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How Firms Construct Climate Identities in New Zealand: Resolving the Tensions Between Economic Imperatives and Climate Goals

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ABSTRACT

Drawing on legitimacy theory, the aim of this study is to answer the research question: ‘How does corporate climate identity construction enable firms to make legitimacy claims while managing tensions between the economic imperatives and climate goals?’ The research design relies on a discourse analysis of 252 corporate reports published between 2012 and 2021 from 50 firms listed on the New Zealand Stock Exchange. This is coupled with 35 semi-structured interviews with representatives from 28 firms in the sample. The findings suggest that firms largely adopt climate targets as a tool of legitimacy rather than to substantively decarbonise their operations. Committing to the targets allows firms to construct narratives that position them as climate leaders and as responsible, transparent entities that are compliant with emerging regulatory norms. These identities also allow them to claim discursive, technical, and relational forms of legitimacy even when the changes to their business models are not particularly meaningful. This study contributes to the literature on corporate climate governance by providing insights into the processes through which climate identities are constructed. The research also shows how firms leverage these identities to appease stakeholder expectations that the firm is doing something about climate change while still meeting their mandate to perform financially.

1 | Introduction

The impact of climate change is not only driving new regulations, but also technological disruption and competitive discontinuity (e.g., Urry 2010; Murphy et al. 2021). Firms have undertaken a variety of responses to the dominant climate discourse. Some firms have called for debate, lobbying against the idea of regulating greenhouse gas (GHG) emissions (Dunlap and McCright 2011; Dunlap and Brulle 2020). These firms tend to promote doubt about whether climate change even exists and, if it does, whether it is all that serious (Oreskes and Conway 2010). Essentially, they attack climate science and the integrity of the climate scientists, too (Boussalis and Coan 2016; Powell 2011). By contrast, other firms have sought to accommodate regulatory

changes by reassessing their strategies and branding themselves as good and green corporate citizens (Wright and Nyberg 2024; Hoffman 2007; Kolk and Pinkse 2010; Levy and Egan 2003; Orsato 2009; Thorne et al. 2014; Leuz and Wysocki 2016). Thus, firms are facing a difficult dilemma—the choice between their profitability and preserving the environment. To this end, constructing a corporate identity that depicts the firm as pro-mitigating climate change can be a convenient way out (Veldsman and Veldsman 2025).

When a firm’s identity meets the expectations of its stakeholders, firms gain legitimacy. However, when it does not, that can cause confusion, evoke disapproval, and threaten the firm’s survival (Hannan 2005; Gioia et al. 2013). Hence, in establishing an

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identity, firms generally want to signal that they are listening to their stakeholders and changing their practices accordingly. Such identities typically not only present a self-affirming, motivating vision of the firm but may also be designed to influence stakeholders (Creed et al. 2010; Maguire and Hardy 2005). In this vein, constructing an identity around mitigating climate change might allow firms to actively shape the world through guidance and policy. In fact, within these identities, it is not uncommon for firms to replicate the logic of their most dominant stakeholders (Andrew and Cortese 2011; Livesey 2002). Moreover, these identities can glue an organisation together in its thinking, deciding, and doing, thus deepening relationships with stakeholders (Veldsman and Veldsman 2025, 19).

To date, the research on creating corporate identities, especially ones built around sustainability, has focused on external pressures. For example, Backer (2008) argues that firms revise their identities as a form of protection against external stakeholder pressure. Onkila et al. (2018) point out that firms often build a 'green' identity through sustainability reporting. However, while tools such as codes of conduct (Frostenson et al. 2012), sustainability reporting (Onkila et al. 2018; Tregidga et al. 2014; Tregidga and Milne 2006; Milne et al. 2009), and target setting (Simões and Sebastiani 2017) exist, they do not reveal how these practices shape identity internally. To fill this gap, this study focuses on both internal and external practices for establishing a corporate identity. This should provide a deeper understanding of how these identities allow firms to gain legitimacy without making any substantive changes to their underlying business models. More specifically, I seek to answer the following research question: 'How does corporate climate identity construction enable firms to make legitimacy claims while managing tensions between the economic imperatives and climate goals?'

Many firms consider climate targets as strategically important and incorporate them into their business plans (Jose and Lee 2007; Bui and de Villiers 2017). Although such targets might be a compelling tool for driving environmental performance, arguably these goals are only meaningful if they are based on the principles of planetary boundaries, that is, science-based targets—a 'fair share' of the total GHG emissions reductions required to ensure that the global average temperature does not rise to more than 2°C higher than pre-industrial levels (Bjørn et al. 2017).

Although setting climate targets may help to legitimise an organisation, this also poses challenges. As Baczewski and Payne (2025) note, long-term targets are often faith-based exercises, based on the hope that technologies will mature, infrastructure will emerge, and policy will catch up. Jiang et al. (2025) report that, of over 1000 organisations with science-based targets (SBTs), 9% failed to achieve them, 60% were achieved, but also 31% of targets 'disappeared' in the sense they were quietly dropped due to the likelihood of failure. Alternatively, they may have been updated to more ambitious future targets without reporting the outcome of the original goal.

Thus, the tensions and contradictions between achieving SBTs and business growth remain. These tensions highlight the importance of corporate identities; that is, how firms construct a coherent sense of self while engaging in multiple social interactions

and conflicting demands (Alvesson and Willmott 2002; Essén et al. 2025). Research on how science and law affect corporate discourse, and how identities based on mitigating climate change are constructed, is therefore of great importance.

In this endeavour, I draw on evidence from New Zealand. New Zealand was one of the first countries to take action against climate change by signing up to the Kyoto Protocol and introducing a Carbon Tax in 2002. Then, in 2007, the Carbon Tax was replaced with an Emissions Trading Scheme. Further, in 2015, with the advent of the Paris Agreement, New Zealand implemented policies to help meet the world's 2.0°C target (Ministry for the Environment (MfE) 2025). More recently, New Zealand has sought to further limit emissions to 51%–55% of 2005 gross emission levels by 2035. The government passed the Zero Carbon Act in 2019, with a target of net zero carbon by 2050. And, last but not least, New Zealand was the first country in the world to mandate climate-related risk disclosures by financial institutions under the Financial Sector (Climate-related Disclosures and other Matters) Amendment Act in 2021 (hereafter the Financial Sector Amendment 2021) (Clark and Shaw 2021). These initiatives all aim to drive meaningful climate action. Despite this long history, however, New Zealand's national domestic emissions levels by 2030 seem certain to exceed its declared commitments. Hence, New Zealand will need to resort to 'offshore mitigation' through international collaboration if it is to meet its goals (Ministry for the Environment (MfE) 2025).

To the best of my knowledge, no prior research examines how firms adopt climate targets and use those targets to construct climate identities which are not necessarily matched by substantive climate action, at least not in New Zealand. This research therefore reveals how different corporate identities are used to resolve the tension between the conventional discourse of maximising profit and the increasing expectation that good corporate citizens should work to mitigate climate change, particularly through SBTs.

The first step in the analysis was to review corporate reports. This revealed how firms ideologically construct an identity that balances climate accountability with a profit imperative. These empirical insights extend prior research on corporate identity politics, demonstrating how identities are critically shaped to respond to the climate crisis (Crompton and Kasser 2009; Hulme 2009; Tregidga et al. 2014; Tregidga and Milne 2006, 2022; Milne et al. 2009; Dunlap and Brulle 2020; Boussalis and Coan 2016). This should help firms understand how to position themselves within the social, scientific, and regulatory context of climate change.

Moving beyond the polished public discourse found in corporate reports, I also conducted interviews. This exposed the backstage sense-making of managers in terms of the constraints firms face when setting targets, the negotiations they undertake, and the pragmatic compromises they must make. Their responses reflect the fragile balance between public discourse and how firms bridge contradictions ideologically.

The rest of the paper is structured as follows. The next section presents a review of the literature on climate targets as identity claims, climate identity construction as legitimacy work,

decoupling between climate targets and real mitigation action, and legitimacy versus accountability in climate actions. Then, the research methods are explained, followed by the findings and a discussion of the insights revealed. Lastly, the conclusion summarises the contributions and limitations of the study.

