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Risk disclosure in the annual reports of public companies

Erlend Haugland

Supervisor: Dr. Rafael Heinzelmann

Master of Science in Economics and Business Administration

Major in International Business

NORWEGIAN SCHOOL OF ECONOMICS

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Abstract

The management discussion and analysis section of a company's annual report could be seen as an advertisement for the company. Here, management has the opportunity to communicate with stakeholders, such as investors and NGOs, and explain how the company is performing, risks faced, and what the future might look like. But does all companies utilize this opportunity? This thesis focuses on risk disclosure. The objective is to describe differences in how companies describe risk in the MD&A section. By using a qualitative methodology, an analysis of the risk disclosure in the annual reports of 33 Norwegian companies listed on the Oslo Stock Exchange is performed. The theoretical background for this analysis is found within the corporate communication theory, where theories about strategic intent, stakeholders, company image, and discourse theory are drawn upon. The main finding is that some companies have a clear strategic intent in how they communicate risk, while others do not. Those with a clear strategic intent try to improve the company's image, so that it is seen as more responsible, sustainable, financially solid, etc. Companies with a clear strategic intent are also found to use a richer language compared to companies without a clear strategic intent when describing risk.

Key words: Risk Disclosure, Annual Reports, Communication Strategy

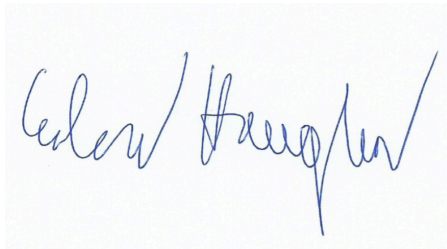
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A handwritten signature in blue ink, reading "Erlend Haugland". The signature is written in a cursive style with a light blue background.

Erlend Haugland

1.0 Introduction

This thesis explores how publicly listed Norwegian companies disclose risk in the management discussion and analysis section of their annual reports. While there are accounting regulations for the several parts of the annual report, the MD&A section is an opportunity for management themselves to describe and explain the past year, explain the risks faced, and also to make predictions about the future. The MD&A section could thus be seen as an advertisement for a company.

There are many similarities among companies in how risk is discussed in the MD&A section. However, there are also a large amount of differences. These differences vary from having, or not having, a strategic intent in the risk communication, to the specifics of the narrative used in describing risk. The main finding of this study is that the main difference between companies in how they disclose risk is whether they have a strategic intent or not. Furthermore, companies with a clear strategic intent are often using a richer language when disclosing risk, than companies without a strategic intent when disclosing risk.

1.1 Why is this interesting?

Risk management and risk disclosure is important to all companies. However, there are differences in how companies disclose risk in their annual reports (e.g. Linsley and Shrivess, 2006). From an external point of view this makes stakeholders unable to properly assess the risk of a company, which in turn makes it difficult to apply risk-return ideas in portfolio theory (Berk & DeMarzo, 2011:pp359-360) and to separate idiosyncratic from market risk. This makes it difficult to find an appropriate cost of capital for investors, and to determine the required expected return for investing in a company. This in turn also makes it more difficult to estimate enterprise value. Additionally, other external stakeholders, such as NGOs, could be interested in knowing whether company operations are performed environmentally friendly and in accordance with health and safety regulations.

From an internal point of view, risk disclosure in the annual report could highlight the risk management policy in the company. Risk management allows management to decide what risks to accept (Brealey, Myers & Marcus, 2009:p.669). This makes it difficult for internal stakeholders, such as employees, to know how safe the company

they are working for are. Employees could typically be interested in knowing how secure their jobs are, and the environmental and social impact of their employer.

1.2 How is the research conducted?

This thesis builds on the assumption that the annual report is not just a regulatory requirement, but also a way for management to advertise for the company. In line with this, the theoretical background is found in the corporate communication literature and narrative analysis literature. More specifically this thesis use corporate communication frameworks focusing on strategic intent, company image, stakeholder theory, and discourse theory. This enables the analysis of differences in annual reports from a qualitative perspective, which again enables the exploration of nuances in the data material in a way that would not have been possible if using a quantitative research method.

1.3 Research question

This goal of this thesis is to find out to what extent, and how, the risk communication practice varies between publicly listed Norwegian companies. The thesis will exclude the disclosure practices of financial companies as a risk-management is at the core of their business model. The focus will be on linguistic and communication differences among the companies. More specifically the thesis aims to answer the following research question:

From a communication perspective, how does risk disclosure differ in the annual reports of non-financial, publicly listed, Norwegian companies?

2.0 Theory and models

Annual reports are not just an objective representation of the firm. It is also a way for management to communicate with investors and other stakeholders. Other stakeholders are included in the analysis because several groups might be interested in the risks of the company for various reasons. The theoretical foundation for the analysis is therefor found within the field of corporate communication. The thesis relies on a range of theories and models. First, section 2.1 to 2.7 describes different normative communication theories and models. These models and theories are used in

the thesis as a background for categorization and analysis. Section 2.8 to 2.13 then describes discourse theory, which are theories about how management actually communicates. These theories are used in the thesis to provide a more in-depth analysis of annual reports.

2.1 Corporate Communication

Corporate communication can be defined as: “the set of activities involved in managing and orchestrating all internal and external communications aimed at creating favorable starting points with stakeholders on which the company depends” (van Riel & Fombrun, 2007:p.25). Some communication goals are to describe the company behind the brand, “develop initiatives that minimize discrepancies between the company’s desired identity and brand features”, and “to mobilize internal and external support behind corporate objectives” (van Riel & Fombrun, 2007:p.23). The annual report is written to communicate with external and internal parties, which makes communication theory appropriate in answering the research question of this thesis.

2.2 The stakeholder model

Stakeholders are defined as “any group or individual who can affect or is affected by the achievement of the organization’s purpose and objectives” (Cornelissen, 2014:p.44). By applying stakeholder theory, the identification of target groups in annual reports is enabled.

Once the stakeholders have been identified, they are categorized in different. This enables the identification of which stakeholders companies considers most important. A key aspect is to differentiate based on power, legitimacy, and urgency (van Riel & Fombrun, 2007:p.165). Power is whether the stakeholders can influence the organization. Legitimacy is when the actions of the stakeholder are desirable, proper, or appropriate. Urgency is when the stakeholder requires immediate attention (van Riel & Fombrun, 2007:165). This classification leads to seven groups of stakeholders. (1) Dormant stakeholders have power, but lacks legitimacy and urgency. (2) Discretionary stakeholders are those with legitimate claims, but no power or urgency. (4) Demanding stakeholders are those with urgent claims, but lack power and legitimacy. (5) Dominant stakeholders are powerful and have legitimacy; this gives them influence over a company. (6) Dependent stakeholders have urgent and

legitimate claims. Their lack of power makes them dependent on other groups to put pressure on the organization. The most highly prioritized group of stakeholders are (7) definitive stakeholders. They have power, and their claims are legitimate and urgent (van Riel & Fombrun, 2007:pp.164-167; Cornelissen, 2014:pp.47-49).

2.3 Communication strategy

When the main stakeholders have been identified, a key question is to figure out what the company is trying to tell the stakeholders, and how they are trying to communicate with these stakeholders.

To answer this question, the communication strategy is important to analyze. The communication strategy is an operational strategy that explains how communication programs towards different stakeholder groups is managed in order to realize the vision of the organization. A communication strategy can thus be seen as a translation of the corporate strategy into the specific communication programs (Cornelissen, 2014:90-93).

2.4 Strategic intent

The design of a communication strategy starts by defining the desired position of how the organization wants to be seen by different stakeholders. The organization then needs to get a picture of the gap between how it is seen, and how it wants to be seen. A communication strategy can be about closing the gap, and bring the stakeholder reputation in line with the vision of the organization to get support for the organizations strategy. Alternatively, communication strategy can be about reinforcing the stakeholder reputation, if this is close to how the company wants to be seen. The goal chosen is the strategic intent. This sets a “general direction for communication in terms of the change or consolidation of that reputation that is aimed for” (Cornelissen, 2014:90).

2.5 Corporate identity

The concept of corporate identity can be described as organizations creating an image to enable stakeholders to differentiate them from competitors (Cornelissen, 2014:67). To understand the strategic intent, and again why a company is targeting different stakeholders, it is possible to analyze whether the corporate identity is aligned properly.

Van Riel & Fombrun (2007:70) distinguishes between four different types of identities. Perceived identity is the attributes that are considered as typical for the organization by the organizational members. Projected identity is the signaling of the attributes that the organization broadcast to internal and external stakeholders (van Riel & Fombrun, 2007:p.70). Desired identity is the idealized picture of where management wants to take the organization (van Riel & Fombrun, 2007:p.70). Applied identity is the signals communicated by the organization, both consciously and unconsciously, through behavior and initiatives (van Riel & Fombrun, 2007:p.70). A lack of coherence between these four identities could lead to conflicting understandings of the company, which again could lead to gaps between strategy and vision (van Riel & Fombrun, 2007:pp.70-72).

2.6 Communication strategy and stakeholders

Finally, linking message styles to the stakeholder model, the targeted stakeholders affect the how the themed messages should be conveyed. (1) The informal strategy is simply to inform someone about something. (Cornelissen, 2014:pp.51-53). (2) The persuasive strategy is trying to change the attitude and behavior of stakeholders. (Cornelissen, 2014:pp.51-53). (3) The final communication strategy is the dialogue strategy where stakeholders and the organization exchange ideas and opinions. (Cornelissen, 2014:pp.51-53).

2.7 Discourse theory

There are several linguistic frameworks that could be used to analyze management discourse. The rationale for including the following theories is that they provide the background for a more in-depth of the annual reports that are analyzed, compared to many of the communication models and theories discussed until now.

2.8 Linking discourse to the strategic intent

An important takeaway from the discussed communications models is that the strategic intent is the main point of communication. In the annual report management is trying to create a world-view, where the objective is to achieve the strategic intent. Whether or not a company has the desired image could come from different world-

views of management and stakeholders, and this theory is thus appropriate to include in the analysis. In order to analyze the cause of different world-views, one needs to observe how the discourse in annual report is related to a wider social context.

Discourse is considered to be dependent on three dimensions (Nielsen and Nørreklit, 2012:p.164). First, there is the communicative event. Second, there is the “discourse practice in the sense of speech acts and genres, or discourse used within a social institution or domain” (Nielsen and Nørreklit, 2012:p.164). Finally, the third dimension is the social practices of the context surrounding the communicative event. This could contain both discourse and non-discourse elements (Nielsen and Nørreklit, 2012:p.164). The following model summarizes this:

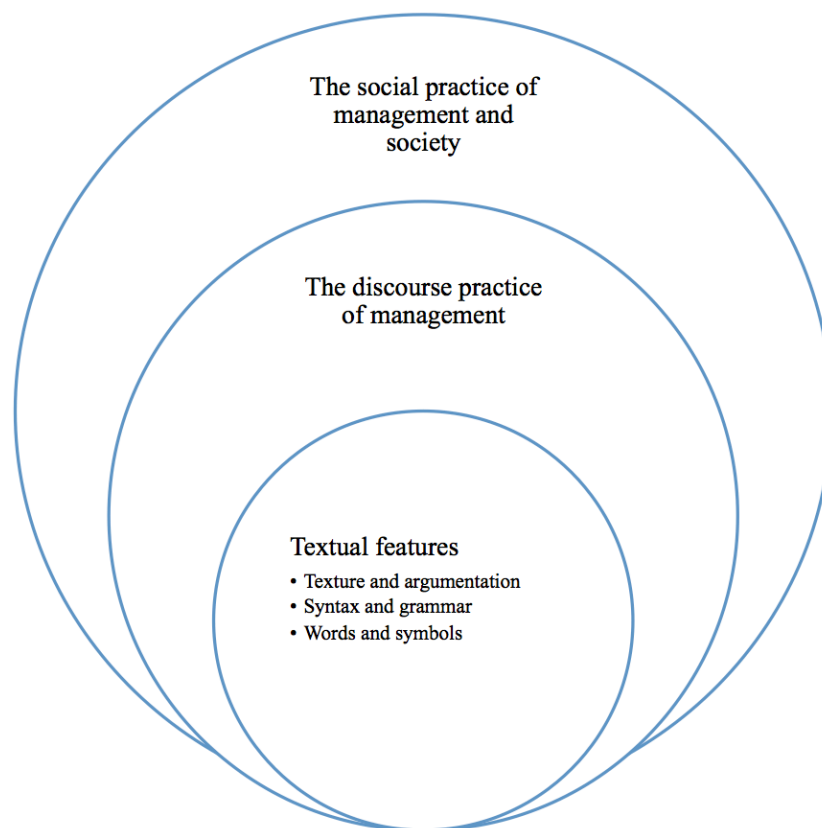


Figure 1 – The general discourse analysis model used (Nielsen & Nørreklit, 2011:p.164)

The main focus of this thesis is to analyze how differences in social practices between stakeholders and management affects communication in annual reports. Therefore the first and second level is almost considered one, where management is trying to impose its world-view by using textual features. The third level is where we find how

a company's desired image is affected by external events that management needs to address.

