may mask or mislead reader (s). A simple tabulation or even a complex statistical analysis cannot provide a succinct and precise overview. This is because rhetoric analysis is an art and not a precise science. The simple statistical display below is merely to provide a quick snapshot of the results in this study. **Table 1** below illustrates this ‘word count’.

Table 2: Application of Themes Pre Crisis (2013 – 2014), Crisis (2015 – 2017) and Post Crisis (2018)

Themes	Sub Themes	Codes	2013 (n 0)	2014 (n 0)	2015 (n 20)	2016 (n 15)	2017 (n 13)	2018 (n 10)
Sensemaking	Reflexive CSR; open posture	Crisis, cooperation, stakeholders, trust, commitment, dialogue, partnership and other words that resemble approximate meanings.	Nil	Nil	challenge; apologise; crisis x 2; trustful; rebuild trust earned; Open; honest	crisis; change; new partnerships; values, centre society; important stakeholders; openness; participation; openly address; fully acquainted; equal partners; open culture	public, deal; act more decisively	valuable; create value; stands for value
Organisation Change	Deconstruction; reflexive change	Rebuild, regain, learn, crisis, rejuvenate and other words that resemble	Nil	Nil	crisis x 2; realign; renewing; evolve; transition; change	profound turning point; capacity courage change; Together	change culture; transformation; change	transformation; change program; cultural change

Moral Transpose	Moral legitimacy	approximate meanings. Crisis, apology, change, sincere, absolute and other that resemble approximate meanings.	Nil	Nil	realign culture; does not tolerate; sincerely; sorry	Strategy 2025 change authenticity environment;	attributes; values x 2; pragmatism; integrity x 2; compliance; core	integrity; compliance; economic, social environmental goals equal priority
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Table 2 presents interesting results. The phrase pre-crisis stage (2013 – 2014) simply connotes a situation where a firm has not yet experienced any sort of disruptions and or sudden surges in their externalities. Clearly, VW had not indicated crisis of any sort in their 2013 and 2014 annual reports. VW boasted of achieving financial performance targets supported by higher dividend payout, greater market expansion, maintained a stable trajectory in becoming the best automotive Group and engineering a ‘future proof’ organisation. Since VW had not reported any sort of crises in 2013 and 2014, it is clear that they applied a positivistic CSR purview. Various parts of VW’s 2013 (page 116 onwards) and 2014 (page 146 onwards) annual reports projected quantitative achievements targeted at reducing Co2 emissions and reduction on raw material consumption. These reporting styles illustrated a positivistic, quantitative and objectivistic approach to their CSR momentums quantified by measurable and verifiable outcomes. This affirmed authors’ assertion [2] that positivistic CSR propels firms to scrutinise their CSR outcomes and reporting them in their annual or sustainability reports. Indeed, this also supports claims that positivistic CSR requires firms to behave in those manners in which they are regarded as good corporate citizens. It is obvious that VW measured their CSR momentums through predefined parameters and requirements. VW in their reports vigorously highlighted and established a clear link CSR and CSP, a point raised by researchers [5].

Of course, this sort of positivistic CSR reporting is perilous for two reasons. Firstly, a positivistic reporting mask potential upheaval of a crisis by concealing the truth. VW’s diligent compliance and ‘box ticking’ approach appears to be a mere façade masking VW’s intention to conceal their ulterior plans. VW had intentionally installed a cheat devise prior to their exposure in December 2015. By continuously parading a façade of compliance and or CSP, VW altogether detracts the public from knowing the truth. This supports authors arguments [2] argument that positivistic organisations tend to conceal the truth and mislead the public by displaying standardised reporting style.

VW’s overzealous deployment positivistic reporting has also prevented them from generating meaningful organisational behaviour changes. This is in line with the author’s argument [10] that a continuous deployment of mechanical reporting patterns masks the indications of potentially brewing crises. Instead of sensemaking and establishing meaningful contact with their stakeholders, VW deploys an ‘auto pilot’ reporting style that thwarts their sensitivity and alertness to their

changing externalities. VW produced those data as a mean to raise their statuses, display compliance in the expense of engaging in truthful and meaningful communication with stakeholders.