2 | Literature Review

2.1 | Climate Targets as Identity Claims

Climate targets are not merely commitments to reduce emissions; they are symbolic and discursive resources through which firms construct climate identities (Dahlmann et al. 2019; Fuoli and Beelitz 2024). Therefore, understanding climate targets draws attention to the broader literature on corporate identities, which examines how firms define and communicate who they are to their stakeholders.

Corporate identities have been widely researched as a way of understanding how firms behave. The themes explored range from strategic change to decision-making to communication (He and Brown 2013; Ravasi and Phillips 2011; Riantoputra 2010; Fombrun 1996). These studies focus on an entity's attempts to define itself (Corley et al. 2006, 87), asking questions such as 'Who are we?' and 'Who do we want to become?' Wright et al. (2012, 1471) and He and Brown (2013) suggest that narratives on identity feature an edited past, a preferred present, and a desired future. Further, constructing an identity based on competing discourses can challenge established norms while promoting change in the process (Holmer-Nadesan 1996; Maguire and Hardy 2005).

Moreover, corporate identities are increasingly being seen as an ongoing process (Gioia et al. 2013; Schultz et al. 2013). The dynamics of building a corporate identity typically explore the connection between macro-level and micro-level processes. At the macro level, we have policy, regulations and environmental science. At the micro level, we have corporate responses and strategies for mitigating climate change (Albert et al. 2000; Albert and Whetten 1985; Gioia et al. 2000). Notably, corporate identities can either be formed by internal processes or externally through dialogue with external stakeholders (Corley et al. 2006; Wright et al. 2012; Weick and Weick 1995). Climate target setting sits at the intersection of these dynamics: it translates broader climate pressures into firm-specific commitments while also enabling firms to construct and communicate their identity of who they are and who they seek to become in response to climate change.

Empirically, most prior studies seek to examine whether climate targets make a difference to corporate performance. Using data from the Carbon Disclosure Project, both Doda et al. (2016) and Dahlmann et al. (2019) find no overall effect from simply setting emissions targets. However, they suggest that when a firm sets more ambitious absolute targets over longer time frames, the reduction in emissions is more pronounced.

In a different vein, Freiberg et al. (2021) find that adopting targets ratified by the Science-based Targets Initiative (SBTi) has a cumulative effect on a firm's commitment to limiting global warming—largely due to economic incentives. Faced

with uncertainty about best-in-class target setting, these firms tend to voluntarily adopt external standards, hoping to resolve that uncertainty. Similarly, Bolton et al. (2022) find a significant reduction in corporate emissions after committing to an SBTi-published practice. Using the SBTi database, Bendig et al. (2023) examined the relationship between corporate emissions performance and the financial performance of 465 firms from 2015 to 2020. Their findings indicate a positive association between reducing carbon emissions and profit for firms meeting science-based reduction targets. This suggests that being both green and science-based actually pays off.

Giesekam et al.'s (2021) examination of the corporate reports and websites published by 81 early adopters of the SBTi demonstrates that 65% of firms had already achieved or were in line to achieve their targets. However, the majority of the targets either did not include Scope 3 emissions or, if Scope 3 emissions were included, they were likely behind in their goals. This implies that firms have not been largely successful in reducing emissions in their supply chain.

Climate targets should be understood not only as technical commitments to emissions reduction but as corporate identity claims because by setting and disclosing climate targets, firms can position themselves as a climate actor. However, while this literature provides important insights into target setting over climate issues, it does not offer much understanding of how firms use targets to construct corporate climate identities. Therefore, this study addresses this research gap by exploring the role of climate targets as discursive resources of identity claims through which firms are narrating their role in the climate transition.

2.2 | Climate Identities Construction as Legitimacy Work

Firms operate in a social, political and economic context (Buhr 1998) and, notably, they do not have an inherent right to resources (Albarrak et al. 2019). According to Dowling and Pfeffer (1975, 122), organisational legitimacy is achieved when organisations demonstrate congruence between the social values associated with their activities and the norms and expectations of the broader social system. In this vein, Suchman (1995, 574) also defines legitimacy as 'a generalised perception or assumption that actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions'. He identifies three different aspects of a firm's practices that come together to form legitimacy; these are pragmatic, moral and cognitive legitimacy. Pragmatic legitimacy focuses on meeting stakeholders' expectations, specifically those of shareholders and regulators (Suchman 1995). By contrast, moral legitimacy is a normative assessment of whether an action is the 'right thing to do' (Suchman 1995). Meanwhile, cognitive legitimacy is achieved when stakeholders perceive a firm's actions as taken for granted within their existing belief systems. In making such assessments, stakeholders assess whether the firm's actions are predictable, plausible and permanent (Ellram et al. 2022).

Legitimation is the process whereby an organisation justifies its right to exist to society—that is, where it attracts and maintains access to the resources it needs and is supported by the relevant

publics in doing so (Dowling and Pfeffer 1975; Deegan 2019). Thus, if society discerns that an organisation has breached or not complied with its social contract, its survival will be threatened, creating what is often referred to as a 'legitimacy gap'. Without legitimacy, firms will not be able to maintain their license to operate or gain new spheres of power to grow (Castelló and Lozano 2011, 12).

Hahn and Lulfs (2014) find that firms that publish sustainability reports use various legitimisation strategies to justify their climate-related action, or inaction, as the case may be. Tactics include: marginalisation, where they seek to legitimise a negative incident by rendering it unimportant or negligible; abstraction, where they generalise the existence of a negative aspect as being prevalent throughout a whole industry; indicating facts, where they mention the existence of a negative aspect as a fact without providing explanations or justifications for it; rationalisation, such as mounting a business case for climate action; authorisation, for example, referencing external standards; and corrective action by providing ideas or measures for how to tackle or avoid some negative aspect in the future. These forms of legitimisation highlight how firms seek to justify their actions to align with stakeholder expectations. However, legitimacy is also shaped by how firms define and construct who they are. For example, Tregidga and Milne (2022) outline a variety of different identity constructions, while also considering how these personas affect disputes alongside attempts to legitimise or delegitimise forms of engagement. They go on to point out the importance of establishing accountability processes to determine which identities are legitimate and what happens if they are not.

A few studies report on how corporate identity might be formed internally and externally. Of these, Koornneef and Breet (2024) developed a strategy-identity matrix to assess how companies in the Dutch energy sector aligned, or failed to align, their identities with a volatile industry transition. Based on two strategy types—conservative or entrepreneurial—and two identity types—traditional or innovative—they identify a quadrant of personalities: illusionists, custodians, pioneers and reformists.

Internally formed identities are based on what internal stakeholders perceive, feel, and think about their organisations. Hatch and Schultz (2002) define the 'sustainability identity of an organisation as what its members perceive, feel and think about their organisation's commitment to and achievements with regard to sustainability'. As such, this is a matter of sense-making among employees (Onkila et al. 2018; Phillips et al. 2020). Identities involving sustainability are often constructed internally. That is, they relate to how a firm's internal constituents make sense of their organisation (Frostenson et al. 2022). Therefore, to gain insights into how corporate identities are formed, one must enter the organisation and interrogate their employees' perceptions (Phillips et al. 2020). Along these lines, Onkila et al. (2018) examined the sensemaking processes of employees to understand how important sustainability reporting is to a firm's identity of sustainability. This involved developing three sensemaking frames: individualistic (i.e., providing opportunities for learning and self-assessment); relational (i.e., showcasing sustainability externally); and decoupled. The individualistic and relational frames are positive, supporting sustainability. However, the decoupled frame lacks a collectivistic orientation and, therefore, depends on

a more profound change within the organisation. Tregidga and Milne (2006) and Milne et al. (2009) portray the view that firms and their managers have on sustainable development—one that is largely pragmatic and critical. Pragmatically, the firms must deploy rhetoric to assuage their stakeholders. Critically, economic benefits actually trump the natural environment for most stakeholders at a base level.

Corporate identity and legitimacy are therefore closely connected because claims about 'who we are' also imply why firms deserve social acceptance. By combining public disclosures with managers' backstage explanations, this study provides deeper insights into how corporate identities can either legitimise climate mitigation practices.