2.9 Symbolic forms

Nørreklit (2011) describes how symbolic forms affect discourse and communication. To be able to understand the world-view that management is trying to impose on stakeholders it is important to understand the linguistic tools that management is using. The symbolic forms are important textual features, as well as a description of the tools management use to communicate its world-view.

There are four types of symbolic forms: science, art, myth, and religion. They can be understood as “different types of ideal discourse orders, each constituted by their specific genre, types of arguments, and language use” (Nørreklit, 2011:p268).

Nørreklit (2011:p268) links the ideal symbolic forms to Aristotle's rhetoric that explains logos and pathos. “Logos builds on intellectual and rational judgment, while pathos builds on feelings and emotions” (Nørreklit, 2011:268). A third concept is ethos, which is “about the credibility of the sender or the authority to which the sender refers” (Nørreklit, 2011:268). Credibility can be come from either earthly arguments or experience, or it can come from the belief in something metaphysical or ideal (Nørreklit, 2011:pp.268-269). The following model summarize this:

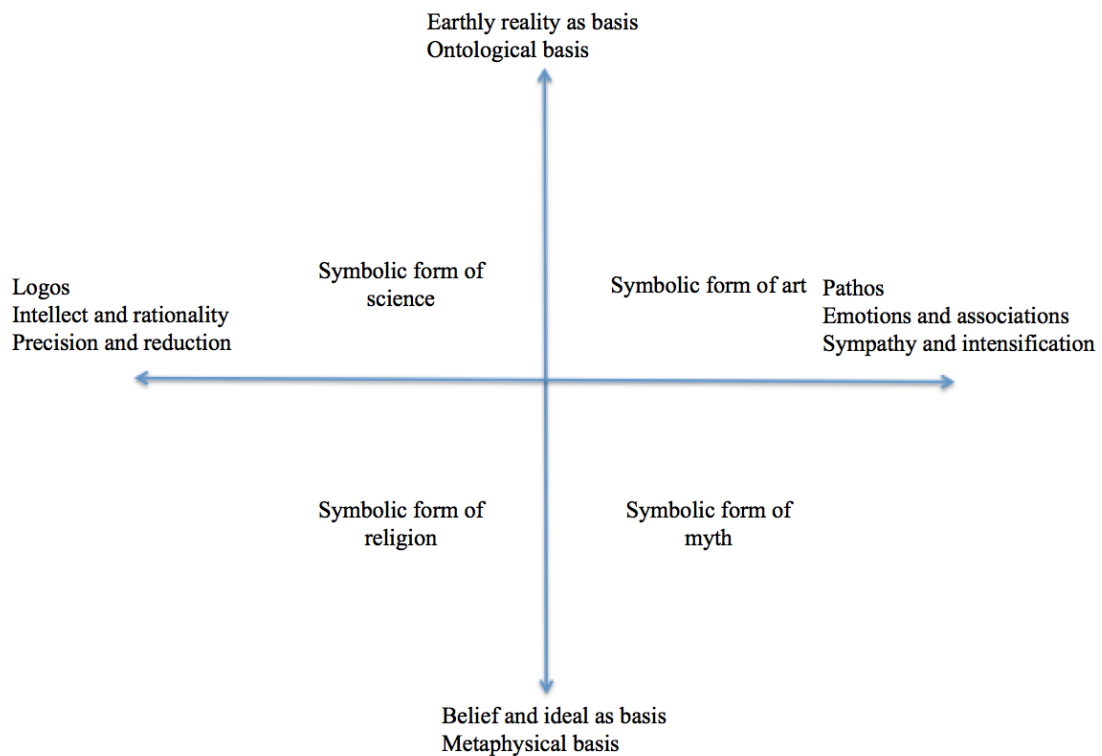


Figure 2 – Comparing symbolic forms (Nørreklit, 2011:p.269)

2.10 Ideal symbolic forms

When using science as an ideal symbolic form, the language and discourse used is to a large extent based on rational judgment (logos), and not on feelings and emotions (pathos). The language used is clear; it has conceptual distinctions, logical and mathematical arguments, reflection, enlightening expressions and rational and functional thinking (Nørreklit, 2011:p.269). In other words, the language used is unambiguous and precise.

Art, like science, is about describing reality. However, art is about: “recognition and sympathetic insight into the presence of the subject in reality. Art as symbolic form intensifies reality, while science reduces reality” (Nørreklit, 2011:p270). Art primarily uses genres, language, and arguments that speak to our feelings and emotions (pathos). The language is often indirect and open to interpretation. In summary, art as a symbolic form is about creating sympathetic insight into things.

Myth speaks to our emotions, and is: “without relation to rational thinking and actual facts. The discourse is characterized by conceptual confusion, dogmatic views, mysticism and material thinking” (Nørreklit, 2011:270). It appeals to feelings (pathos), not logic (logos). Myth produces images that are meant to be a reality that cannot be criticized. Furthermore, it is not about describing a phenomenon, but about creating an idea of the society of life (Nørreklit, 2011:p.270).

Religion as a symbolic form “builds on the unity of everything but provides scope of a sense of individuality” (Nørreklit, 2011:p.271). It contains ethical ideas about mankind’s quest for a universal, ethical sense of unity. Thus, religion as symbolic form uses logic to explain the ethical choices. It is different from science as the statements build on references to God, instead of earthly phenomena. Ideologies are closely related to religion as symbolic form because it contains ideas that about correct social order and behavior (Nørreklit, 2011:p.271).

2.11 Authorative and persuasive speech genres

Another way of analyzing discourse is to separate between persuasive and authorative speech genres. Most importantly, this provides further insight into the managerial discourse practices of a company. While the communication models described earlier provides us with several communication strategies, differentiating between authorative and persuasive speech genres enables us to analyze the communication event in more detail.

“The authorative speech genre is univocal involving both a unified language system and a single voice” (Nørreklit and Scapens, 2014:p.1275). It drives toward an authorative linguistic unification. This linguistic system is closed and has static linguistic and stylistic norms and meaning structure. What concepts mean is fixed, and word composition, argumentation and grammar follow set rules. It has a monological voice, and other has to passively accept the voice. The credibility of this language system has to come from some form of authority, as normal social relations are dynamic and heterogeneous (Nørreklit & Scapens, 2014:pp.1275-1276).

The persuasive speech genre speaks with multiple voices, where: “different types of language co-exist or collide within a single social space of linguistic principles” (Nørreklit & Scapens, 2014:p.1276). This language system is open, modifiable, and dynamic. Individuals shape concepts by reflections, and experiences with the world. The credibility of the persuasive speech genre depends on its ability to provide proper understanding of, and/or sympathetic insight into the form of life and the environment. It allows people to make words “their own” when they use them, in their own intention. The persuasive speech genre allows individuals to formulate their own intentions, experiences, and understandings in interaction with others (Nørreklit & Scapens, 2014:p.1276).

3.0 Literature review

The main objective of this literature review is to describe some of the existing research on the risk disclosure in annual reports.

3.1 Risk disclosure literature

There is not a large literature body on risk disclosure. Furthermore, the existing literature is divided with some researchers focusing on risk disclosure and its relationship to corporate governance and corporate structure (e.g. Abraham & Cox , 2007; Elzahar & Hussainey, 2012; Hernández-Madrigal, Blanco-Dopico, & Aibar-Guzmán, 2012; Mokhtar & Mellett, 2013), and some focusing on how companies disclose risk. The focus of this literature review is the articles regarding how companies disclose risk because the main goal in this section is to link the literature and the theory that form the background for this thesis.

Beretta and Bozzolan (2004) analyzed the risk disclosure of publicly listed Italian companies and argues that the quantity of disclosure is not a good proxy for the quality of disclosure, and that researchers need to focus on what is disclosed (Beretta & Bozzolan, 2004:p.265). When analyzing the Italian stock market Beretta and Bozzolan found that companies disclose information about company strategy, financial structure of the company, and business processes (Beretta & Bozzolan, 2004:p.277). Much of the information does not explain how the risk might affect company performance, and when this is discussed, it is mainly how the company could be affected positively. Also, the majority of the information disclosed focus on

the part or the present, not on the future (Beretta & Bozzolan, 2004:p.277). According to this study, voluntary disclosure seems to be a used by management to justify expected negative impacts. Voluntary disclosure is also used to discuss management's thoughts and expectations rather than risk-management actions taken for the future (Beretta & Bozzolan, 2004:pp279-280). Beretta and Bozzolan states that firms have a policy of "formal disclosure but substantial nondisclosure" (Beretta & Bozzolan, 2004:p.280). Beretta and Bozzolan (2004:p.285) concludes that size and industry is not statistically significant in explaining the overall quality of risk disclosure.

Lajili and Zégal (2005) investigate how management in publicly listed Canadian firms reports risk, which industries are reporting certain types of risk and corresponding risk management strategies (Lajili & Zégal, 2005:p.126). This article confirmed some findings in the Beretta and Bozzolan (2004) article, and also brought some new insight. Lajili and Zégal (2005:pp.131-132) found large differences between industries, with respect to how much risk information companies disclosed, which is different to the finding by Beretta and Bozzolan (2004). "Oil and gas" disclosed the most and "conglomerates" the least (Lajili & Zégal, 2005:p.132). The most frequently discussed risk categories in the annual reports were financial risk, commodity and market risk (business risk) (Lajili & Zégal, 2005:p.133). This is comparable to the findings by Beretta and Bozzolan (2004). Lajili and Zégal (2005:p.138) further showed that the risk disclosures gave insight into the risks that the firms faced, and the actions taken by management to manage the identified risks. However, a downside emphasis on risks was discovered, and up-sides and value creating opportunities were not discussed (Lajili & Zégal, 2005:p.140). Furthermore, risk assessment and analysis were found to be limited, and lacking valuable and quantitative measurements (Lajili & Zégal, 2005:p.141).

Linsley and Shrives (2006:p.388) performed a similar analysis for British non-financial companies listed on the FTSE 100, which further developed the existing knowledge within this area. They found that the most commonly disclosed risks were "non-monetary/neutral/non-time specific risk management policy-financial risk disclosures and non-monetary/neutral/non-time specific policy- integrity risk disclosures" (Linsley & Shrives, 2006:p.394). More specifically they found that most of the risks disclosed were strategic risk, operational risk, and financial risk (Linsley

& Shrives, 2006:p.396), which confirms both Beretta and Bozzolan (2004) and Lajili and Zégal (2005). Furthermore, Linsley and Shrives (2006:p.398) found that there is a positive association between the company size and the volume of risk disclosure, which is different from earlier findings. Linsley and Shrives also find that the number of non-monetary risk disclosures is significantly higher than the number of monetary risk disclosures (ibid.). Finally, Linsley and Shrives find that the number of good risk disclosures is higher than the number of bad disclosures (ibid).

Linsley and Lawrence (2007:p.620) further analyzed this topic by looking at the readability of the risk disclosure in annual reports, and also whether management deliberately obscured bad news. The fundamental question is how difficult annual reports are to read (Linsley and Lawrence, 2007:p.621), as measured by a readability index, and that management might use a difficult language to obscure negative information (Linsley and Lawrence, 2007:p.622). They conclude that annual reports are difficult to read, but that management is not trying to obscure bad news (Linsley and Lawrence, 2007:p.625). This is a relevant article for this thesis, as communication analysis needs to focus on targeted readers. By using a difficult language in annual reports, management could be focusing on expert stakeholders.

There are further articles that could be interesting in this context. However, they do not bring relevant and new insight to this thesis. They are mainly articles that, to a large extent, replicate the discussed articles to specific countries (e.g. Amran, Bin & Hassan, 2008), specific sectors (e.g. Linsley & Shrives, 2005), or the comparison of risk disclosure in different countries (e.g. Dobler, Lajili & Zégal, 2011).

3.3 Summary

The articles discussed till now have all shown that there clearly are similarities and differences among companies and how they disclose risk in annual reports. The topics discussed are similar, however, narratives and linguistics, time-horizons, and the numbers of positive/negative risks varied. These differences in results might come from different methodologies, different companies analyzed, or other factors. Another similarity is the focus on the lack of focus on risk management. Beretta and Bozzolan (2004:p.285) did not find any statistical significant differences between large and small companies, while Lajili and Zégal (2005:pp.131-132) found that there are differences between industries, and Linsley and Shrives (2006:p.398) found that there

is a positive association between company size and risk disclosure.

The existing research into this area is using quantitative analysis to describe company risk disclosure. This thesis is thus providing new insight into company risk disclosures because it tries to explain differences from a qualitative approach. Also by using communication theory it might be possible to gain understanding into why there are observed differences between companies.

4.0 Methodology

In this section the methodology of this thesis is described. This is mainly based on Saunders, Lewis, and Thornhill (2012) and Ghauri and Grønhaug (2010).

4.1 Research design

Research design is the plan for how a research question is going to be answered. “It will contain clear objectives derived from your research question(s), specify the sources from which you intend to collect data, how you propose to collect and analyze these, discuss ethical issues and the constraints you will inevitably encounter” (Saunders, Lewis, and Thornhill, 2012:p.159).

This thesis uses a qualitative research design. Saunders, Lewis, and Thornhill (2012:p.161) describe qualitative research methods as a data collection or analysis technique, which generates or uses non-numerical data. This study is about understanding and observing differences in risk disclosure using linguistic and textual theories and models, not quantifiable measures. A qualitative research design is therefore suitable.