Secondly, positivistic CSR accentuates a strategic and collateral business advantage. In this sense, firms often revel their ability to establish a competitive advantage through CSR deployment. A positivistic CSR enriches an organisations egoism. Authors [15] correctly argued that pragmatic legitimacy connotes a capitalist conundrum, calculates their interests and the interests of their stakeholders. Positivistic firms often do whatever in their power to convince their stakeholders to ascribe to their legitimacy by executing CSR measures aimed at uplifting their interests. Pragmatic legitimacy accentuates a firm's conscious purports to equalise their self-interests as well as the interests of those they serve.

Clearly, VW's 2013 and 2014 reports deliberately marked this sort of capitalist stint and egoism in their CSR deployments. Another striking feature is VW's assertion that they strive for economic, social and environmental goals with 'equal priority' and that CSR is part of a management concept. VW reiterated their stance that economic, social and environmental goals given equal priority. Another evidence in the same excerpt saw VW measuring CSR using management indicators and the delegation of power to the Steering Committee in designing CSR alliance. These evidences fall squarely within the works of researchers [2] [3] hat amplified the VW's eagerness to benchmark their CSR against financial performance. While these theories seem quantitatively seductive, they nevertheless harbor a capitalist overtone and fall short of an ethical core.

Therefore, in synopsis, VW in a pre-crisis stage display a rather positivistic CSR acumen. VW placed much emphasis on the strategic values of CSR by incorporating them as part of management objective and measure using conventional key performance index. VW assumed overwhelming control on their ability to design and implement strategic CSR. A delegation of this task to a Steering Committee is a clear evidence of this. Therefore, in a pre-crisis stage, VW had not exhibited sensemaking CSR. There is no indication of organisational change and hence is not indicative at this stage. Similarly, since VW assumed control on their CSR design and executions by integrating them into their competitive advantage, it clearly represents that VW applied a pragmatic legitimacy and at this stage, a moral transpose is not evident. In summary, VW's CSR implications in a pre-crisis stage exhibits three main characteristics. Firstly, their CSR motivational construct was largely grounded on capitalism instead of altruism. Secondly, VW appears to benefit those categories of beneficiaries that have equal and or collateral interests with the firm and lastly, VW institutionalises CSR within an embedded management framework.

In a crisis stage, a firm experiences the backlash and symptoms from the 'buildup of failures'. This is a stage where the firm no longer has grip and or control over the circumstance ultimately resulting in firm acquiring losses and condemnations. At this stage, the firm experiences declining share price, deconstructed externalities [25], destabilisation and punctuated equilibrium [21]. In a chronic stage, the firm experiences accelerated chain of negative events exposing their vulnerability and 'stakeholder revolution' [21]. The crisis stage in VW from 2015 to 2017 is illustrious of sensemaking, reflexive organisation change and moral transpose. It has been raised in Chapter 1 that a constructivist and sensemaking approach to CSR generates altruistic moral legitimacy which in turn seeds reflexive organisation change and moral transpose. Clearly, sensemaking engenders a richer, denser and dimensionally contextual CSR approach. It evaluates how a firm develop a cognitive association with their externalities, often reflected through the linguistic expressions. It ultimately leads to a learning organisation [69], change and a moral discourse. Indeed, VW clearly illustrated these traits in their reports from 2015 to 2017.