2.3 | Decoupling Between Climate Targets and Real Mitigation Actions

While climate targets can help to construct a climate identity, they also raise the risks of decoupling symbolic claims from substantive actions (Feix et al. 2026). Decoupling is most likely to occur when firms are faced with multiple conflicting pressures, such as balancing sustainability with financial growth (Bromley and Powell 2012).

Ashforth and Gibbs (1990, 178) identify two general means by which firms seek legitimacy: substantive management and symbolic management. Substantive management means the firm makes actual and considerable changes in its corporate objectives, structures, and processes. By contrast, symbolic management refers to portraying images or symbolically masking the firm's appearance so as to appear consistent with social values and expectations. This leaves firms free to pursue goals that are less socially acceptable while pretending to support popular opinion.

Prior studies show firms may draw on climate's planetary boundaries to set targets, while failing to provide meaningful action towards decarbonisation. For example, Bjørn et al. (2017) examined 40,000 corporate sustainability reports over a period of 15 years, with findings that show a tenfold increase in the number of references made to concepts of ecological boundaries or any related term. However, only a limited number of firms use the concept of an ecological threshold to define their targets. Additionally, few clearly explain any strategy for how to meet their targets. Similarly, Wright and Nyberg (2017) find that corporate engagement as it relates to climate change is limited and that firms rarely mention planetary boundaries. Rather, ideas and practices based on low-hanging fruit have become embedded within the prevailing discourse of maximising profit and business-as-usual operations. In practice, managers are afraid of being replaced if they do not meet market demand, despite understanding that there is tension in meaningfully engaging in the issue of climate change. This finding is also consistent with Antonini and Larrinaga's (2017) research, which shows that corporate reporting boundaries are not aligned with the boundaries of ecological sustainability. Rather, outsourcing allows firms to deliberately gloss over issues of environmental sustainability, masking unsustainable performance.

From a legitimacy perspective, symbolic practices can be understood as attempts to manage legitimacy gaps. Lindblom (1993) identified four alternative strategies for legitimisation that firms might use to respond to such public pressure. First, firms can make internal changes to close the legitimacy gap by informing the public about any actual changes made to improve performance. Second, without adjusting any practices, firms can try to demonstrate that their outputs, methods and objectives are appropriate through education and information. Third, a firm can try to manipulate the public's perceptions by associating itself with other more legitimate firms. Lastly, they might try to bring the public's expectations in line with corporate performance through education without actually making any internal changes.

2.4 | Legitimacy Versus Accountability in Corporate Climate Actions

Corporate reporting is often presented as a mechanism through which firms enhance their transparency and accountability. Yet stakeholder demands for more transparency and accountability are putting organisations under more pressure than ever before to report (Milne and Gray 2007). By disclosing one's performance against climate targets, firms are providing stakeholders with the information needed to evaluate their performance (Deegan 2002; Ward et al. 2009).

However, recent research challenges the assumption that corporate reports simply provide neutral disclosures. Instead, corporate reports, and particularly sustainability reports, are increasingly being understood as a practice in communication and relationship building. This situates these reports within a broader social-political context that is much larger than a simple document conveying information from a firm to its stakeholders. Discursive legitimations in text and talk answer the unspoken questions of why something is done at all, or why it is done in a particular way (van Leeuwen 2007). From this perspective, corporate reports not only provide information; they actively help to shape how firms are understood and evaluated by their stakeholders. For example, Jaworska (2018), in a longitudinal analysis of climate-related disclosures by major oil corporations between 2000 and 2013, found that firms strategically construct narratives around their climate responsibilities. She finds that firms with the closest links to political parties communicate the strongest commitment to climate change while simultaneously displacing responsibility through future-oriented promises and appeals to collective actions. These firms frame climate change as a challenge that requires shared responses from governments, industries, and consumers, thereby diffusing organisational responsibility. Jaworska also concludes that solutions to ecological problems (i.e., improving technologies to capture carbon) are unlikely to require any radical change to current practices. Hence, it is perfectly reasonable for a firm to carry on with business-as-usual. In other words, these firms rely on a rhetorical means of discursive grooming as a tool of impression management through which a firm can cultivate a favourable perception of its climate commitments.

Consistent with this view, prior research suggests that climate targets create accountability only when they are accompanied

by transparent monitoring, metrics and external verifications (Lashitew 2021). In their absence, accountability is often weakened because firms may benchmark their climate targets against industry peers rather than scientific requirements (Rietbergen and Blok 2010; Gouldson and Sullivan 2013). This opens up a number of strategies for reputation grooming. For example, a firm might set climate targets based on what they are already achieving (Rietbergen et al. 2015). It might revise targets over time while, at the same time, changing the methodologies used to measure and report performance (Dusek and Fukuda 2012; Sullivan and Gouldson 2012). Such an action would make it difficult for stakeholders to assess whether any reported progress reflected substantive emissions reductions.

Similarly, Dahl and Fløttum (2019) show that energy companies frequently incorporate climate change into corporate strategy through different discursive constructions, variously framing it as a responsibility, a risk or an opportunity. These framings influence how firms position themselves in relation to climate action and shape stakeholders' expectations. Their findings are similar to Jaworska (2018, 215), who emphasises that the risk approach is now a prevalent form of disclosure, turning climate change into a manageable object rather than a challenge demanding fundamental organisational transformation. In doing so, firms can present themselves as responsible actors while avoiding disruptive changes to existing business models.

Therefore, corporate reports should be understood not just as one-way communication but also as a relational tool firms use to negotiate their identities, legitimacy and accountability claims. In the climate-target setting context, firms use targets to signal their responsiveness to stakeholders' expectations, thereby enhancing their legitimacy. However, such targets might not necessarily produce accountability unless they are accompanied by robust mechanisms for tracking progress and justifying their performance in ways that are aligned with scientific requirements.

3 | Methodology

The sample consists of the top 50 corporations listed on the New Zealand Stock Exchange by market capitalisation in 2017. The sample was defined using 2017 market capitalisation, the start of the post-Paris Agreement period, to provide a consistent cohort for longitudinal comparison (through which reporting developments before and after the Paris Agreement can be examined); however, this approach may introduce survivorship and selection effects as firms that were among the largest listed entities before 2018 but not in 2017 are not captured.

The majority of the firms sampled are either agricultural or come from a highly intensive energy sector. Collectively, these firms account for more than 70% of New Zealand's total emissions (MacManus and Nadkarni 2019). The size of the firms and the volume of their GHG emissions mean their climate response is of great importance to New Zealand's climate strategy. Further, these firms are the most likely to have: (a) adopted best practice climate change policies; and (b) devoted some effort and concern to their disclosures (Brammer and Pavelin 2006). The corpus of data comprised the websites, annual reports, sustainability

reports, and climate-related disclosures of each firm, given that these are official reports of performance.

The study involves two main methods of data collection: discourse analysis of the published literature and semi-structured interviews, both of which have the potential to critically shape each firm's response to the climate crisis (Crompton and Kasser 2009; Hulme 2009; Tregidga et al. 2014; Tregidga and Milne 2006, 2022; Milne et al. 2009; Dunlap and Brulle 2020; Boussalis and Coan 2016).

Moving beyond the polished public discourse found in corporate reports, I also queried the underlying perspectives of some of the firms' internal stakeholders. This helped to make sense of the ambiguity between what is reported and what climate mitigation initiatives are actually implemented within each firm. This mixed-methods approach provided rich insights into how firms position themselves in a landscape populated by regulations and scientific requirements. It also explained how firms use their corporate identity as an authoritative approach to resolving the trade-offs between economic imperatives and climate commitments.

3.1 | Discourse Analysis of Corporate Reports

Discourse refers to the text in written passages and spoken words, as well as the messages portrayed by pictures. It brings an object and idea into being through a process that begins with construction, then moves on to reproduction, challenging, dissemination, and, finally, transformation (Parker 1997). Discourse analysis not only tries to make sense of these objects and ideas, it also seeks to determine how these notions help to construct a social reality (Phillips and Brown 1993; Geertz 1977). To understand these effects, researchers must locate them both historically and socially (Foucault 1965). As Hardy (2001, 28) states, discourse is:

... created, supported, and contested through the production, dissemination, and consumption of texts; and emanates from interactions between the social groups and the complex societal structures in which the discourse is embedded.