The research design used is descriptive. Saunders, Lewis, and Thornhill (2012:p.171) state that the objective of a descriptive research design is “to gain an accurate profile of events, persons or situation”. In this study the main goal is to analyze the discourse used in annual reports. The existing literature has mainly focused on analyzing differences in risk disclosure using quantitative techniques, and there are no studies, to the researchers knowledge, that attempts to analyze and describe risk disclosure solely by using qualitative techniques. This thesis aims to further develop the existing theory by including the strategic intent behind risk communication in annual reports.

As described in the theory section this will result in properly describing the textual and communication features used by management to achieve the strategic intent.

4.2 Research strategy

Research strategy is defined as “a plan of how a researcher will go about answering her or his research question” (Saunders, Lewis, and Thornhill, 2012:p.173). This study uses historical review (Ghauri and Grønhaug, 2010:pp.107-108) to answer the research question. This research question and purpose of this thesis requires the use of historical annual reports to describe how companies differ in their disclosure of risk, and the research strategy is therefor suitable.

The study will be cross-sectional, rather than longitudinal (Saunders, Lewis, and Thornhill, 2012:p.190). This is because the thesis, in line with the existing literature, aims to uncover differences between companies, rather than how companies have changed over time. The existing literature specifies that there is difference between different categories of companies, and this is also the aim of this thesis.

4.3 Data collection and analysis process

To enable the comparison of how companies disclose risk in their annual reports, the data collected is the annual reports of these companies.

4.3.1 Data collection

Annual reports are secondary data. This is because they initially are collected for a different purpose, namely to inform shareholders, and other stakeholders, about a company (Saunders, Lewis, and Thornhill, 2012:p.304). Due to the qualitative nature of this project, where the purpose is to understand, gain insights, and to create theory, rather than to arrive at statistically valid conclusions (Ghauri and Grønhaug, 2010:p.148), non-probability sampling is considered the a suitable way of collecting data (Saunders, Lewis, and Thornhill, 2012:p.281).

The sampling technique used in this thesis is purposive sampling. This sampling technique requires the researcher to use judgment in selecting the cases that will be used in trying to answer the research question (Saunders, Lewis, and Thornhill, 2012:p.287). Furthermore, the thesis used heterogeneous sampling. This means that judgment is used to choose companies with diverse characteristics so that we get large

variation in the data. This could enable better explanations of the themes observed (Saunders, Lewis, and Thornhill, 2012:p.287).

To answer the research question a selection of companies incorporated in Norway and listed on the Oslo Stock Exchange are chosen. The companies chosen come from different industries, and vary in size. This is because the existing literature has suggested that there are differences in the risk disclosure in different industries and of small and large firms. Four companies (where available) from each of the sectors on the Oslo Stock Exchange are chosen. The sample size of four firms in each sector is chosen so that the data hopefully reach saturation. That is, additional companies analyzed will only provide limited further insight and themes (Saunders, Lewis, and Thornhill, 2012:p.283). Two of the companies from each sector are large, and two are small.

The Exchange already has defined sectors that will be utilized. The following sectors will thus be analyzed: energy, materials, industrials, consumer discretionary, consumer staples, health care, information technology, telecommunication services, and utilities (Oslo Stock Exchange, 2015). Financial services will be excluded because a significant part of their business model is precisely to manage risk, and the industry is thus different from other industries that have to manage risk as a “supporting activity”. This is in line with existing literature about risk disclosure (e.g. Beretta & Bozzolan, 2004).

Because the Oslo Stock Exchange has some industries with very few firms, the size measure employed in this study for categorizing whether a company is large or small within its own industry is relative market capitalization. In other words, companies will be categorized as small or large depending on their relative market capitalization to other firms listed in the same industry, not to an exchange wide index of what is a small, and what is a big company. Furthermore, some sectors on the Oslo Stock Exchange have less than four companies. In these cases, all available companies will be analyzed. There will also be a short overall comparison between the large companies and the small companies of the Oslo Stock Exchange.

4.3.2. Data analysis

The analytical procedure used is, what Saunders, Lewis, and Thronhill (2012:p.577), describes as discourse analysis. Discourse analysis is to analyze language, and it is also concerned with the social context that language is used in (Saunders, Lewis, and Thronhill, 2012:p.577). A main point will be to placing the textual content in a social and discursive practice (Saunders, Lewis, and Thornhill, 2012:p.578). This is precisely what the theory used in this thesis enables. By using communication and discourse theory the thesis analyzes the textual features of risk disclosure in a wider social and strategic context.

Perhaps the most important part of formal analysis that is used in this study is categorization. This is used to reduce the data, which is to simplify the data, and to make it more focused, abstracted, and transformed by identifying themes and patterns (Ghuri and Grønhaug, 2010:pp.199-200). The categories used are concept driven because they are taken from the existing literature (Saunders, Lewis, and Thronhill, 2012:p.557). The categories employed are used to increase the understanding of voluntary narratives in annual reports (Beattie, McInnes, and Fearnley, 2004:p.217). This framework has four stages, and three levels, of coding:

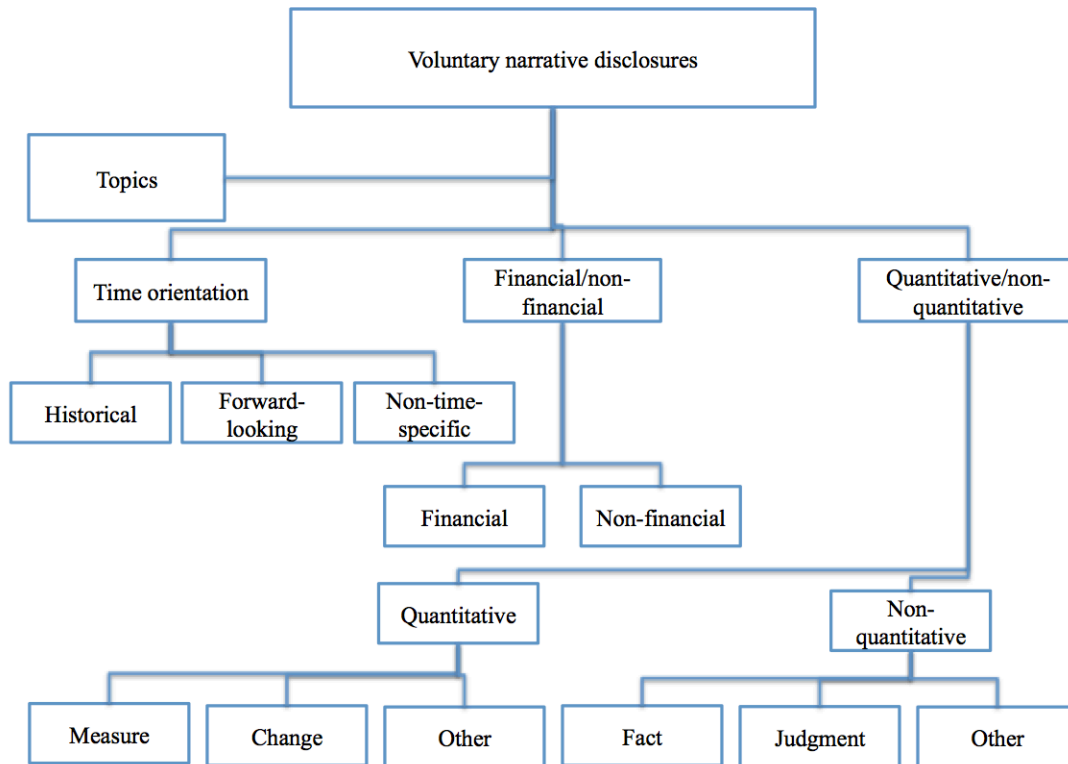


Figure 3 – the coding framework (Beattie, McInnes, and Fearnley, 2004:p.217)

The first stage is to code a text unit according to its time orientation. The text unit could be historical, forward-looking, or non-time specific (Beattie, McInnes, and Fearnley, 2004:p.217). Next, the financial/non-financial orientation of the text is coded (ibid.). Third, the text unit is coded according to its quantitative or non-quantitative orientation (ibid.). Quantitative units are then split up into whether they are measures, changes, or other. Non-quantitative data are divided into fact, judgment, or other (ibid.). Finally, the text units are categorized by their topic (Beattie, McInnes, and Fearnley, 2004:p.217). The text units analyzed in this thesis are the paragraphs discussing risk in the MD&A sections in the annual reports of the companies analyzed.

The next two stages in the analysis process described by Saunders, Lewis, and Thornhill (2012:pp.556-566) is to recognize relationships and to develop testable propositions. In recognizing relationships the already defined categories are used to look for patterns and themes in the annual reports of the companies (Saunders, Lewis, and Thornhill, 2012:p.560). Potential relationships between the annual reports of

different companies, whether they are big, small, belong to different industries or not need to be tested (Saunders, Lewis, and Thornhill, 2012:pp.560-561). The recognition of relationships and testing of relationships, are described using the framework by Beattie, McInnes, and Fearnley (2004) as a foundation. However, as this framework is unsuitable for a purely qualitative discussion, the communication and discourse models and theories will be used for establishing theories regarding similarities and differences between companies in different industries and of different sizes. The most important aspect will be to analyze a company's strategic intent, whereas the remaining theories will be used both for describing the communication features of the annual reports, and also to support the analysis of how companies try to achieve their strategic intents.

The data is also displayed. That is the information is to assemble the information, and to display it in diagrams and other visual ways (Ghauri and Grønhaug, 2010:p.200; Saunders, Lewis, and Thornhill, 2012:p.564). Here, the results from the analysis already performed is displayed by creating matrixes that displays how risk disclosure vary between companies in different industries and of different size.

4.4 Reliability and validity

“Reliability refers to whether your data collection techniques and analytic procedures would consistent findings if they were repeated in another occasion or if they were replicated by a different researcher” (Saunders, Lewis, and Thronhill, 2012:p.192). As this is a purely qualitative thesis, where the researchers interpretations affect how the theories are applied and also how a text is interpreted, it is possible that a different researcher would arrive at different conclusions. This is very much related to the validity issues when conducting qualitative research.

According to Ghauri and Grønhaug (2010:pp.210-211) there are several threats to validity in qualitative research.

Descriptive validity is the question of whether the description of an observation is true (Ghauri & Grønhaug, 2010:p.210). Observations are mainly described by being categorized in predefined categories that are in line with existing research. This reduces the risk of describing observations wrong. However, some observations could

fit into several categories. If categorization then is done arbitrarily, or in other unscientific ways, this could affect the results.

Interpretative validity is whether the researchers interpretation of the observation is correct (Ghauri & Grønhaug, 2010:p.210). In this case the nuances of the language used in annual reports could affect how it is interpreted. Cultural and social references could be misunderstood, or not understood at all, thus leading to errors in interpretation.

Theoretical validity refers to whether the proposed theorizing of the researcher in for explaining the observation is appropriate (Ghauri & Grønhaug, 2010:p.210). The theorizing of the researcher depends on the researchers academic background, and in this thesis explanations for the results will depend on the researchers judgment. Furthermore, academics with different backgrounds could explain the potential differences in annual reports using very different theoretical frameworks.

Finally, generalizable validity is “to what extent the findings from a study can be generalized to other setting” (Ghauri & Grønhaug, 2010:p.211). There are potential threats the generalizable validity in this thesis. First, by using a qualitative methodology it is not possible to say whether the results are statistically significant. Second, the sample is chosen for saturation. However, there are many companies on the Oslo Stock Exchange that are not included, and that potentially could change the results. This is especially true for the energy sector. Finally, this study only focus on publicly listed companies that are incorporated in Norway. Norwegian companies that are not publicly listed and foreign companies could be different from the sample used in this thesis.

5.0 Analysis

This section of the thesis contains the analysis of risk disclosure in annual reports. All information is found in the 2014 annual reports of the companies analyzed. First, the information disclosed is categorized according to Beattie, McInnes, and Fearnley (2004). Second, a linguistic analysis based on Nørreklit (2011) and Nørreklit and

Scapens (2014) is performed. Finally the strategic intent, as described in the communications theory, is analyzed and related to the linguistic analysis.

5.1 Energy industry

The energy industry is the largest and most important industry on Oslo Stock Exchange. Two of the companies chosen come from the supply industry, while the other two are production companies. Statoil and Aker Solutions are the large companies while Odfjell Drilling and Bergen Group are the small companies.

5.1.1 Statoil

(Note: Statoil issues several annual reports as a result of different regulatory requirements on the Oslo Stock Exchange and the New York Stock Exchange. To ensure comparability the report created for Oslo Stock Exchange will be used.)

Statoil (2015:pp.11-12) has a profound discussion of risk and risk management in the MD&A section of its annual report. The main topics discussed are market risk, liquidity risk, and credit risk. Market risk is listed as the following topics: petroleum prices, currency fluctuations, production volume, trends in the international oil industry, actions by OPEC, cost of refining, oilfield services, and supplies, competition for exploration, deregulation of the natural gas market, changes in assets. Liquidity risk is divided into the following topics: liquidity and funding, cash outflows, financial liabilities. Credit risk is listed as the following topics: credit risk policy, credit mandates, credit rating, credit risk mitigation, monitoring and managing credit risk. Furthermore, Statoil discusses counterparty risk and credit risk mitigation tools in detail.