Firstly, VW showed signs of sensemaking and reflexive change. VW recognised that they had made a mistake, broken the trusts accorded to them and seek apologies for their blunder. In addition, for the first time, VW mentioned the word crisis in their reports and equated the ‘diesel dupe’ as the most challenging tasks in VW. The firm vouched to realign the Group’s goals by setting new priority, structure and cooperation with authorities. VW commits to a more open culture where they become the centre of the society. These are clear traits of sensemaking in VW where they begin to apply Frederick’s notion of CSR² and clearly implicates stakeholder theorem [27]. While a proactive and positivistic CSR accentuates the ability of the firm to strategise and execute CSR, a responsive and constructivist note emphasises the quintessential of responding to stakeholders’ demands. It is obvious that VW had accommodated a more open posture and the note “VW in the centre of the society” clearly connotes a reflexive shift from emphasising the ability to plan and devise their CSR to fundamentally responding to emerging social demands. In a sensemaking and constructivist CSR approach, instead of perceiving CSR as a peripheral concern, the motivation of the firm now shifts to placed stakeholders’ demands as top priority.

In conjunction with VW’s sensemaking momentums, there is also strong indication of organisation change or what Andy Grove termed as an “organisation awakening”. Unlike a triadic model presupposing a planned and organised approach to organisation change, reflexive change triggered by sensemaking generates non-linear, punctuated and deconstructive alterations [21]. Instead of merely engaging in structural change, a deconstructed firm experiences an anthropological and reflexive change that challenge the fundamental values of the firm.

Clearly, VW exhibited this sort of reflexive change as they began questioning their very basic goals and organisation culture. VW understood that the crisis has caused a punctuated equilibrium in their corporate culture leading to a dissonance between the firm and stakeholders’ expectations [55]. It seems clear that VW experienced a deep crisis that has triggered a punctuated dissonance within the firm leading to anthropological and reflexive change within the firm. From a motivational construct, VW’s CSR is not grounded on an altruistic motivation to respond to social demands instead of placing emphasis on the firm’s ability to control them. Secondly, there is indication that VW had narrowed the class of stakeholders. Unlike proactive CSR that frequently attempts to satisfy indefinite class of stakeholders, responsive CSR typologically categorises their immediate stakeholders. Clearly, VW had classified the relevant ‘investigation authorities’ as their immediate stakeholders and VW vouched to provide the fullest cooperation to them. As far as the institutionalisation of CSR, VW also exhibited a transpose in their focus. Whereas in their proactive stance VW accentuated CSR as part of management core competency, in 2015, VW laments that they want to be at the ‘centre of the society’. This evidences an altruistic social value and clearly supports Frederick’s arguments that crisis and sensemaking renders a firm to apply ‘macro dimensional’ approach towards the CSR intuitions. Looking at these arguments above, it is clear that VW in the crisis stage exhibited sensemaking leading to reflexive organisation change.

In summary, VW’s crisis stage ranged from 2015 to 2017. This is where VW suffered financial and reputation loss. It is affirmed that the crisis has triggered sensemaking in VW where they began to pay attention to stakeholders’ demands by forming new partnerships and becoming more open. This in turn generated a reflexive organisation change where VW began restructuring their goals, objectives and organisation culture and a complete moral transpose in 2017.

Summarising the results for and plotting it into the EDM is illustrated in **Diagram 4** below:

Diagram 4: Results Plotted in EDM for VW

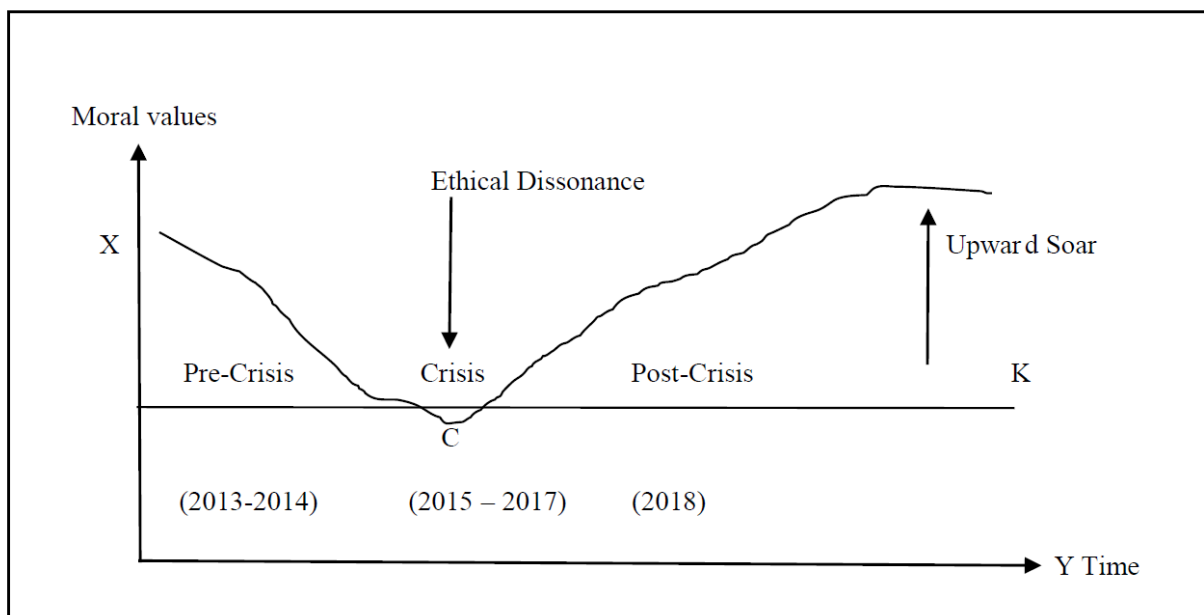


Diagram 4 clearly epitomises the epoch of VW’s ‘diesel dupe’. X represents the level of VW’s utilitarian moral value and ethical discourse where there is a steady decline in VW’s ethical practices pre crisis. Y indicates the movement and epoch of crisis throughout time. C is the punctuated equilibrium where VW breaches the Kantian minimum content of ethics depicted by the horizontal line indicated as K. Upon hitting the minimum content at point C, VW receives backlash, which consecutively trigger sensemaking, reflexive change and moral transpose that one can observe VW’s upward soar in moral values post crisis.

VI. CONCLUSION

Unlike conventional CSR practises that trump on a positivistic and proactive vigour, sensemaking requires firms to relinquish control, abandon an amoral sensation and maintain an open posture of stakeholder communication. Indeed, most business firms by default embrace moral relativism and a utilitarian stance. However, this paper argued and proven that firms do alter their moral stand when they experience crisis. A crisis has the ability to change an organisation reflexively. While many literatures and or research were directed to understand the change process itself, studies on crisis, sensemaking CSR and reflexive organisation change is relatively scarce. A study of this sort is novel and literatures directly connected to this work is limited. To overcome this perplexity, the current author ‘borrowed’ the SIP theory to exemplify the implications of crisis, moral dissonance and reflexive organisation change. This is a novel attempt and throughout the search of CSR literatures, limited writings addressed this theory. The SIP model provides invaluable insight to study the inextricable links between organisation crisis, CSR sensemaking, reflexive organisation change and a moral transpose. The model contributes to explicate the point of crisis, a firm’s responses to those crises and the outcomes thereof. This paper scrutinised VW’s rhetoric journey throughout the diesel scandal and the model provides a succinct reflection on VW’s responses at every stage of the crisis. Clearly, VW behaved significantly distinct across the pre-crisis, crisis and post crisis stages. This work demonstrated the usefulness of a rhetoric analysis in analysing this sort of philosophical and anthropological elements in organisation change, sensemaking and moral transpose. Throughout the three stages of the erupting diesel crisis, VW exhibited striking traits from priding their managerial prowess to sensemaking CSR triggering reflexive organisation change

and moral transpose. This study examined this sort of changes and or transformation in VW by examining their rhetoric and semantical expressions. By theming, sub-theming and coding their linguistic expressions, the current author exhibited the contributions of rhetoric analysis in uncovering this sort of moral transpose and reflexive organisation change. This study is novel because firstly, it incorporated a longitudinal study on VW, an attempt rarely seen in other works and secondly, it introduces a contextual comparison between VW's annual and sustainability reports, again a discourse not attempted by other writers.

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