As mentioned by Milne et al. (2009), language is pivotal to how organisations constitute realities and, in turn, are constituted by such realities. In this vein, corporate reporting is a form of discourse that plays an ideological role in constructing and maintaining particular views of reality. Discourse analysis therefore provides a useful lens for examining how organisations communicate with their stakeholders about their sustainability performance. With this in mind, all firms' reports were analysed for 10 consecutive years, broken into two 5-year periods: 2012–2016, being the 5 years before and up to when New Zealand ratified the Paris Agreement in October 2016, and 2017–2021, being the 5-year period after ratification. In total, I analysed 559 reports, including 500 annual reports, 51 sustainability reports and 8 Taskforce on Climate-related Financial Disclosures (TCFDs). Only 252 reports contained climate-related information (51 sustainability reports, 8 TCFDs and 193 annual reports).

The analytical process involved interpretive reading of the climate-related extracts rather than coding them solely for frequency or thematic occurrence. First, I identified sentences relating to climate change, emissions performance or climate target-setting. These extracts were then examined for the ways in which firms constructed climate change as a business opportunity/risk, positioned themselves in relation to climate action and justified the adoption of climate targets. The analysis asked three guiding questions: (1) why climate change is important to business; (2) what kind of corporate identity is the firm attempting to construct through its climate-related statements; and (3) how are climate targets linked to broader expectations such as scientific alignment, stakeholder accountability and regulatory compliance?

Second, I examined strategies through which firms sought to make these identity claims legitimate. This involved analysing forms of justification, references to standards, authorities, and scientific benchmarks. Where firms used terms like 'leader', 'leadership', 'expert' and 'knowledgeable', these were interpreted as discursive attempts to construct a leadership identity and position them as competent and strategically advanced in responding to climate change. I do not treat these statements as merely instances of a recurring theme. By applying discourse analysis, the analysis helps to examine how words or statements work rhetorically to produce legitimacy, differentiate themselves from their peers, and align their corporate identity with expectations of broader stakeholders (Jorgensen and Phillips 2002).

Third, I compared these identity constructions across firms and across two time periods to examine how climate-related identity constructions changed following the Paris Agreement. The comparison aims to understand how firms disclose their climate targets, how this shifts as climate science becomes more rigorous, and why there has been an increase in stakeholder scrutiny and regulatory expectations. Although counting the frequency of identity classifications by year helps to indicate the distribution of identity construction, the focus remains on the interpretative analysis of how language was used to construct socially legitimate climate identities.

Examples of extracts and codes from discourse analysis are presented in Table 1.

3.2 | Semi-Structured Interviews

Data were also collected through semi-structured interviews with 35 senior managers from 28 of the 50 firms in the sample. I did reach out to all 50 firms, but only 28 agreed to be interviewed. The interviews typically lasted about 40–70 min. Table 2 below lists the participants. The interviewees generally held the types of positions most likely to be responsible for initiating and/or implementing initiatives to mitigate climate change. Contact information was taken from the annual reports, sustainability reports, sections of the firm's website, or LinkedIn. I then emailed the firm seeking details of the relevant contacts. In many cases, my query was forwarded to another person in the firm who was more involved in making decisions on carbon targets and reporting. Where the respondent was willing to be interviewed, I scheduled an appointment.

TABLE 1 | Examples of extracts and codes from discourse analysis.

Code	Extracts
Leader	'Industry leaders like Air New Zealand can help give this process integrity by pushing for strong accounting standards and working with governments to develop mechanisms for credible international transfers of mitigation' (Air New Zealand, SR 2018, 29)
Responsible business	'Climate change is now affecting every country on every continent, and the disrupting effects are likely to have a significant impact on all of our stakeholders. In particular, we are conscious of the climate change impact on the oceans and therefore the risk to our very business model. We have the ability to reduce our impact on climate change through our operations and to that end are striving to reduce our carbon emissions to 30% below 2005 levels by 2030'. (Sanford AR 2016, 114)
Transparent business	'Kiwi Property was named one of the world's top 113 performing companies for leadership in carbon disclosure, rewarding our efforts to reduce carbon emissions and tackle climate change through resource efficiency' (Kiwi Property SR 2016, 11)

TABLE 2 | The interviewees' sector and role.

	Company ID	Interview ID	Industry sector	Role of the interviewee	Length of the interview (minutes)
1	COM1	C1-I1	Textiles and Apparel	Sustainability Manager	61
2	COM2	C2-I1	Agriculture and Fishing	Sustainability Manager	59
3		C2-I2	Agriculture and Fishing	Environmental Manager	59
4	COM3	C3-I1	Service	CEO	62
5	COM4	C4-I1	Energy Processing	Sustainability Manager	55
6	COM5	C5-I1	Building	Sustainability Manager	62
7		C5-I2	Building	Environmental Manager	62
8		C5-I3	Building	Environmental Manager	66
9	COM6	C6-I1	Agriculture and Fishing	Sustainability Manager	50
10	COM7	C7-I1	Postal	Sustainability Manager	58
11	COM8	C8-I1	Property	Operation Manager	65
12	COM9	C9-I1	Property	Operation Manager	54
13		C9-I2	Property	Investor Relation Manager	54
14	COM10	C10-I1	Energy Processing	Sustainability Manager	61
15	COM11	C11-I1	Consumer	Sustainability Manager	40
16	COM12	C12-I1	Oil and Gas	Environmental Manager	60
17	COM13	C13-I1	Telecommunications	Sustainability Manager	56
18	COM14	C14-I1	Healthcare	Sustainability Manager	60
19	COM15	C15-I1	Property	Sustainability Manager	0—Written response via email
20	COM16	C16-I1	Leisure and Tourism	Sustainability Manager	59
21	COM17	C17-I1	Service	CEO	50
22	COM18	C18-I1	Energy Processing	Sustainability Manager	55
23	COM19	C19-I1	Ports	Sustainability Manager	59
24		C19-I2	Ports	Environmental Manager	59
25		C19-I3	Ports	Senior Environmental Office	59
26	COM20	C20-I1	Energy Processing	Sustainability Manager	54
27	COM21	C21-I1	Energy Processing	Sustainability Manager	54
28	COM22	C22-I1	Agriculture	Operation Manager	58
29		C22-I2	Agriculture	Senior Scientist	58
30	COM23	C23-I1	Transport	Sustainability Manager	55
31	COM24	C24-I1	Telecommunications	Sustainability Manager	52
32	FI1	F1-I1	Insurance	Sustainability Manager	70
33	FI2	F2-I1	Bank	Sustainability Manager	58
34	FI3	F3-I1	Bank	Sustainability Manager	52
35	FI4	F4-I1	Investment Fund	Senior Climate Analyst	53

A list of questions was sent to the interviewees at least 2 days before the interview (see Appendix A). These questions were derived from the literature and corporate reports. Here, the focus was on understanding: (1) How the manager perceived and enacted climate mitigation activities within the firm's formal and informal settings; (2) What actions the manager used to signal their values regarding climate change; (3) How internal narratives about climate mitigation might differ from external reporting; (4) What justifications they usually gave for helping to mitigate climate change; and (5) How the manager identified tensions and contradictions between economic imperatives and climate commitments.

The interviews were designed to allow a free flow of conversation driven by the participants' opinions of their rationales for engaging in the mission to help prevent climate change (e.g., Brand and Slater 2003; Bryman 2016; Tashakkori and Teddlie 1998; Morse and Niehaus 2009). This approach allowed the respondents to state their views on predetermined topics, while still allowing me to ask additional questions for a more detailed account. All interviews were audio recorded and transcribed afterwards. When coding the interview transcripts, I first reviewed the collected interview transcripts with an open coding approach (Blair 2015). I looked for language patterns and framing that revealed underlying identity narratives.

4 | Findings

The firms presented their identities in four main ways that I have labelled: leader, responsible, transparent and compliant. Table 3 presents the frequency of corporate identity classifications by year from 2012 to 2021. It is important to note that firms may be assigned to more than one identity within the same year. Consequently, the reported frequency reflects identity classifications rather than unique firms.

The frequency of identity classifications increased substantially between 2012 and 2021. This suggests that climate change has become more important politically and socially, prompting firms to demonstrate their responsiveness. The responsible and leader classifications were the most frequently identified across the sample.