Statoil uses all three time-orientations when discussing risk. When disclosing market risk Statoil uses the non-time specific time orientation to list risks factors. Also, Statoil uses the forward-looking narrative to disclose sensitivity analysis for how the results in 2015 would differ from results in 2014 by changing different parameters. The historical narrative is used to discuss impairments and ongoing investigations of the company. Liquidity risk is discussed using a historical narrative to describe events in 2014, and a forward-looking narrative to describe liquidity risk related to financial liabilities. Credit risk is mainly described by using a non-time specific narrative

focusing on the current situation and risk management systems. Statoil uses a financial narrative to disclose risk, which could be a result of mainly discussion financial topics within each main risk category. Market risks that are not financial in nature are also discussed using a financial narrative focusing on how risk factors can impact prices. Risks are explained using the non-quantitative narrative, however, the company underlines points using the quantitative narrative. E.g. Statoil includes a sensitivity analysis quantitatively explaining how different financial factors could affect company performance.

Statoil uses the symbolic form of science when describing risk. Arguments are appeal to the intellect and rationality and are earthly bound.

Statoil use the persuasive speech genre. Arguments are profound and well reasoned. The discussion of risk could well be a part of a dialogue with stakeholders.

The strategic intent is likely to reinforce an image of a well-run company, especially as a result of the drop in oil prices that started in 2014. Using the symbolic form of science and the persuasive speech genre is an attempt by Statoil to impose this world-view on professional stakeholders. Targeted stakeholders are likely to be investors and suppliers, as the information is financial and technical in nature. There is little information that is useful for NGOs or employees. Investors and suppliers have power, legitimacy, and now also urgency, and are thus definitive stakeholders that require the attention of the company. By using a persuasive narrative, presenting Statoil's arguments for choices made in 2014 could be seen as a part of a persuasive communication strategy. This could help Statoil in reinforcing an image of being-well run, and doing what it can to stay profitable, thus taking stakeholder concerns seriously.

5.1.2 Aker Solutions

Aker Solutions (2015) differ from the other companies analyzed by not having a separate discussion of risk in the MD&A section of the annual report. Instead, the company discusses risk in a section in the annual report called "Responsible Operations" which is further divided into: "Our approach", "Integrity", "Society", "Environment", "Supply Chain Management", "Employees", and "Health Safety and Working Environment" (Aker Solutions, 2015:pp.28-47). Each of these subcategories

has a discussion of how Aker Solutions manages and affect them, including a risk assessment of the category. Furthermore, the company discusses financial risk and briefly health, safety and environment in a more traditional board of directors' report (Aker Solutions, 2015:pp.53-60). Financial risk is separated into currency risk, liquidity risk, interest rate risk, and credit risk.

There are many similarities for each subcategory when discussing "Responsible Operations", and also the discussion in the more traditional board of directors' report. The topic in each subcategory is given by the headlines (e.g. "Integrity" and "Environment"). Aker is mainly discussing risk using all three time-narratives. The non-time specific narrative is typically used for explaining why Aker is experiencing risks in each subcategory in the first place, the historical narrative is used for explaining what has historical events and how risk has been managed historically, and finally the forward-looking narrative is used for discussing potential future risks and how these will be managed. The discussion is non-financial. While the discussion is mainly non-quantitative focusing on properly explaining Akers' risks and operations, several of the subcategories is exemplified using numbers to illustrate the risk historically. E.g. when discussing environmental risk Aker discloses how much energy operations has required in 2014 and 2013, and when discussing employees Aker discloses employee turnover rates and sick leave.

Financial risks are described using a non-time specific, financial, and non-quantitative narrative. The discussion is a short description of the different financial risk factors.

Aker Solutions uses several symbolic forms when discussing risk in their annual report. First, several of the arguments presented are using the symbolic form of science, where the argument appeal to intellect and rationality and are earthly bound. Most of the sections discussing responsibility have arguments that are bound in a beliefs and higher ideals. Examples include "Integrity" that specifically state that the company has a zero tolerance for corruption, "Society" where Aker is advocating human rights, "Environment" where the company state that a goal is to minimize environmental impact, "Supply Chain Management" where the company state that it is important to ensure that external suppliers are operating sustainable and responsible, "Employees" where equal opportunities for all and a non-discriminatory

culture exist, and finally in “Health, Safety, and Working Environment” where it states that protecting employees is very important – thus valuing human life. Most of these arguments are appealing to logos, and the company is thus using the symbolic form of religion. Still, some arguments could be appealing to emotions and associations. This could typically include equal opportunities for all and the strong focus on the poorer regions where the company is operating. Even though this could evoke emotions for some, the arguments are created to make intellectual sense, and even though Aker are moving towards to symbolic form of myth the company is still communicating using the symbolic form of religion.

Aker Solutions is clearly using the persuasive speech genre. The use of several symbolic forms, the implied dialogue with stakeholders in the communication, and the profound and well-reasoned arguments all support this.

The strategic intent behind Aker Solutions’ risk communication could be management’s attempt to close the gap between the perceived and projected image of being a traditional oil service company, and a desired image of being seen as a very responsible company with a strong focus on sustainability. Focusing on sustainability and responsibility is becoming more and more important for companies. Supporting the strategic intent is the fact that the company does not have a separate risk discussion, but links all risk to a long discussion about responsibility. Furthermore, the company states that its focus on responsibility comes from meeting the expectations of stakeholders, which is a clear indication that focusing on responsibility in the annual report is a part of an ongoing dialogue with stakeholders. Targeted stakeholders are investors, employees, NGOs, and regulators. Together these groups have power, legitimacy, and urgency making them definitive stakeholders. Aker achieves a dialogue with these stakeholders by using the persuasive speech genre, the symbolic forms of both science and religion, and approaching the symbolic form of myth.

5.1.3 Odfjell Drilling

(Please note that this company is incorporated in Bermuda, not Norway. The company is still included because the company was founded in Bergen (Odfjell Drilling, 2015a), and it still has many operations in Norway (Odfjell Drilling, 2015b:p.5).)

Odfjell Drilling discusses both “Risk factors” (Odfjell Drilling, 2015b:pp.29-40) and “Risk management and internal controls” (Odfjell Drilling, 2015b:p.27) in the MD&A section of the annual report. Risk factors are separated into “Operational and industrial risk factors” and “Financial risk factors”. “Operational and industrial risk factors” discuss the following topics: business cycle risk, construction risk, petroleum market prices, market, liquidity and re-contracting risk, and specific project risks. “Financial risk factors” are separated into: currency risk, currency risk relating to debt financing, and credit risk. Odfjell uses a non-time specific narrative to describe the current risk situation. A historical narrative is also included to describe how the risk arose, and to describe counterparty risk and project specific risk. The company is mainly using a non-quantitative, financial narrative when describing risk. Operational risk factors are strongly linked to financial performance in the annual report, and some topics discussed under operational risk are financial in nature (e.g. business cycle risk and petroleum price volatility). “Risk management and internal controls” is a description of company control systems. It is written in a non-time specific, non-financial, non-quantitative narrative.

Odfjell Drilling use the symbolic form of science and the persuasive speech genre when discussing risk. Arguments are profound and well explained, and the annual report forms a well-reasoned background for a dialogue with stakeholders.

The strategic intent behind the risk communication is likely to reinforce the existing projected and perceived image of a well-run company. This strategic intent might be a response to the recent drop in oil prices. Targeted stakeholders are shareholder, employees, and customers, which all are affected by dropping oil prices. They have power, legitimacy, and now also urgency, making them definitive stakeholders. Odfjell Drilling focuses on the strengths and values of the company, and by using a persuasive communication strategy and rational arguments, tries to convince stakeholders that the company is in good hands. The departure from this strategic intent might be in the discussion regarding risk associated with specific projects. Projects in foreign countries seem to be struggling, and the projected image could be that Odfjell is only successful in its home market. By describing the risk in detail, and stating confidently that foreign projects will become profitable, management is trying

to align the projected image with the desired image of well-run and successful company.

5.1.4 Bergen Group

Bergen Group (2015:pp.7-8) discusses the following risk topics: market risk, project risks, financial risks, and other risks. When discussing market risk the main focus is on market events that took place during 2014. The discussion of project risk mainly has a historical and non-time specific narrative, where the focus is on what the company has learned about project management from earlier projects. When discussing financial risks, the company mainly uses a non-time-specific narrative focusing on current credit risk, currency risk, interest risk, liquidity risk, and transaction risk. This part has a historical narrative specifying historical financial events. The discussions regarding market and project risk mainly have a non-financial narrative, with the discussion focusing on operational issues. Market and project risk also has a non-quantitative focus, and the company uses a combination of facts and judgment in describing these risks. When discussing financial risks use a financial and quantitative narrative to describe different financial measures.

Bergen Group uses the symbolic form of science in its risk communication. The argumentation appeals to stakeholders' intellect and rationality, and are earthly bound. The company uses the authoritative speech genre. Bergen Group lists facts and assumes that stakeholders take the message at face value. There is very little discussion, and an underlying assumption that discussing events that happened in 2014 will satisfy stakeholders' need for risk information.

The strategic intent seems to be reinforcing a perceived and projected image of a company that is well run, and does not take any unnecessary risks. This could be a consequence of the drop in oil prices. The stakeholders targeted with this communication might mainly be shareholders, employees, and suppliers, which have power, legitimacy, and urgency. They are thus definitive stakeholders. By using an informal communication strategy without a proper discussion, it might be difficult for management to impose their world-view on a group of shareholders that are likely to be professional, and might want a more profound risk discussion.

5.2 Materials

There are two small and two large companies discussed in this sector. Yara International and Norsk Hydro are the large companies and Norske Skogindustrier and Intex Resources are the small companies.

5.2.1 Yara International

Yara International (2015:pp.18-19) discusses risk as part of the review of corporate governance. Topics discussed include strategic and operational risk, compliance risk, environmental risk, human rights, business ethics, and financial risk. The discussion mainly has a non-time specific narrative, with some use of historical and forward-looking narratives. E.g. a discussion regarding population growth and climate change has a forward-looking narrative, while a discussion regarding nitrogen fertilizer prices has a historical narrative. The focus is on operational and subjective risks where the narrative is non-financial and non-quantitative. Yara has one section discussing current investigations and penalties. This discussion has a more financial narrative, and also uses measures when discussing penalties.

Yara uses a variety of symbolic forms. The majority of the risk disclosure is done using the symbolic form of science. However, a significant part of the risks discussed are based on ideals and beliefs. Yara discusses their code of conduct that focus on business ethics, human rights and labor conditions. Furthermore, the company has a strong focus on anonymous whistleblowing, and the environment. The argumentation regarding business ethics is rational, but could be appealing to stakeholders' emotions. To conclude, Yara is mainly using the symbolic forms of science and religion, however, the company could be approaching the symbolic forms of art and myth, but there is too much rationality in the argumentation to state this definitively.

The use of several types of symbolic forms clearly indicates that Yara uses the persuasive speech genre. Argumentation is built using rationality, emotions, an earthly basis, and ideals.

The strategic intent is to display the company as very responsible, which is becoming increasingly popular among companies. While the perceived and projected image might be that the company is not too responsible, as shown in a discussion of current investigations and penalties, the desired image could be to be seen as very

responsible. This is thus the strategic intent. The stakeholder groups that seem to be targeted are labor unions, and NGOs working with human rights, the environment, corruption etc. NGOs might lack formal power and legitimacy, however, they might have considerable informal power and legitimacy. When considering some risk factors, such as the environment, they might also have urgency. This makes them dominant, and perhaps definitive stakeholders, whom Yara needs to take seriously. Labor unions have power and legitimacy and are definitive stakeholders. The risk disclosure could in this case be seen as section of a dialogue. This is because of the genuine concern taken to address issues that are important to the company's stakeholders. Combining this concern with the persuasive speech makes it possible to properly explain the world-view of management to stakeholders, and thus be seen as more responsible.

5.2.2 Norsk Hydro

The following risk topics are included in Hydro's annual report: economic factors, problems in Brazil (political factors), criminal and civil investigations, competition from emerging markets, currency and inflation factors, price developments, accidents, credit rating, and personnel factors (Hydro, 2015:pp.16-17). The narrative used is to a large degree forward-looking. Hydro explains historical events shortly, and then explains how this might affect the company in the future. Financial narratives are common in Hydro's communication. The sections that describe operational problems build the arguments using a financial language focusing on earnings, currencies, inflation etc. Even though much of the narrative is financial, none is quantitative.

Hydro mainly uses the symbolic form of science. The argumentation very much appeals to rationality, and are earthly based. Focus on criminal and civil investigations is the only section where Hydro could be using another symbolic form. The company states that it wants to focus on anti-corruption, health and safety etc. This could indicate ideals that are not necessarily profit maximizing. However, the main point in the discussion is to avoid criminal and civil investigations that might results in fines and the loss of reputation. Hence, these arguments use the symbolic form of science because they are earthly-based, and not based on ideals.

Hydro is using the persuasive speech genre in its risk communication. The company is explaining why it is experiencing different types of risk, and also how it manages these risks.

The strategic intent could be to calm investors. A strong focus on problems with completion from emerging markets and problems in Brazil supports this. Hydro's perceived and projected identity could have been altered during the last years, with the company going from being seen as a safe and competitive company, to a more risky and less competitive company. The desired identity is most likely to be seen as safe and competitive again. Shareholders and employees are likely to be the primary stakeholders that Hydro tries to communicate with. These groups have power and legitimacy, thus making them definitive stakeholders. The use of a persuasive narrative and communication strategy, alongside very rational arguments could enable management to communicate this strategic intent to stakeholders.

5.2.3 Norske Skog

The risk topics discussed by Norske Skog (2015:p.40) are: financial risk, market risk, operational risk, integration risk, and credit risk. The time orientation used is mainly non-time specific. Despite the differences in types of risks disclosed, a financial narrative seems to be dominant. Even when discussion operational issues Norske Skog focus on financial issues such as cost structures, contracts designed to reduce cost fluctuations, leverage, and diversification among different markets. The information disclosed is of a qualitative nature.

The company mainly uses the symbolic form of science in its risk communication. Arguments appeal to intellect and rationality, and have an earthly basis. Arguments are built using facts and are straight to the point. Furthermore, Norske Skog is using the persuasive speech genre. The company is simply informing the reader about the current state of the company, without any in-depth analysis of which risk management actions were taken.

The strategic intent seems to be to create an image of being financially and operationally solid, and to be aware of potential risks. This could be part of an ongoing strategy, as there for years have been rumors regarding financial problems in

the company (e.g. Laugen, 2015; Jacobsen, 2010), which could give the company a perceived and projected image of not being a solid company. Targeted stakeholders are likely the shareholders, which have power and legitimacy, thus requiring the attention of the company. Norske Skog uses short and to the point arguments, with financial words and phrases that will appeal more to investors than to other stakeholder groups. However, the symbolic form of science might appeal to shareholders, however, the use of an authoritative speech genre might be problematic when trying to alter the image of Norske Skog among investors.

5.2.4 Intex Resources

Risk topics discussed by Intex Resources (2015:pp.20-21) are funding risk, political risk, and social acceptability risk. The discussion regarding funding risk uses historical, present, and forward-looking narratives. Political risk is mainly a discussion of one political decision in the Philippines and implications, thus combining an historical and a forward-looking narrative. Social acceptability risk has a non-time-specific narrative. When discussing funding risk Intex Resources uses a financial narrative, however, when discussing the other risk factors the company has a non-financial narrative. The company uses a non-quantitative narrative.

Intex Resources mainly uses the symbolic form of science in its risk communication. However, there are some exceptions. In the discussion regarding social acceptability risk the company states that operations must be in line with values such as integrity and compassion. Furthermore, Intex Resources also state that operations must ensure responsible and sustainable development. The company expresses genuine concern for people affected by its operations when discussing risk. These concerns could originate in a belief in higher ideals, and some of them could also appeal to emotions. The risk disclosure Intex Resources could thus be seen as using the symbolic forms of religion, myth, and art, in addition to the symbolic form of science.

Intex Resources mainly uses the persuasive speech genre in its communication. The funding risk could be seen as an appeal to banks and shareholders to refinance the company, and the company is developing proper arguments when doing this. The discussion about political risk is the discussion of one political decision in the Philippines, and could be an attempt to state that the company is managing the

situation. The socially acceptability risk discusses effects the company has on both people and the environment, using a variety of symbolic forms, and tries to communicate using persuasive arguments, rather than just stating facts.

There are two ways of looking at the strategic intent behind this risk disclosure. First, mining companies typically has an image as not being considerate of the local population and the environment. Intex Resources could thus have a gap between the perceived and projected image on one side, and the desired image on the other side. Targeted stakeholders are thus environmental and social NGOs. They have a strong urgency, and some power and legitimacy, which make them definitive stakeholders in this case. The use of a persuasive communication strategy, with emotional messages supports this. Another way to analyze the strategic intent is to look at the communication that is targeted at financial stakeholders, which also have power, legitimacy, and urgency because of the difficult financial situation of the company, which might have lead to a gap between the desired and projected identity among investors. The use of the symbolic form of science and a persuasive speech genre and communication strategy when addressing these issues is suitable for altering the image.

5.3 Industrials

Industrials consist of two large and two small companies. The large companies are Kongsberg Gruppen and Tomra Systems, while the small companies are Havyard Group and TTS Group.

5.3.1 Kongsberg Gruppen

Kongsberg Gruppen (2015:pp.20-21) starts by discussing risk in each of the company's business segments, such as offshore markets, merchant marine vessels, and defense market. Furthermore, the company is also discussing company wide risk topics such as: operational project risk/operational risk, financial risk, customer risk, liquidity risk, currency risk, and compliance/regulatory risk. The majority of the information is non-time specific and focusing on the current situation. Kongsberg Gruppen uses financial and non-financial narratives interchangeable. When discussing the different business segments the company discusses operational issues, but links most of the arguments to financial issues such as demand and investment. The company has an even more explicit financial narrative when discussing the different

risk factors. Project risk is to a large degree discussed in relation to a measure the company calls “profit at risk”, and customer risk is mainly a discussion of diversification, liquidity, and currency. Even though Kongsberg Gruppen uses a financial narrative there are no quantitative measures included.

Kongsberg Gruppen mainly uses the symbolic form of science in its communication. Arguments appeals to logos, and are earthly bound. This is seen through the strict use of financial and business language in the argumentation. The only section that could be an exception is the discussion regarding compliance risk. Whistleblowing and anti-corruption are mentioned as important risk areas, however, the use of the word compliance could point to that the company follows the rules to avoid penalties, not because it has some higher ideals.

The company uses the authoritative speech genre in its communication. Management mainly state facts and explain how they will affect the company, without any further discussion that tries to persuade the reader.

The strategic intent could be to reinforce an image of a profitable company, where risk is managed well. The main logic behind the risk communication could be to state that the company is managing risk well despite of volatile oil prices, and freight prices, thus reinforcing a projected and perceived image of being good risk managers. Targeted stakeholders are likely to be investors and other financial professionals. This is shown by using an informational communication strategy, and by using a financial narrative, such as the explanation of “profit at risk”. However, it is uncertain whether the use of an authoritative speech genre, will be successful when communicating with a professional audience.

5.3.2 Tomra Systems

Tomra Systems has a separate discussion of risk and risk management. The company discloses risk under a separate category in the MD&A section called financial risk (Tomra Systems, 2015:pp.35-36) and discloses risk management in combination with internal control systems (Tomra Systems, 2015:pp21-22). When discussing financial risk, Tomra discloses information regarding business risk, macro risk, and political risk. Next, the company discusses financial risk and currency risk. The discussion

regarding risk management and internal control is just a summary of control systems within the organization. Tomra mainly uses a non-time specific narrative when discussing risk. However, when discussing political risk Tomra also uses a forward-looking narrative to describe how political decisions could affect the company in the future. Risk is disclosed uses a non-financial narrative for business, macro, and political risk, while they use a financial narrative for financial and currency risk. The information disclosed is non-quantitative.

Tomra Systems uses the symbolic form of science in its risk communication. Argumentation appeals to the intellect and is earthy based. When discussing risk and risk management, the company mainly lists facts of how risks are managed, and the company is thus using the authoritative speech genre in these sections. However, when discussing business and political risk, the communication has more profound arguments, and the speech genre is more persuasive.

The strategic intent is likely to be to reinforce the image of a well-run company. There is little evidence that the perceived and applied identity is different from the desired identity. The targeted stakeholders are likely to be shareholders and other finance professionals because the company is using terms that would appeal to the financial community. Usage of the symbolic form of science and a persuasive speech genre and communication strategy in several paragraphs supports this.

5.3.3 Havyard Group

Havyard Group discusses risk factors (Havyard, 2015:pp.39-41) and risk management (Havyard, 2015:pp.30-31) separately, where risk management is discussed in combination with internal control systems. Risk topics discussed are commercial/operational risk factors, financial risk, market risk, credit risk, and liquidity risk. The discussion regarding commercial risk uses a combination of historical and forward-looking narratives. Historical developments are used to explain the robustness of the existing product portfolio and potential future challenges. Discussions regarding market risk, credit risk, and liquidity are non-time specific and describes the existing situation and how risks are managed. Much of the information disclosed has a financial narrative. This is also somewhat true when discussing commercial risk because management has a strong focuses on oil prices,

diversification strategies etc. The company uses a non-quantitative narrative. Risk management focus on how the formal risk management and internal control system works. The information is non-time specific, non-financial, and non-quantitative.

The company uses the symbolic form of science. Arguments and explanations are made using logos and they have an earthly basis. Havyard combines the persuasive and authoritative speech genres. Some risks and risk management activities are profoundly explained, while others are simply listed. As an example of a persuasive discussion, the company discusses the recent drop in oil prices and how the company is diversifying their product portfolio to mitigate impact on company profits.

The strategic intent could be to reinforce an image on a well-run company. Havyard could thus be trying to reinforce the existing perceived and projected image. As a company that is dependent on the oil industry, this could be a very conscious strategic intent considering recent problems in the petroleum sector. The main stakeholders targeted could be investors and employees. These stakeholder groups have power and legitimacy, and because of the recent drop in oil prices, their claims are urgent. Hence, the stakeholders are dominant. The company uses a persuasive communication strategy to ensure stakeholders that management is managing risk properly in a difficult operating environment. However, the use of the authoritative speech genre, and the symbolic form of science could make it more difficult to persuade labor unions, and some investors.

5.3.4 TTS Group

The topics discussed by TTS Group (2015:pp.40-43) are market risk, financial risk, and operational risk. TTS Group uses a combination of historical, forward-looking, and non-time specific narratives in their communication. Typically, the company describes the nature of the risk in a non-time specific narrative before using historical information to discuss recent events, and a forward-looking narrative to discuss a hypothetical future. When discussing financial risk, TTS Group uses a very financial and technical narrative. The company also uses a financial narrative in smaller parts of the discussion regarding market risk and operational risk. When discussing financial risk TTS Group uses quantitative measures, whilst the discussion of market risk and operational risk mainly is non-quantitative.

TTS Group uses the symbolic form of science in its risk communication. Arguments appeal to the intellect and are earthly bound. The company mainly uses the persuasive speech genre in its communication. However, when discussing financial risk the company uses expert language (e.g. EBITDA/NIBD ratio) that is difficult for people outside the financial community to understand. From their perspective the discussion could therefore be seen as authoritative.

The strategic intent seems to be to reinforce an image of a well-run company, thus reinforcing the existing perceived and projected image. Investors and other finance professionals could be the targeted stakeholders. This is supported by the use of very technical and expert language. There seems to be little evidence in the risk discussion that the company has a discrepancy between the perceived and applied image on one side, and the desired image on the other side. The use of a persuasive communication strategy and the symbolic form of science could further support this.

5.4 Consumer discretionary

Consumer discretionary consists of two large and two small companies. The large companies are Schibsted and XXL, while the small companies are Kongsberg Automotive and Polaris Media.

5.4.1 Schibsted

Schibsted discloses risk in one section called “analysis of market risk” (Schibsted, 2015:pp.18-19), and one section called “risk management and internal control” (Schibsted, 2015:pp.74-75). When discussing market risk, the following topics are included: cyclical risks, risk from changes in markets, disruptive events, currency risk, interest rate risk, price movements in the paper market, credit risk, and policy risk. Schibsted use a mix of all time orientations in its risk communication. The historical time orientation is used to describe events that occurred in 2014, the non-time specific orientation is used to describe present events and facts. Furthermore, the forward-looking orientation is used to describe how changes might affect the company. Financial risks are explained using a financial and quantitative narrative, where the company explains how currency and interest fluctuations will affect the financial position of the company. The non-financial risks are described using a non-quantitative narrative consisting of facts and judgments. When discussing risk

management and internal control, the company describes the financial accounting system and control system used. The discussion is non-time specific, non-financial, and non-quantitative.

Schibsted uses the symbolic form of science. Arguments appeals to logos, and they are earthly bound. The company uses a combination of the authoritative and persuasive speech genre. Arguments are profound and well constructed, with a combination of facts and financial measures. However, the assumptions behind the several of the financial risks are not discussed, thus making the narrative more authoritative.

The strategic intent behind the communication could be to strengthen an image of Schibsted being an innovative company. By launching several online solutions for its customers this is an image that the company has spent years building, and there is little evidence that stakeholders have a different image of the company. Schibsted is referring to how successful the company has managed the downturn for printed newspapers. The referrals to the strengths and capabilities of the company, where the company also put itself ahead of much of the existing completion reinforce the desired image. The targeted stakeholders are likely to be shareholders and other finance professionals. This group has power and legitimacy, and because of the downturn for printed media, this group also has urgency, making them definitive stakeholders. By disclosing financial risk measures, Schibsted communicates with this group in a language they understand, and by using a persuasive communication strategy, management might be able to impose its world-view on this group.