4.1 | The Responsible Identity

Firms presenting themselves as responsible were the most common identity within the texts analysed. Firms construct an

identity of moral responsibility and social contributions. They acknowledge that they have a responsibility to reduce their environmental impact. However, during the first period (2012–2016) representing the years preceding New Zealand's ratification of the Paris Agreement, the responsible identity was relatively uncommon, with one firm-year classification in 2012, one in 2013, none in 2014, two in 2015 and four in 2016. These firms note an ongoing effort to reduce carbon emissions and deliver green products and services while still remaining competitive. In the second period (2017–2021), which captures the post-ratification period, the responsible identity became more prevalent, reaching 26 firm-year classifications in 2021. By this time, organisations were outlining a broader range of commitments to address climate change—for example, setting specific targets to align with the Paris Agreement, integrating climate change into their business strategies, and extending such responsibilities up and down their supply chain.

Moreover, many have set SBTs, for example:

What I see is the responsibility of our organisation to align with the one internationally agreed methodology of setting science-based targets. (C14-I1)

Although some find themselves too resource-constrained for such initiatives:

We have not gone through that process [of setting SBTs] just because basically we do not have the resources to go through the admin of it. That is the main reason. (C16-I1)

Similarly, one sustainability manager in an insurance company relayed that their Board was resistant to the idea of setting SBTs due to cost:

How do the board and the senior executives in our business feel about this regime? There are definitely real concerns over the cost of complying with this versus the value that comes out. And so, we do try really hard to manage the costs, and yes, SBTi would just be another cost. (F1-I1)

Furthermore, firms sometimes frame their responsibilities as cost-saving opportunities, not just as an ethical duty. While narratives about being a responsible business are often underpinned by economic rationality, these firms often position climate responsibility as a way to reduce their operational costs:

TABLE 3 | Frequency of identity classifications by year (2012–2021).

Identity	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total identity classification
Responsible	1	1	0	2	4	12	16	14	14	26	90
Leader	2	4	3	2	4	10	8	11	9	13	66
Transparent	1	2	5	4	4	3	5	5	6	10	45
Compliant	0	0	0	0	0	1	1	1	4	3	10
Total identity classifications per year	4	7	8	8	12	26	30	31	33	52	211

Note: Firms may be assigned to more than one identity within the same year.

We want to be a good, responsible business, both reducing our carbon footprint and helping New Zealand achieve our global commitment. It is about reducing our impact on the environment, and it is about saving money because when we are reducing emissions, we are reducing our fuel costs in the whole, and that saves a lot of money. (C7-I1)

A number of firms expressed sustainability as both a responsibility and a business imperative, speaking of the need to balance growth from e-commerce with a commitment to stopping climate change. However, their main focus is on customer trends, not on changing their logistics:

Every business, every government, every person, and every council have to do something. And so obviously we are one of those organisations, and we are also a key part of the value chain for products. So, if we do not reduce our emissions, no one else will do. So, we need to be responsible for the role we have, particularly as more and more online shopping occurs. (C7-I1)

Moreover, firms claiming to be responsible often extend this onus onto their suppliers:

We do work pretty closely with our providers to understand their reduction strategies and what they plan on doing to reduce their emissions from fuel use in particular, and seeing where we can assist them. (C13-I2)

Working closely with their suppliers not only enables firms to understand where the supply chain sits in terms of environmental performance, it can also: identify hotspots where change is needed; help with setting specific and realistic targets; and provide a measuring stick for comparison. Mitigating climate change must be a collective effort. No single firm can achieve a meaningful impact on its own, especially when it comes to Scope 3 emissions, which often make up the largest portion of a firm's carbon footprint.

Yet despite recognising that climate change is a material issue, oil and gas firms are still largely sitting on the fence. On the one hand, they are committed to making their core operations as efficient as possible so as to deliver increased value to their customers and investors. But these operations are 'highly environmentally impactful'. On the other hand, they must address the elephant in the room:

Z remains committed to operating in what we call "the world of both" – optimising our core business and running it efficiently to deliver increasing value to customers and investors while continuing to explore the options to lead and support the transition to a low-carbon economy. (Z Energy, AR 2020)

To resolve this tension, some firms in the energy sector focus on improving their eco-efficiency to lessen the environmental impact of their activities. But this means their business model

does not substantially change. That would, of course, require offering different types of energy, investing in different assets, taking different approaches, and providing different services to their customers. Consequently, it is hard for these firms to reduce emissions in absolute terms, making adoption of SBTs highly challenging.

Similarly, firms in other sectors have set their emissions reduction targets solely based on increased efficiency. As one participant noted:

I think that was set as an ambitious target. I don't think it is based on SBTs, but rather on looking at the opportunities and the potential for reducing emissions while increasing efficiency. And they [the executive team] set targets based on those decisions. (C12-I1)

4.2 | The Leader Identity

Firms construct an identity of being proactive, innovative and ahead of regulatory or industry expectations. Again, the leader identity was present but relatively limited during the first period. The annual Leader classifications fluctuated between two and four firms from 2012 to 2016, with four firms presenting themselves as leaders in helping the country tackle the challenges of climate change in 2016. These firms typically discussed relatively subtle strategies for want of more specific targets to achieve. For example, one report speaks of aiming for a 'leadership position in carbon management'. However, from 2016 onwards, businesses became more aware of the scientific requirements surrounding such a position, creating a new era of corporate action informed by the most up-to-date science. By 2021, the frequency with which firms articulated a leader identity had increased to 13. Most had set, or committed to setting, ambitious targets to both tackle climate change and give themselves a competitive market advantage. As one interviewee explicitly stated:

Setting an ambitious long-term target, such as the 2030 target we set, establishes a clear trajectory for the business to work towards and sends a clear message that things will need to change. Also, it helps us about our position as a climate leader. (C4-I1)

However, although firms might have acquired more knowledge about their environmental impacts, this does not necessarily create sufficient conditions for action. Often, firms decide to first determine their fair share of global emissions and set targets for reduction accordingly. Ultimately, science is only a starting point for creating incentives to change the firm's practices. Moreover, most firms claiming to be leaders are aware of this:

We understand the urgent need to address carbon emissions, and as part of that commitment, we are the first company in our sector in Australasia to publish a science-based target for carbon reduction for Scope 1 and Scope 2 emissions. (Fletcher Building, AR 2020)

Additionally, some firms presenting this identity call attention to how involving science in their decision-making is responding to

society's needs. Particularly after 2017, many firms were setting very ambitious targets and explicitly stating they were aligned with science. For example:

Contact has a leading role to play in tackling climate change via tangible action that drives good business outcomes... We are already one of the first power companies in the world to have carbon emissions targets verified by the SBTi. (Contact Energy AR 2020)

In this case, Contact claims leadership through pioneering reductions targets verified by the SBTi. Firms generally adopt SBTs if they are likely to limit global warming to well below the 2°C or 1.5°C goals (Science-Based Targets Initiative (SBTi) 2022). SBTi endorsements then affirm the firm's commitment. It also tends to increase their accountability and transparency. In addition, setting SBTs signals a proactive approach to environmental stewardship.