5.4.2 XXL

XXL reports risk and risk management separately in the MD&A section of the annual report (XXL, 2015:pp.15-16) with risk management being reported in the combination with internal control (XXL, 2015:pp.21-22). The company separates the risk discussion into financial risk, credit risk, market risk, and corporate risk. XXL mainly uses a non-time specific time orientation. However, smaller sections have a more forward-looking time orientation. This is typically when discussing how customer preferences might change. XXL uses a financial narrative when disclosing financial risk and credit risk, and also in a subsection under market risk focusing on interest rates. The discussion regarding corporate risk has a combination of financial

narrative and non-financial narrative. Here, XXL discusses not only pricing, growth, and profitability, but also brand image and customer preferences. The discussion is non-quantitative. When discussing risk management, the company uses a non-time specific, non-quantitative narrative. A financial narrative is used when describing how financial risk is managed, while a non-financial narrative is used to describe the risk management of operations.

The company mainly uses the symbolic form of science in its risk communication. Arguments are made using logos and they are earthly bound. XXL uses a combination of the authoritative and persuasive speech genres. The argumentation is mainly profound and persuasive. However, there are several statements that state judgments as facts. This contributes to a more authoritative speech genre. When discussing risk management, the narrative is authoritative, with XXL simply stating the procedures.

When looking at the discussion regarding corporate risk there is evidence that the company could be trying to reinforce an image of having a responsive supply chain that is their defense against online retailers. The company discusses in detail how customer preferences change, and a responsive supply chain is necessary to accommodate this. Shareholders and employees are likely to be the targeted stakeholders, whom have legitimacy and power, making them dominant stakeholders. This is because both of these groups need to understand the importance of having responsible supply chains. Employees need to understand that flexibility is key in protecting their jobs. Investors need to understand that a responsible supply chain is important is key to company profitability. The use of persuasive arguments and the symbolic form of science is appropriate for conveying this message.

5.4.3 Kongsberg Automotive

Kongsberg Automotive has a very clear distinction in the MD&A section of the annual report between operational risk (Kongsberg Automotive, 2015:p.12) and financial risk (Kongsberg Automotive, 2015:pp.12-13) by discussing them in different sections.

When discussing operational risk the topics are supplier and customer risk. The company uses a non-time specific, non-financial, and non-quantitative narrative.

When discussing financial risk, the company discloses currency risk, interest risk, credit risk, liquidity risk, and risk management. A financial, non-quantitative, narrative is used, where the company state why each risk category affect the company and also how financial risks are managed.

The company uses the symbolic form of science in its communication. Arguments are appealing to the intellect and rationality, and are earthly based. Kongsberg Automotive mainly uses the persuasive speech genre in its communication, as each risk category is thoroughly explained.

The strategic intent is likely to be seen as more financially attractive, which is important because of a recent large drop in share price. Kongsberg Automotive could be targeting shareholders. This is a stakeholder group with power and legitimacy, and when the share price is dropping, the group also has urgency. Shareholders are thus definitive shareholders that control the future of the company. By using a persuasive speech genre, and the symbolic form of science, management might be able to impose its world-view on shareholders.

5.4.4 Polaris Media

(Please note that Polaris Media ASA does not publicize their annual report in English, and the following discussion is based on the Norwegian version of their annual report.)

Polaris Media discloses risk in combination with a discussion regarding strategy and scenarios for the future (Polaris, 2015:pp.58-61). The main risk topics discussed are market and operational risks, credit and liquidity risk. Market and operational risk is further divided into the following categories: business cycle risk, changes in consumer behavior, changes in the advertising market, risk connected to number of newspapers ordered, printing activities, and personnel costs. Credit and liquidity risk is further divided into: capital structure and ownership positions, balance sheet risks, credit and accounts receivable risk, and liquidity risk. Polaris Media uses a combination of historical and forward-looking narrative when discussing market and operational risk. The company describes the current situation of the risk topics before explaining how they might affect the company in the future. Polaris Media uses both a

financial and non-financial narrative to describe market and operational risk. Markets and operations are described using a non-financial, non-quantitative, narrative. However, the company underlines its points by using measures for costs and revenues to state how important certain risks are. Credit and liquidity risk is described using a historical narrative. The company discusses choices done in 2014 regarding impairments, investments, and changes in debt. Only small segments of the discussion describe how this might affect the future. The narrative is financial by nature when discussing balance sheets, investments, and accounts receivable. Furthermore, the company uses quantitative measures to describe the choices made regarding impairments, increases in debt, and investments.

When disclosing outlooks for 2015, the company has a short discussion regarding some of the risk topics, but with a forward-looking narrative, a combination of financial and non-financial, and quantitative and non-quantitative, narrative.

The company uses the symbolic form of science in their risk communication. Arguments are appealing to intellect and rationality, and they are earthly bound. Polaris Media uses a combination of the authoritative and persuasive speech genres. When discussing market and operational risk the company has a profound discussion, while the discussion of credit and liquidity risk is statements of facts. In the discussion regarding market and operational risk it is possible to understand the reasoning behind decisions for an external party. This is not true for the discussion of credit and liquidity risk. In other words, the discussion regarding market and operational risk is written in the persuasive speech genre, while the discussion regarding credit and liquidity risk is written in the authoritative speech genre.

The discussion regarding outlooks for 2015 must be seen in combination with the discussion regarding risk. Arguments themselves are not described in detail, however, when reading them in combination with the discussion regarding market and operational risk the speech genre is persuasive.

The strategic intent must be analyzed somewhat different for Polaris Media. This is because the discussion regarding risk is combined with a discussion of company strategy. The main focus of the new strategy of the company is to move customers,

employees, and sales into the digital age. Thus, the strategic intent behind the discussion regarding existing risk could be to highlight why this is necessary. Targeted stakeholders could be investors and employees alike, who have power and legitimacy, and considering the changing landscape in the media industry today, they also have urgency. The description of a new strategy just prior to describing risk, and unfavorable occurrences in 2014, could be a part of how management plans to explain why change is necessary. By including strategy in the discussion of risk, management thus makes the risk discussion even more persuasive.

5.5 Consumer staples

This discussion consists of four companies. The large companies are Orkla and Marine Harvest. The small companies are Grieg Seafood and Havfisk.

5.5.1 Orkla

Orkla discloses “Risk Management” (Orkla, 2015:p.25) in the MD&A section of the annual report and “Risk Management and Internal Control” (Orkla, 2015:pp.40-41) in a section on corporate governance. In addition, the company has a separate section called “Risk identification and control” in a separate section of the annual report focusing on corporate social responsibility. The discussion regarding “Risk management” mainly uses the non-time specific narrative in combination with a historical narrative. Essentially, Orkla shortly describe the current risk management system, including some events affecting risk policies in 2014. The discussion focus on reporting hierarchy and operational aspects, and the narrative is thus non-financial and non-quantitative. The second discussion regarding “Risk management and Internal Control” is much more profound and is a combination of risk management and internal control. Orkla uses a non-time specific narrative describing risk management in detail. The narrative is non-financial and non-quantitative focusing on operational issues and internal reporting. When discussing risk in relation to CSR, Orkla uses historical and forward-oriented narratives to discuss how sustainability risk analysis was performed in 2014, and how it will be performed in 2015. The discussion is written in a non-financial, non-quantitative narrative.

The company mainly uses the symbolic form of science in its risk communication. Arguments appeals to intellect and rationality and are earthly bound. The exception could be the CRS risk reporting. A strong focus on business ethics and operating

responsibility could come from a higher ideal. More specifically, Orkla states that its goal is to identify how different stakeholder groups are affected by the company's operations, furthermore basing the argumentation in a belief that all people are equal and should be treated respectfully. The CSR risk reporting is thus done using the symbolic form religion.

Orkla uses a combination of the authoritative and persuasive speech genre. Some sections are statements made by management without further explanation, while other arguments are more profound where management explains why it has made certain choices. The use of two symbolic forms further support that management uses the persuasive speech genre.

The strategic intent behind Orkla's discussion of risk is likely to be twofold. First, the company could aim to reinforce an image of a well-run company, where investors trust management to make the right decisions. This is likely to be reinforcing the projected and perceived image and is shown through the focus on capabilities and strengths regarding risk management and control. Stakeholders targeted are likely to be shareholders, whom have power and legitimacy. Profound explanations of risk management systems are used to impose management's world-view on this group. On the other hand the company also focus on company values, which might no be a part of the existing projected and perceived image. Targeted stakeholders are employees, NGOs, and investors, all of whom could care about company values and environmental and social impact. This is shown in the discussion regarding CSR where the company wants to identify how they affect stakeholder groups, that Orkla wants to run responsible operations, and the company has a strong focus on health and safety risks. Also all employees have insight into "The Orkla Way" which is the governance principles of the company. This signals a business culture where all people matter, and by communicating this in a very persuasive way Orkla could end up getting a very favorable image among the targeted stakeholders.

5.5.2 Marine Harvest

Marine Harvest discloses risk three places in the MD&A section of the annual report. The first section is called: "Risk related to our strategy" (Marine Harvest, 2015:pp.26-27), the second is called "Financial risk" (Marine Harvest, 2015:pp.106-107), and the

third is called “Risk management and internal control” (Marine Harvest, 2015:pp114-115). Marine Harvest starts the risk discussion by stating its company strategy before disclosing a table with different risk factors that might prevent the company from delivering the strategy. The factors are divided into the following categories: operational risk, financial risk, and reporting risk. The risk factors are then discussed (some more than once) under the headlines: profit (Marine Harvest, 2015:pp.34-51), planet (Marine Harvest, 2015:pp.52-73), product (Marine Harvest, 2015:pp.74-87), and people (Marine Harvest, 2015:pp.88-99). Marine Harvest discusses the specific risk factors affecting the headline (profit, planet, product, people) by first identifying the challenge and/or opportunity, then the company describes the efforts taken; finally they discuss the results achieved in 2014. “Financial Risk” discusses currency risk, interest rate risk, credit risk, and price/liquidity risk in more detail. The final discussion explains how risk management and internal control is organized.

Marine Harvest uses a combination of several non-time specific, historical, and forward-looking narratives in their annual report. The first description of “Risks related to our strategy” is mainly none-time specific. However, when discussing the risks in detail (under the headlines profit, planet, product, and people), the company uses the non-time specific narrative, in combination with the historical and forward-looking narrative to describe the challenge/opportunity, past, present, and future company efforts, and results achieved in 2014. “Financial Risk” is discussed using a non-time specific narrative, and in “Risk management and internal control” the narrative is mainly non-time specific, with the exception of a short discussion related to the company’s listing on the New York Stock Exchange, and new whistle blower channels.

A financial narrative is used to describe the financial risks, while a non-financial narrative is used to describe operational risks. The majority of the discussion is non-quantitative. However, absolute measures and change measures are used to make arguments more powerful. E.g. several of the discussions focusing on profit, planet, product, and people include a quantitative table as a basis for discussion.

When discussing risk Marine Harvest, to a large degree, uses the symbolic form of science. However, there are also other symbolic forms present in the company’s risk

communication. When discussing risk related to planet, people, product and profit, the company has a very clear environmental and humanity oriented profile. While signaling a high focus on these values could help increase profitability, it could also show that Marine Harvest has higher ideals where protecting the environment and treating people in a good way are important to the company. E.g. Marine Harvest addresses problems regarding sea lice in a very profound way, perhaps even beyond what is legally required. Furthermore, when discussing challenges/opportunities regarding people, the company focus on supporting local communities in the areas they operate. The measures regarding, people and planet could thus reflect higher ideals. Because the argumentation also appeals to logos, the company is using the symbolic form of religion. However, some elements of the argumentation also appeal to pathos. One example could be the company's CSR projects in Chile, where the company advocates more respect and support within local communities. This could appeal to emotions and create associations for certain shareholders. Marine Harvest is thus approaching the symbolic forms of art and myth in its risk communication.

Marine Harvest is clearly using the persuasive speech genre in its communication. Arguments are profound, and the company is using a rich language to explain challenges and opportunities.

The strategic intent behind the entire MD&A discussion could be to be seen as a responsible and sustainable company. Fish farming has typically been an industry that has a perceived and projected identity as environmentally dangerous, and Marine Harvest is addressing several environmental and social concerns in the annual report. The targeted stakeholders are not just shareholders, but also, NGOs, employees, and regulators. These are stakeholder groups that could have similar requirements to fish farming companies, and together they are definitive stakeholders. The persuasive communication strategy, with a focus on sustainable and responsible strengths and capabilities, together with several symbolic forms could therefore alter the image of the company.

5.5.3 Grieg Seafood

Grieg Seafood (2015:pp.14-15) discusses the following risk topics: financial risk, currency risk, interest rate risk, liquidity risk, and operating risk. Financial risk,

currency risk, interest rate risk, and liquidity risk is discussed using a combination of non-time specific and historical narratives, describing choices made in 2013 and 2014, and current financial strategies. Operational risk is mainly described using a historical narrative focusing on unfavorable events that affected the company in 2014 (e.g. algae in British Columbia). The narrative is financial when discussing financial risks, and non-financial when discussing operational risk. Grieg Seafood uses a non-quantitative narrative.

Grieg Seafood uses the symbolic form of science in its risk communication. Arguments are appealing to logos and they are earthly bound. The company uses the persuasive speech genre. Argumentation is profound, and well reasoned, and the company explains reasons for unfavorable outcomes and choices made in 2014.