Nevertheless, several sustainability managers expressed their concerns about the ability to meet the 1.5°C target:

We probably know that achieving 1.5°C is becoming more of a fantasy than reality, unfortunately. (F2-I1)

I really doubt whether we are going to be able to do that. If we are going to limit global warming to 1.5°C by the end of this century, it is essential that global GHG emissions need to be stopped by the end of 2020. I cannot see that is happening... If we definitely need to leave fossil fuel in the ground, I just do not know what we can leave for that to actually happen. (C18-I1)

Further, it is important for 'leaders' to contribute to policy development. This therefore plays a substantial role in the firm's impacts and remedies. For example, Sanford and Air New Zealand both highlight their commitment to helping policymakers make decisions in the long-term interests of the country:

Air New Zealand will continue to press policymakers to make decisions in the long-term interest of the country. (Air NZ SR, 2018)

In November 2016, we signed an open letter to the New Zealand Government, calling for ambitious targets to reduce emissions, a long-term plan to achieve them, the implementation of strong policies, and the necessary information to be provided to empower New Zealanders to make low-carbon choices. (Sanford AR 2017)

With a similar long-term view, an interviewee from an agriculture company emphasised:

A lot is uncertain about the future, so: (a) we have to figure out what is our growth, so we can set the absolute targets; and (b) we have to figure out what our technological changes are to reduce emissions. (C2-I2)

Notably, uncertainty often makes for somewhat ambiguously defined emissions reduction targets, especially when the targets are ambitious. Arguably, the level of difficulty tends to be positively linked to higher reductions, which generally require prolonged efforts and greater investment to achieve a change. Nevertheless, Sanford highlights:

Sanford has continued to actively engage with NGOs, regulators, and industry. But it has widened the conversations in 2017 to include more active engagement with government on issues such as technology on our vessels, sustainability, using science to make the best decisions for the environment and business. (Sanford AR 2017)

Being recognised as a climate leader also involves managing relationships with stakeholders. Interestingly, the signatories on New Zealand's Climate Leaders' Coalition are also the biggest emitters. They include Air New Zealand, Fonterra, and Z Energy—all top-50 listed firms. As of March 2024, the coalition had 90 signatories across the public, private, and not-for-profit sectors, representing 32% of NZ's GDP. These firms have committed to leading the fight against climate change. For example:

Vector is a founding member of the Climate Leaders' Coalition... which has underpinned our support for the Paris Agreement and the establishment of the Climate Change Commission. (Vector TCFD 2021)

Within this Coalition, one of the main commitments by members is to set SBTs. This is considered to be a key step towards climate leadership:

[One of the main aims of] the Climate Leaders' Coalition is to set science-based targets, which is really important to getting more companies on board. (C7-I1)

On the other hand, some firms have been reluctant to become members of the group and, so, have not yet committed to reduction targets consistent with keeping warming within 2°C. Further, one respondent was concerned that signing a joint statement does not ensure a firm's commitment to an actual change towards a low-carbon economy:

It is easy to sign up to that, put your name on their website as a supporter, but what are you actually doing? (C24-I1)

Notwithstanding all these issues, membership in the Coalition does bolster a firm's image as a leader. It can also be seen as a symbolic gesture of legitimacy for a firm without them even needing to fully embrace any SBTs or make any big operational changes. What joining the Coalition does not do is actually reduce emissions.

4.3 | The Transparent Identity

The third most common identity represented by firms is transparency. Firms construct an identity of openness, measurability

and accountability. During the first period (2012–2016), the transparent identity classifications ranged from one in 2012 to four in 2016. In the second period, this identity reached 10 classifications in 2021.

Moreover, the transparency of reporting appears to be positively correlated to the pressure exerted by significant stakeholders. These firms consider climate change to be a material issue that has a significant and direct impact on their operations. They (and their stakeholders) also consider climate change data to be useful for decision-making. Therefore, transparency helps to build trust, allowing external parties to evaluate the firm's activities in their own way (Deegan 2019). In this way, transparency about climate change performance can create a favourable position for a firm, as the following interviewee suggests:

We are a transparent business in what customers expect and what investors increasingly expect, and we see that as part of the way we have to do business now... We do great transparency and take good care of our carbon emissions. (C5-I1)

Notably, there are several ways firms might claim institutional credibility for how they perform and what they report. First, firms sometimes use an accredited reporting scheme to show their transparency and accountability to stakeholders. This makes information more accessible:

The global climate change crisis, obligation, and desire to do the right thing as a responsible corporate citizen and member of the community. [It is a] public and voluntary demonstration of our commitment to an accredited emissions reporting scheme. (C11-I1)

Second, a firm can have its GHG emissions data assured by a third party. This tells stakeholders that the firm is following best practice and actually reducing its emissions. Verified data brings confidence that a firm's statements are a true and fair account of their operations (Gouldson and Sullivan 2013; Kolk and Pinkse 2008). As an example:

Kiwi Property has been reporting to the CDP since 2006, and, in 2016, we were the top. In 2015, our score was 93A, placing us within the top 113 performing companies worldwide and the only New Zealand entity to be included in this group—Independently certified carbon reporting to the carbon warranty and ISO14064-1 standard. [This is] verified to be reasonably assured for Scope 1, 2 and 3 emissions. (Kiwi Property SR 2017)

Involving external experts to review a firm's climate data helps ensure that reports are grounded in auditable evidence, signalling that the disclosures are both reliable and useful for decision-making. This external validation enhances the credibility of climate reporting and supports shareholder confidence in the organisation's climate-related performance and risk management:

[The] first point is greenwashing risk. You need assurance, I think, for any institution. If I've said

something, it is verified, and it's correct. It's not dissimilar to a financial statement, in that financial statements are assured by independent auditors as well. I think it provides a degree of certainty for the reader as well. And I can understand why. For all of those reasons, there would be a need for what you're saying to be assured. (F3-I1)

Additionally, climate assurance is a relatively new and specialised field. As New Zealand moves towards mandatory independent assurance of GHG emissions disclosure (including Scopes 1, 2 and 3 disclosures) from 2027, the demand for assurance is increasing. The interviewees highlighted a critical tension in climate assurance. First, there is a shortage of qualified assurance professionals, particularly among accounting auditors who have the technical expertise needed to verify emissions data, especially Scope 3 emissions, which are indirect GHGs produced throughout a firm's upstream and downstream value chain. This gap presents a significant challenge to ensuring the credibility and reliability of climate-related disclosures:

I know this year we did do a little bit of scoping. So, [we] reached out to a couple of companies, sort of asking, you know, what would it look like if you were to assure us for our Scope 3 emissions? (F4-I1)

Second, data is often sourced from third-party providers, and assurance capacity tends to be limited. This challenge underscores the importance of developing robust assurance frameworks that can adapt to evolving standards while maintaining the integrity and reliability of climate disclosures:

We aren't collecting this data ourselves. We're using a data provider to do it. And so I think we were kind of sceptical of how well that would work. (F4-I1)

Third-party indirect emissions data is often estimated rather than directly measured, raising concerns about its auditability and accuracy.

4.4 | The Compliant Identity

Regulatory compliance is one motivation guiding a business's decision to set emissions reduction targets, report on climate performance, and establish practices that ensure accountability. Firms construct an identity of regulatory alignment and institutional conformity. In the first period (2012–2016), none of the sampled firms presented themselves as compliant, as there were no regulations in New Zealand requiring firms to reduce their emissions. However, in the second period (2017–2021), the Zero Carbon Act and Financial Sector Amendment 2021 each shaped the identity of three firms. This number might be low because, perhaps, most firms either see compliance as a minimum requirement for operating legally or, by publicly claiming compliance, they might face greater scrutiny from regulators, competitors and other stakeholders. In other words, claiming to be compliant is a reputational risk.

Some firms choose to adopt climate-related standards on a voluntary basis in advance of formal regulatory requirements, such as disclosing information under the TCFD. This proactive approach can help firms prepare for impending legislation. As one interviewee reports:

We have voluntarily disclosed a TCFD report for the past 3 years. We know how it works, what we need to publish and what needs to be included. And I think that was really useful to just get prepared for this mandatory regime. (C4-I2)

However, many of the managers also voiced concerns about the volatility and lack of coherence in climate change policy, which is often influenced by the dynamics of political cycles:

I think that, from a business community perspective, the... National Party retraction of direct liability provisions along with the reduced coverage of listed issuers covered, and providing an exemption to disclose scope 3 emissions for an entity's first, second, third and fourth reporting periods. All of those things are welcomed by the business community largely. I just... I actually have now got to a point, personally, where I just want us to really settle in with what we've got now, continue, and then re-evaluate in five years. At least give us five years of a clear run without any changes coming at us that we then have to pivot to. (F1-I1)

One sustainability manager further emphasised that such inconsistent policies heighten both the cost and uncertainty associated with building the capacity for transition. It also threatens job security as shifting regulatory priorities can undermine corporate climate strategies.