The strategic intent could be that Grieg Seafood wants to reinforce an image of a company that is well-run. Targeted stakeholders are likely to be shareholders and other finance professionals. This is because much of the risk information disclosed is of a financial nature. However, one would expect that a fish farming company would try to communicate with other stakeholder groups in its communication. Fish farming has an image of not being environmentally friendly, and this should have been addressed if the company wanted to alter an applied or perceived identity. By only addressing shareholders the company avoids difficult questions, but is not able to change the image that other stakeholders have of the company.

5.5.4 Havfisk

Havfisk discloses risk in the MD&A section under the headline “Financial risk and risk management” (Havfisk, 2015:p.19). Risk topic categories discussed are: market risk, credit risk, liquidity risk, and foreign exchange risk. Havfisk is using a non-time specific narrative when discussing market risk. When discussing other risk topics, the company uses a combination of a non-time specific narrative and a historical narrative. The nature of the risks is described using the non-time specific narrative, while recent events affecting these risks are described using a historical narrative. The company is using a financial narrative. E.g. when discussing market risk, Havfisk’s focus is price movements and financial hedging strategies. The company is using a non-quantitative narrative where risk is described using facts and judgments.

Havfisk uses the symbolic form of science, where arguments appeal to the intellect and rationality and are earthly bound. The company uses a combination of the authoritative and persuasive speech genres. Some facts and judgments are stated without much explanation, while other arguments are more profound. An example of authoritative speech genre is that the company states that counterparty risk is managed by two external organizations. However, the company does not explain this any further, nor the creditworthiness of these organizations. One example of profound argumentation used by Havfisk is a thorough explanation of a refinancing that took place in 2012.

The strategic intent behind Havfisk's risk communication is to reinforce a projected and perceived image of a well-run company that controls its risk. Stakeholders targeted are finance professionals, which have power and legitimacy. The language used is very technical and could be difficult for other stakeholder groups to fully understand. The use of the symbolic form of science and the use of a persuasive speech genre supports management in imposing its world-view on the finance community.

5.6 Health care

All the health care companies on Oslo Stock Exchange are small relative to companies in other industries. However, the companies discussed are relatively large or small within the Norwegian health care industry. The large companies are Weifa and Nordic Nanovector, while the small companies are Navamedic and Binor Pharma.

5.6.1 Weifa

Weifa discloses both "risk exposure and risk management" (Weifa, 2015:p.24) and "risk management and internal control" (Weifa, 2015:p.19) in the MD&A section of the annual report. Risk exposure and risk management is divided into operational risk and financial risk. Topics discussed under operational risk are country risk related to operations in Norway and foreign countries. When discussing financial risk, the topics are interest rate risk, credit risk, liquidity risk, and foreign exchange risk. The discussion regarding operational risk has a non-time specific narrative, while the discussion regarding financial risk has a combination of a non-time specific orientation and an historical narrative. Weifa discusses the past year, and how events

have contributed to the current risk situation. Operational risk is discussed by using a non-financial, non-quantitative narrative. Financial risk is mainly discussed by using a financial and quantitative narrative. There are non-financial elements in the discussion of financial risk; however, financial measures are used to underline points and arguments. The discussion regarding risk management and internal control is discussed in a non-time specific, non-financial, non-quantitative narrative.

Weifa uses the symbolic form of science when discussing risk. Arguments appeal to logos and are earthly bound. Most arguments are profound and well reasoned, and the main speech genre is thus persuasive. There are some statements that are less well explained, e.g. the probability that Norwegian authorities would change subscription drug regulations. These statements contribute to a more authoritative speech genre, but are outnumbered by well-explained arguments.

The strategic intent behind Weifa's risk discussion is likely to be to reinforce an image of a well-run company. Targeted stakeholders are likely to be shareholders, as much of the information disclosed is financial and technical in nature. The use of a persuasive communication strategy, with the messages focusing on strengths and values, a functional orientation, and the symbolic form of science could strengthen confidence in the company.

5.6.2 Nordic Nanovector

Nordic Nanovector discloses risk in the MD&A section using the headlines "Financial risks" (Nordic Nanovector, 2015:p.7) and "Non-financial risks" (Nordic Nanovector, 2015:pp.7-8). Financial risks are divided into topics: interest rate risk, exchange rate risk, credit risk, and liquidity risk. Non-financial topics discussed are: technology risk, competitive technology, and market risks.

When discussing financial risk Nordic Nanovector mainly uses a historical narrative to explain recent events, and a non-time specific narrative to explain the current risk situation. The discussion has a financial, non-quantitative, narrative. The discussion regarding non-financial risk has a non-time specific narrative, focusing on the current situation, when discussing technology risk and competition. The discussion regarding market risk has a forward-looking narrative focusing on approvals from European and

American authorities. Non-financial risk is discussed using a non-financial, non-quantitative, narrative.

Nordic Nanovector uses the symbolic form of science. Furthermore, the company is using the authoritative speech genre. Arguments and statements are not explained, and the different risk topics disclosed are just stated, not explained.

The strategic intent could be just to inform stakeholders of risks and the targeted stakeholders are likely to be investors. However, the information disclosed is not profound enough to provide stakeholders with much new information. By solely using the authoritative speech genre and an informative communication strategy, it is difficult for management to impose its world-view on financial professionals.

5.6.3 Navamedic

(Please note that the annual report of Navamedic is only available in Norwegian).

Navamedic discloses risk factors (Navamedic, 2015:p.7) and risk management (Navamedic, 2015:p.13) in the MD&A section of the annual report. When discussing risk factors, the main topics discussed are operational risk and financial risk.

Operational risk is divided into market risk and contract risk. Market risk is further separated into approval and registration processes, partnerships, price competition, and general market development. Financial risk is separated into interest rate risk, currency risk, credit risk, and liquidity risk. Operational risks are described using a non-time specific narrative and a forward-looking, focusing on the current situation regarding sales and potential future competition. Financial risk is described using a non-time specific narrative, focusing on the current situation. Operational risk is described using a non-financial narrative. Financial risk is described using a financial narrative. For both risk categories, Navamedic uses a non-quantitative narrative. Risk management and internal control has a non-time specific, non-financial, and non-quantitative narrative, focusing on the current risk management and internal control situation.

Navamedic uses the symbolic form of science in its risk communication.

Argumentation appeals to logos, and are earthly bound. Furthermore, the company

uses a combination of the persuasive and authoritative speech genres. Some arguments are profound, and are well reasoned. Others are just statements, where the company does not fully explain the rationale behind choices taken.

The strategic intent behind the communication is likely to ensure stakeholders, and reinforce the existing image, that the company manages risk well. Targeted stakeholders are likely to be investors. Significant parts of the information are financial and technical in nature, and there is little information that is of interest to employees, NGOs, and other organization. The communication has a persuasive and informative communication strategy, messages focusing on risk management strengths and capabilities, and the symbolic form of science.

5.6.4 Bionor Pharma

Bionor Pharma discloses risk under the following headlines in the MD&A section: “Operational risk and risk management” (Bionor Pharma, 2015:p.17), “Financial risk and risk management” (Bionor Pharma, 2015:pp.17-18), and “Risk management and internal control” (Bionor Pharma, 2015:p.30). Operational risk topics discussed are: development risk, regulatory risk, partner risk, trial risk, and profitability risk. Financial risk topics discussed are: foreign exchange risk, interest rate risk, credit risk, and liquidity risk. When discussing operational risk Bionor Pharma combines a non-time specific narrative, with a forward-looking narrative. Typically the company describes the current risk situation, before using a forward-looking narrative to discuss the future. Operational risk is discussed by using a non-financial, non-quantitative narrative, where the discussion focus on operational and strategic risk issues. The discussion regarding financial risk mainly uses a non-time specific narrative in combination with a historical narrative. Bionor Pharma typically describes the current risk situation, and uses financial facts from 2014 to describe why the risk exists. The narrative is financial and mainly non-quantitative, mainly focusing on facts and judgments. When discussing risk management and internal control, the company uses a non-time specific, non-financial, non-quantitative narrative to shortly describe risk management systems, and to state that development risk is the main risk faced by the company.

The company uses the symbolic form of science in its risk communication. Bionor Pharma uses the persuasive speech genre. Arguments are profound and well reasoned. Choices made, and risks experienced are well explained, and level of detail could be interpreted as a way of thoroughly informing stakeholders.

The strategic intent behind the risk communication is likely to reinforce an image of a well-run company. Furthermore, a strong focus on safety could be a way of communicating to NGOs that the company takes several stakeholders seriously, not just financial stakeholders. NGOs, and investors have legitimacy, power, and are dominant stakeholders. The company uses a persuasive communication strategy. They use messages that focus not only on capabilities and strengths, but also in values, which strengthens the persuasive communication strategy. This could convince NGOs and investors that managements' world-view is correct.

5.7 Information Technology

This industry is discussed using two large and two small companies. The large companies are Opera Software and Atea, while the small companies are Itera and PSI Group.

5.7.1 Opera Software

Opera Software has divided the discussion of risk into “Risk factors” (Opera Software, 2015:pp.73-78) and “Risk Management and internal control” (Opera Software, 2015:pp.179-181).

The topics discussed under “Risk factors” are: business risk, financial risk, liquidity and credit risk, tax risk, competition, R&D/product development, customer/partner risk, data center risk, brand name, growth or change in headcount, senior management and key employees, regulatory risk, lawsuits, government investigation and other claims, acquisitions, fluctuations, and other factors. A significant part of this discussing is written in a non-time specific narrative. Risk disclosure consists of descriptions of the current situation. However, there are also several segments that are written in historical and forward-looking narratives. For example, financial risk and liquidity and credit risk are described using historical financial data. A forward-looking narrative is used as a supporting narrative when discussing R&D, customer/partner risk, and data center risk to describe how the risk factor could affect

Opera in the future. The company uses a financial narrative to describe risks that are of a financial nature, and a non-financial narrative to describe operational and strategic risks. Furthermore, Opera uses a quantitative narrative to describe financial and credit and liquidity risks, while the company uses a non-quantitative narrative to describe the remaining risks. The discussion regarding “Risk management and internal control” uses a combination of the non-time specific narrative to explain how risk management is organized, and a historical narrative to explain how the board of directors has developed the risk management and internal control system.

Opera Software uses the symbolic form of science in its risk communication. The company uses the persuasive speech genre, with risk factors being thoroughly explained.

A main goal of Opera’s risk communication is to reinforce an existing image of being an innovative and dynamic company in the discussion regarding risk. This is important to communicate both to the financial community and to employees. When looking at the discussion regarding competition, R&D/product development, and customer partner risk it is clear that Opera finds the business environment dynamic, and that a key success factor for being competitive is to be good at product development. Furthermore, Opera state that it needs to have employees that reflect the changing needs in the industry. Also, Opera state that the company has made strategic acquisitions over the last years to help strengthen the competitive position. This is very much a persuasive risk discussion, where management’s world-view is clearly communicated. However, it might be necessary to use several symbolic forms to properly convince employees unfamiliar with business language.

5.7.2 Atea

Atea separates risk factors (Atea, 2015:pp.40-41) and risk management in the MD&A section of the annual report (Atea, 2015:pp.113-114). Risk factors discussed are: market risk, financial risk, credit risk, and liquidity risk. When discussing market risk and market risk, the company first uses an historical narrative to describe recent years, before using a non-time specific narrative to describe the current situation. Credit risk is discussed using a historical narrative, while liquidity risk is discussed by combining a historical and non-time specific narrative. When discussing market risk, Atea

mainly uses a non-financial narrative and focuses on strategic and operational issues. There is, however, also a discussion regarding pricing that is more financial. The remaining risk topics are described using a financial narrative. Atea mainly uses a non-quantitative narrative when disclosing risk. However, when discussing financial and liquidity risk the company does discuss equity and debt-to-EBITDA ratios. The discussion regarding risk management and internal control is written using a non-time specific narrative, a non-financial narrative, and a non-quantitative narrative.

Atea uses the symbolic form of science in its risk communication. The company uses a combination of the authoritative and persuasive speech genres. Several arguments are profound and have well reasoned arguments. However, some arguments are just stated. This includes target levels for financial ratios and why floating interest rates are chosen.

The strategic intent is likely to reinforce an image of a well-run company. Targeted stakeholders are likely to be shareholders, whom have power and legitimacy. This is shown through the use of finance lingo and abbreviations, such as EBITDA. Atea has a persuasive communication strategy with messages focusing on strengths and capabilities, that enables management to try and persuade stakeholders of their world-view.

5.7.3 Itera

Itera divides the risk discussion in the MD&A section into two: financial risk and business risk (Itera, 2015:p.28) and risk management (Itera, 2015:pp.80-81). Financial risk topics discussed are currency risk, liquidity risk, and credit risk. Business risk topics discussed are country risk, data security, corruption, and legal/political risk. Itera mainly uses a non-time specific narrative when discussing both financial and business risk. The exception is that the company states that, historically, it has low losses on receivables. When discussing financial risk the company uses a financial narrative, and when discussing business risk a non-financial narrative is used. Itera uses a non-quantitative narrative. Risk management and internal control is mainly described using a non-time specific, non-financial, and non-quantitative narrative. Some historical events that explain the current situation are included.