Every time there's a change, there's a cost, there's a "Do we have the capacity to meet this change?" They keep making changes. If there's a change of government again next year... It needs to come off the political cycle and just be static. (F6-I2)

There is significant uncertainty and unfamiliarity about future climate policies and regulations. As a result of this neglect, many organisations are adopting a 'wait-and-see' approach before implementing strategies, with some 'doing nothing at this stage while waiting for what the impact will be' (C5-I2). By doing this, they are not making investment decisions, and they are not adopting strict targets just in case the regulatory environment changes. As one participant puts it:

We look forward to greater certainty concerning the legislation. Once the business sector has greater clarity, it will feel more confident making investment decisions, enacting policy, setting targets, and committing to or establishing accredited measurement and reporting programs. (C11-I1)

This firm is criticising regulators for failing to take action, which leads to environmental degradation and other societal problems. Yet neglecting one's regulatory responsibilities only means these environmental and social problems will be inherited by future generations. In this way, they reflect a concern about the lack of sufficient regulatory accountability and oversight:

Regulators could have stood against many of these past and present excesses but chose to do nothing and leave the problems to our children and grandchildren. (Mainfreight AR 2017)

5 | Discussion

From 252 corporate reports and 35 interviews, I find firms have rationalised their adoption of climate targets as a strategic mechanism to legitimise their identity rather than as an instrument for substantive climate action. By committing to targets, firms construct narratives that frame themselves as one of four personas: climate leaders, responsible businesses, transparent entities or compliant corporate citizens. These identity claims help firms secure legitimacy by signalling alignment with scientific expectations, regulatory requirements and broader societal norms surrounding climate change. Rather than emerging automatically from target adoption, however, these identities are actively constructed and maintained through three inter-related legitimacy-building strategies: technical, discursive and relational.

The first of these, discursive strategies, concerns what firms say. van Leeuwen (2007), Hahn and Lulfs (2014) alongside Peng et al. (2021) argue that firms build legitimacy through communicative practices that shape stakeholder interpretations of organisational actions. Firms use narratives, rhetoric and framing devices to construct persuasive accounts of reality and justify their decisions (Dahl and Fløttum 2019). In this study, discursive strategy (what firms say) involves framing, rhetoric, narratives, justifications and identity claims, including communicating corporate responsibility to mitigate climate change, explaining climate commitments or invoking climate science to legitimise action, explaining climate commitments and framing climate targets as evidence of leadership and accountability. Through these narratives, firms present their climate actions as legitimate and meaningful, while simultaneously reinforcing desired organisational identities.

The second category, technical strategies, concerns what firms do. Suchman (1995) highlights that when firms are trying to establish legitimacy, their best strategy is often to demonstrate actual technical competence and successful outcomes. Visible achievements can not only validate performance outcomes but also the procedures, structures, and personnel responsible for them. Consistent with this view, technical strategies (what firms do internally through systems and metrics) involve methods, tools, standards, measurements and corporate practices that demonstrate a firm's climate commitments, such as setting science-based targets, third-party assurance, measuring emissions and target-setting.

The third category, relational strategies, concerns how firms build legitimacy through relationships and networks. Girschik (2020)

and Onkila et al. (2018) argue that legitimacy is constructed through relational work, whereby firms actively shape their relationships with stakeholders. Through these efforts, firms redefine their roles and responsibilities as a way of securing social approval and reinforcing their legitimacy in the eyes of broader society. Similarly, Dacin et al. (2007) argue that firms can enhance their legitimacy by establishing, maintaining, and developing relationships with other legitimate institutions. Such collaborative relationships not only strengthen the legitimacy of individual firms but can also contribute to the collective legitimacy of an entire industry. Consistent with these arguments, firms in this study engage with regulators, industry associations, assurance providers, climate initiatives and other influential stakeholders. These relationships reinforce a firm's climate commitments, provide external validation of their actions, and help to stabilise and sustain their climate-related identities.

Table 4 below maps the identities with their tensions and corresponding legitimisation strategies.

5.1 | The Discursive Strategy

Through discursive strategies, firms construct responsible, transparent and leader identities that align organisational actions with the prevailing societal expectations regarding climate change. In constructing a responsible identity, firms frequently emphasise their efforts to improve eco-efficiency, save costs, and reduce environmental impacts, thereby signalling their commitment to climate responsibility. Simultaneously, they acknowledge

the challenges associated with achieving substantial emissions reductions, particularly where such reductions require fundamental changes to their existing business models. By communicating both progress and constraints, firms present themselves as accountable (responsible) actors who are willing to explain, justify and report on their climate-related commitments and performance. These accountability narratives reinforce the perception that their actions are appropriate and responsive to stakeholder expectations.

Firms also construct a transparent identity by emphasising the importance of climate-related reporting and communication. Transparency is frequently portrayed as a response to investor demands for credible and decision-useful information. In doing so, transparency functions are considered a legitimacy-building mechanism that demonstrates responsiveness to stakeholder expectations and strengthens stakeholder confidence in the organisation.

Similarly, firms construct a leader identity by portraying themselves as pioneers in climate action and contributors to broader societal transitions to a lower carbon economy. These narratives emphasise the firm's role in helping policymakers to make decisions in the long-term interests of the country. Such discursive constructions reinforce legitimacy by aligning the organisation with socially valued goals and by demonstrating that the firm is not merely adapting to external pressures but actively helping to shape climate-related solutions.

TABLE 4 | Corporate identities, tensions and corresponding legitimacy strategies.

Identity	Tensions	Legitimation
Leaders	- Ambition and feasibility: Firms set ambitious, science-based targets while they acknowledge efficiency and cost constraints. - Tension: Ambitious targets may conflict with short-term financial performance or operational efficiency, creating internal debates about priorities - Science and pragmatism: Firms consider climate science in setting targets, whereas they may adopt ambitious non-SBTs for flexibility. Tension: Claiming leadership while using less rigorous targets undermines their credibility	- Setting ambitious targets/science-based targets (technical strategy) - Involving climate science in decision-making (technical strategy) - Joining the Climate Leaders' Coalition (relational strategy) - Becoming an SBTi-certified business (technical strategy)
Responsible		- Being aware of their responsibility to set SBTs (discursive strategy) - Also being aware of the tension between efficiency and low-carbon transition (discursive strategy)
Transparent	- Transparent vs. Compliant: transparent demands full disclosure and third-party assurance to reduce legal risks. Tension: Balancing openness with legal risk and reputational exposure - Voluntary vs. mandatory standards: Compliant firms adopt reporting frameworks early (TCFD) (allowing them to be flexible and cherry-pick information) while transparency requires depth and honesty. Tension: early adoption can look like leadership, but shallow implementation risks accusations of greenwashing	- Being as transparent as possible (discursive strategy) - Adopting third-party assurance (technical strategy) - Adopting voluntary climate-related standards early (technical strategy)
Compliant	Efficiency vs. disclosure: Compliant firms prioritise cost-effectiveness, while transparency requires revealing inefficiencies and transition costs. Tension: Fear that full disclosure will expose financial vulnerabilities or competitive disadvantages.	Acknowledging the limited effectiveness of current NZ climate policies despite their alignment with global trends, but they have limited effectiveness (discursive strategy)

This finding extends insights from Tregidga et al. (2014), Tregidga and Milne (2006) and Milne et al. (2009) about firms constructing a corporate identity that focuses on mitigating climate change. More importantly, the finding provides evidence that firms following a discursive strategy articulate their climate challenges in the language of expert science by advocating for more ambitious emissions reduction targets. As such, using a discursive strategy to construct one's climate identity should not only help firms become more competent but should also work to meet stakeholders' expectations—specifically those of their shareholders and the regulators (Hahn and Lulfs 2014; Dahl and Fløttum 2019). As Wright et al. (2012) emphasise, climate issues provide an impetus for corporate reinvention as an agent that contributes positively to social and environmental change. However, the findings indicate decoupling occurs when firms adopt ambitious but potentially ambiguous climate targets. On one hand, they may represent genuine commitments to reduce emissions. On the other hand, they may function as symbolic identity claims that enable firms to appear science-aligned without demonstrating credible climate transition plans. Target setting often involves long time horizons, uncertain technologies, reliance on offsets, or objectives that are difficult to control, such as reducing Scope 3 emissions (Feix et al. 2026; Bjørn et al. 2017; Wright and Nyberg 2017; Antonini and Larrinaga 2017).

5.2 | The Technical Strategy

Second, firms construct leader, transparent, and compliant identities by adopting technical strategies. A leader identity is typically articulated by adopting science-based targets in a way that signals a proactive commitment to addressing climate change according to scientific requirements. A transparent identity is demonstrated through the use of accredited reporting schemes and independent assurance, which increase the credibility, accountability and reliability of disclosures. A compliant identity is constructed by voluntarily implementing climate-related frameworks before regulatory mandates take effect. These firms will adhere to internationally recognised standards and guidelines, such as the TCFD. Hence, through technical strategies, firms present themselves as either climate leaders, transparent or compliant corporate actors to strengthen their legitimacy and secure stakeholder confidence in their climate-related commitments.

Freiberg et al. (2021), Bolton et al. (2022), and Bendig et al. (2023) emphasise that following science-based targets incrementally increases one's commitment to limiting global warming. However, while the Financial Sector Amendment 2021 mandates transparency, this legislation does allow firms to 'report or explain', potentially compromising how comprehensive the disclosures are. For instance, firms may set science-aligned targets described as being derived from SBTi methodologies. But without formal SBTi verification, there is only limited assurance that the targets meet the recognised scientific standards. This flexibility may weaken accountability by allowing firms to claim scientific alignment without independent validation. The New Zealand Zero Carbon Act of 2019 and the Financial Sector (Climate-related Disclosures and other Matters) Amendment Act of 2021 both present the challenge of balancing the need for transparency against the practical feasibility of comprehensive

reporting. As Milne et al. (2009) note, incomplete reporting serves as a legitimacy tool in that it allows firms to provide insufficient information in response to stakeholder pressure that precludes any meaningful accountability. Incompleteness also likely rules out any meaningful benchmarking or comparison between firms. It also raises doubts about whether regulation will truly alter corporate behaviour, improve sustainability or hit the bottom line (Bansal and Roth 2000). This lack of disclosure also resonates with the findings of Thorne et al. (2014) and Leuz and Wysocki (2016), who suggest that the costs associated with voluntarily generating comprehensive corporate social responsibility information can be high.

Many impacts that should be reportable are ignored in corporate sustainability reports (Tregidga et al. 2014; Wright and Nyberg 2024). My research provides evidence that, due to uncertainty around policy and data quality, corporate climate identities typically lead to strategies focused on reducing risk. This finding aligns with Dahl and Fløttum (2019) and Jaworska (2018), who emphasise the risk-based approach. Firms can frame the unpredictable and uncontrollable realm of climate change as something that becomes manageable in their hands. However, uncertainty still surrounds a future when the firm must grow its business while adopting new and, as yet, unknown technologies to reduce its emissions. Many have resolved this tension by simply espousing efficiency so as to avoid having to change their business model.

5.3 | The Relational Strategy

Third, firms do not construct identities in isolation; rather, they seek to make these identities credible by linking them to stakeholder relationships, external collaborations and industry initiatives. Through these connections, firms seek to legitimise their climate commitments by embedding them within broader narratives of collective climate action rather than presenting them as isolated corporate initiatives. In doing so, they construct responsible, compliant and leader identities that align organisational actions with prevailing societal expectations regarding climate change.

A responsible identity is articulated through supplier engagement initiatives, whereby firms emphasise that climate change cannot be addressed by individual organisations acting alone. By extending responsibility beyond organisational boundaries and encouraging suppliers to reduce emissions, firms portray themselves as accountable stewards of climate impacts across the value chain. A compliant identity is constructed through a firm's engagement with the regulatory environment. While accepting the legitimacy of climate governance, firms simultaneously highlight policy uncertainty and inconsistencies arising from political cycles, positioning themselves as organisations seeking clarity and stability in order to fulfil their responsibilities effectively.

A leader identity, by contrast, is articulated through active participation in business coalitions and industry initiatives, such as the Climate Leaders Coalition. Membership in these groups enables firms to present themselves as proactive actors shaping climate policy and advancing solutions to perceived regulatory gaps. Consistent with legitimacy theory, such collective initiatives enhance

legitimacy by aggregating organisational support around particular climate agendas (Meckling 2011). As Onkila et al. (2018) suggest, collective action can generate relational power by demonstrating that an organisation's position is endorsed by a broader community of actors. Participation in these coalitions therefore serves not only as a mechanism for policy engagement but also as a means of constructing and reinforcing a legitimate leadership identity. Importantly, the interviews indicate that the symbolic value of coalition membership may, at times, outweigh its substantive implications. Several participants suggested that affiliation with climate leadership initiatives contributed to perceptions of organisational leadership and credibility, even when firms sought exemptions or alternative pathways that limited the extent of operational change required. From a legitimacy perspective, these practices illustrate how leader identities may be maintained through symbolic alignment with socially valued climate norms, irrespective of the depth of underlying organisational transformation.

Overall, although firms construct responsible, transparent, leadership, and compliant identities, they deploy discursive, technical and relational forms of legitimacy to sound like they are following science-related strategies while making very few substantive changes to their business models.

6 | Conclusions

This study contributes to the literature by analysing the corporate identities firms construct around their responses to climate change, such as setting emissions reduction targets. As such, this study examines how firms employ different strategies when constructing these identities. This research stands out from prior research by offering several notable contributions.

First, this article identifies four identities that each seek to resolve the tensions between the traditional discourse of economic growth versus the emerging discourse of mitigating climate change. I find that, to resolve these tensions, firms position themselves as either responsible, transparent, compliant or leaders.

Second, using data from both corporate reports and interviews, this research explores how corporate identities in response to climate change are constructed by analysing a relatively discrete archive of texts where resistance or conflict is largely absent, and interview data where resistance and conflict are revealed. Since reporting is thought to be a strategic tool for maintaining legitimacy, I interpreted these constructed identities with some resistance to the notion that these corporations were 'doing good' out of a strong sense of morality alone. Rather, I saw that, by committing to climate targets, these firms were constructing narratives that position their identities favourably. These identity claims, in turn, allow the firms to assert discursive, technical and relational strategies even when they have not made meaningful changes to their business models.

Third, this study links corporate climate identities and legitimacy by showing how climate targets enable firms to construct desirable climate identities that operate as legitimacy claims. In doing so, the study highlights that climate targets are

not merely commitments but also identity-based mechanisms through which firms seek social approval and acceptance. Furthermore, this study also shows that decoupling could occur between climate identity claims and substantive climate action. This reveals how firms may project a legitimate climate identity while making limited progress towards decarbonisation.

The limitation of this study is that it focuses on the construction/production of climate identities rather than the reception of how stakeholders interpret, accept, circulate and contest these identity claims. Future research could therefore examine how investors, regulators, NGOs, employees and other stakeholders recognise, interpret, respond and challenge corporate climate identities, for example, whether stakeholders accept or challenge these climate identities, how these identity claims circulate in public debate and whether these claims are contested as greenwashing or accepted as credible. Future research could also explore how climate identities are constructed in different corporate and national contexts (in other countries and regions with different regulatory settings). Researchers could also investigate the difference between corporate identities related to climate change found in corporate reports and other communications (e.g., corporate engagements or submissions with regulators and policymakers) and how firms could show and enhance their authority, competence and integration by linking their climate strategy with business strategy.

Author Contributions

Hang Pham: conceptualization, investigation, funding acquisition, writing – original draft, writing – review and editing, visualization, validation, methodology, software, formal analysis, project administration, data curation, supervision, resources.

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Conflicts of Interest

The author declares no conflicts of interest.

Data Availability Statement

The data that support the findings of this study are available from the author upon reasonable request.

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Appendix A: Interview Guide

Introduction

- Can you please introduce yourself and describe your role within your organisation?
- Do you think climate change is a major issue? Why do you think so?

GHG Emissions Target Setting and Reporting

- Which sources of pressure do you think can motivate firms to set a climate change-related target?
- Your organisation has a target of reducing carbon emissions by X percent by 2035. How do you set them?
- Can your organisation keep growing and expanding your business growth while reducing your absolute emissions of X percent in order to achieve your 2030 targets?
- Does something need to change radically in the business to achieve the target?
- Some claim that it is the trade-off between economic growth and emissions reductions. Do you think it is a reflection of the same thing with your organisation?
- How does public reporting of carbon footprints, targets and achievements work in practice? Are these things firms choose not to publicly report? And if so, why?
- What is your biggest challenge in setting the emissions reduction targets?