Itera uses the symbolic form of science in its risk communication. The exception might be that Itera states that it has a zero tolerance for corruption. While this might be expected from Norwegian companies, Itera can, by stating it, be using the symbolic form of religion. However, this is a minor detail compared to the majority of the risk discussion. Most arguments appeal to logos and are earthly bound. Furthermore, the disclosure of financial risk in the MD&A section is done using the authoritative speech genre, simply stating facts and judgments. Business risk is described using more profound arguments. However, also in this part there are some arguments just stated by management. Therefore, the company is using a combination of the persuasive and authoritative speech genres in this section. When disclosing risk management and internal control, Itera uses well-reasoned arguments and the persuasive speech genre.

The strategic intent is likely to reinforce and image of a well-run company. Investors and finance professionals seem to be the main group of stakeholders targeted, which is demonstrated by the use of a somewhat technical language. Itera uses the persuasive communication strategy, themed messages explaining strengths and capabilities, uses a functional orientation, the symbolic form of science. The exception might be that Itera's zero tolerance for corruption. This could strengthen an image of a "good" company. However, it is again just a very small part of the risk discussion.

5.7.4 PSI Group (Trading as StrongPoint from August 2015)

PSI Group discloses risk in the MD&A section under the titles "Risiko" (PSI Group, 2015:p.18) and "Risk Management and Internal Control" (PSI Group, 2015:p.72). The topics disclosed under "Risiko" are macroeconomic trends and geographical markets, currency risk, interest risk, credit risk, liquidity risk, and operational risk. PSI Group mainly uses a non-time specific narrative, with some elements of a historical narrative, when disclosing risk. Macroeconomic trends and geographical market risks are described with a historical narrative, while the financial risk is described using a non-time specific narrative. The company uses a non-financial narrative when describing non-financial risks, and a financial narrative when describing financial risks. Furthermore, the company uses a non-quantitative

narrative. When discussing risk management and internal control the company uses a non-time specific narrative, a non-financial narrative, and a non-quantitative narrative to describe risk management policies and organization.

PSI Group mainly uses the symbolic form of science. Argumentation appeals to the intellect and are earthly bound. One exception might exist. When discussing risk management and internal control the company states that management policies are based on ethics and social responsibility, which typically could be an indicator of basing arguments in higher ideals. However, this is not elaborated any further. The company uses a combination of the authoritative and persuasive speech genre. Some arguments are profound and explain choices, however, the majority of the communication is statements and facts presented by management as the truth, relying on the authority that comes from being a manager.

The strategic intent is likely to reinforce an image of a well-run company. Targeted stakeholders are likely to be investors as most information is technical and financial in nature. The use of a persuasive communication strategy and the symbolic form of science could be appealing to targeted financial stakeholders. The exception might again be the statement regarding ethics and social responsibility. Had this been discussed in depth, arguments could have been made that the company was trying to alter its image.

5.8 Telecommunication services

The telecommunication industry sample only consists of two companies because they are the only companies in this sector that is listed on Oslo Stock Exchange. The large company is Telenor, and the small company is NextGenTel.

5.8.1 Telenor

Telenor discusses the following risk factors: financial, regulatory, operational, and social and environmental (Telenor, 2015:pp.16-19). The company also has a separate discussion of risk management practices (Telenor, 2015:p.19). Financial risks are mainly discussed using a historical narrative, where results from 2014 are in focus. The remaining risk factors are discussed using historical information to explain recent events, and how they might affect company performance in the future. Financial risk factors are discussed using a financial narrative, while non-financial risk factors are

discussed using a non-financial narrative. When discussing risk management the company uses a non-time specific, non-financial, and non-quantitative narrative.

The arguments used are mostly appealing to intellect and rationality, are also earthly based. Therefore Telenor mainly uses the symbolic form of science. In the discussion of social and environmental risk, Telenor explains how to protect the freedom of speech, the protection of human rights, how to protect children online, how to ensure a responsible supply chain, and how to operate environmentally friendly. While the discussion regarding the environmentally friendly operations still uses the symbolic form science, the other factors discussed here uses to ideals that could belong at the metaphysical level. The belief in human rights, the freedoms of speech etc. are ideals that could come from a belief that humans have a value above the profits they generate. The arguments used mostly play to logos, which is they are built using logic and argumentation. However, when discussing how communication technology could enrich the lives of children, but at the same time there are risks, Telenor uses pathos in playing to the maternal and paternal feelings of stakeholders. The discussion of social and environmental risk could therefore be categorized as both religion and myth.

Telenor mainly uses the persuasive speech genre. However, the authoritative genre is present in the disclosure of financial risk when using numbers, and expert language such as EBITDA. One cannot assume that all stakeholder groups understand this, and they are treated as facts. The authoritative genre is also used in the discussion regarding risk management. Telenor does not try to discuss strengths and weaknesses regarding its system, the company just outlines it. The persuasive speech genre is seen through the use of logical arguments regarding operational risk, regulatory risk, and environmental risk.

The strategic intent might mainly be found in the social and environmental risk discussion. Strong focus on social and environmental issues could be a reaction to earlier cases of child labor (Telenor Group, 2008), and concerns regarding human rights (Human Rights Watch, 2013). Targeted stakeholders are thus NGOs and regulators that have power, legitimacy, and urgency. The projected and perceived image of Telenor could thus have been altered negatively among some stakeholders, which is an image gap the company wants to close. Addressing these issues in the

annual report is done through a combination of emotional and symbolic messages, a persuasive speech genre, and several symbolic forms, which tries to communicate the company take these concerns seriously.

5.8.2 NextGenTel Holding (trading as Telio Holding until May 2015)

Telio Holding separates risk (Telio Holding, 2015:p.6) from risk management (Telio Holding, 2015:pp.6-7). The majority of the risk information disclosed is non-time-specific. It is mainly the current situation that is discussed, with minor focus on historical facts and forward-looking predictions. Most of the disclosed information regarding risk is about financial and economic factors that might affect the company. This includes evaluation of accounts receivable, currency risk, and liquidity risk. The only non-financial risk being discussed is market risk. Even though much of the information is financial in nature, it is mainly non-quantitative. The risk management information discussed is just a brief outline of the risk management system in the company without any quantitative information. Identified risks are managed well according to the company.

Telio uses the symbolic form of science in its risk communication using logos and earthly based arguments. Furthermore, Telio uses the authoritative speech genre in communicating risk. Risk and risk management is disclosed with a single voice stating that company management is on top of the situation, without properly explaining why.

Telio wants to reinforce the existing projected and perceived image of being a well-run company. The main stakeholders being addressed are investors, with power and legitimacy. By using an authoritative speech genre, a single symbolic form, an informative communication strategy, and a very shortly risk discussion could make it difficult to achieve the desired strategic intent.

5.9 Utilities

The utility sector on Oslo Stock Exchange consists of three companies. The large company is Hafslund, and the small companies are Scatec Solar and Arendals Fossekompani.

5.9.1 Hafslund

Hafslund discuss the following risk categories: market, financial, regulatory, and operational (Hafslund, 2015:pp.13-14). The company uses a non-time-specific time orientation in its risk communication. In addition to the financial narrative when discussing financial risks, the company uses a financial narrative when disclosing market risk, e.g. the use of financial hedging strategies, and under regulatory risk where specific Norwegian income regulations for utility companies affect the company. It is only under operational risk that the company mainly discusses non-financial issues. Even though much of the information disclosed is of a financial nature, none is quantitative.

Hafslund mainly uses the symbolic form of science in its communication. The arguments made appeals to the rationality of the reader, focusing on how well the company manages risk. The arguments also have an earthly basis.

Furthermore, Hafslund mainly uses an authoritative speech genre. Management presents itself as in control, using scientific, inside group language, such as standardized contracts cleared at the Nasdaq OMX, and interest rate curve. This does not necessarily have any meaning for stakeholder groups such as employees or customers. Arguments are built by presenting a fact, and then how management deals with the fact, and there is no room for discussion.

The strategic intent behind the risk disclosure might be to reinforce an image of a trustworthy company that does not take any unnecessary risks. There are no indicators in the risk communication that the projected, perceived, and desired identities are not in line with each other. The main stakeholders that seem to be in focus are investors, and perhaps regulators, as the language might be too difficult for customers and employees to understand. The informal/persuasive communication, which is used, might be appropriate in this case, however, the autorative speech genre might make it difficult for management to impose its world-view on stakeholders.

5.9.2 Scatec Solar

Scatec Solar divides the discussion of risk into the following topics: commodity prices, currency, interest rate, credit, liquidity, political, and other risks (Scatec Solar,

2015:pp.26-27). Most of the information is non-time-specific. However, there are also some elements that are forward-looking and historical. Examples include the use of derivative contracts to mitigate counter party risk and a discussion regarding the effect of an IPO in 2014 on liquidity. Financial and operational risks focus on financial issues such as price development, and financing alternatives. Political risk is the only category that seems to entirely focus on other issues. In all categories the information disclosed is non-quantitative.

Scatec Solar mainly uses the symbolic form of science in its communication. Most of the arguments use rationality and intellect, and has an earthly basis. There could, however, be some exceptions. The company expresses a strong belief in the rule of law. Considering that not all countries has the same level of legal protection, and different levels of corruption, this strong belief in the legal system could be considered as a belief in an ideal. While the company does express some concern regarding political risk, this concern mainly focuses on problems with requirement compliance from the company's point of view, not other political problems that the company could face in these countries. This is especially true when considering that the company has operations in countries such as Jordan and Honduras, where they could have focused on social challenges. The strong focus on legal aspects and compliance are thus argued for using the symbolic form of religion.

Scatec Solar use the persuasive speech genre. The company is properly builds arguments, and explains risks to the reader.

The strategic intent should perhaps be analyzed by keeping in mind that Scatec Solar went public in 2014. While, the company's shares have been traded for some time, the goal with the risk disclosure could be to ensure investors that the company manages risk well. This could be particularly important considering how other companies in the solar cell industry has fared (e.g. REC Solar). There could thus be a difference between the projected and perceived identity on one side, and the desired identity on the other. Investors seems to be the main stakeholder group targeted, but also employees could benefit from knowing that the employer manages risk well in an uncertain industry. The persuasive communication strategy and the symbolic form of science could help in achieving the strategic intent.

5.9.3 Arendals Fossekompani

(Please note that Arendals Fossekompani only provides its annual report in Norwegian.)

Arendals Fossekompani's risk disclosure in the MD&A section of the annual report is extremely limited (Arendals Fossekompani, 2015:p.9). The company simply states that it experiences risk factors such as: currency risk, credit risk, market risk, and liquidity risk in relation to financial instruments. This is described in the notes under financial risk, not in the MD&A section of the annual report.

The company uses a non-time specific, financial, non-quantitative narrative. Arendals Fossekompani is using the symbolic form of science as it simply lists the financial risks. Furthermore, the company is using the authoritative speech genre, as no explanations are provided. It is unclear whether there is any strategic intent.

6.0 Results and Discussion

6.1 Main findings

The literature review highlighted that there are differences between industries in how they disclose risk in annual reports. In some countries there also were differences between large and small companies. The difference between this thesis and previous studies is that this study focuses on linguistic analysis. The main finding in this thesis is related to companies' strategic intent when disclosing risk. A large number of the companies analyzed does not have a clear strategic intent behind their risk communication, and only want to be seen as well run. On the other side, you have the companies with a clear strategic intent. The companies with a clear strategic intent support Beretta and Bozzolan (2004:p.277) whom found that companies disclosed information about company strategy. The topics of the strategic intents in this thesis are roughly divided into the same topic-categories as described by Linsley and Shrives (2006:p.396) and Lajili and Zégal (2005:p.133), which are strategic, operational, and financial risks.

One major difference from the existing literature is that Lajili and Zégal (2005:p.140) found that risk disclosure does not include up-sides and value creating opportunities. While this is true for some, but not all, of the companies without a clear strategic

intent, it is the opposite of the findings for companies with a clear strategic intent in their risk communication. These companies often include up-sides and value creating opportunities. The existing literature is divided with respect to the level of risk management disclosure; this thesis supports Lajili and Zégal (2005:p.140) whom found that risk management is discussed in the annual reports.

It seems as if it is common for the companies with a clear strategic intent to use a richer language than those companies without a clear strategic intent. For companies with a clear strategic intent, it is relatively common to use more than one symbolic form, and also to use the persuasive speech genre, or to combine the persuasive speech genre with the authoritative speech genre. However, there are still some companies that have a clear strategic intent and use one single symbolic form, or the solely the authoritative speech genre. When companies use only one symbolic form, this is always the symbolic form of science.

The use of different time-orientations, financial/non-financial narratives, and quantitative/non-quantitative narratives does not seem to be related to the strategic intent, and it is difficult to find any systematic differences between companies. This is different from Beretta and Bozzolan (2004:p.277) who found that companies mainly discuss historical or present events, Linsley and Shrivess (2006:p.394) and Lajili and Zégal (2005:p.141) whom found that there are some narrative combinations that are more common than others, that the number of monetary disclosures is larger than the number of non-monetary disclosures, and that there is a lack of quantitative measurements. The large variations among narratives also make the readability difficulty very different from company to company. This result is different from Linsley and Lawrence (2007:p.625), who found that annual reports are difficult to read in general.

The following section discusses similarities and differences between companies in the same industry based on whether the companies are categorized as large or small. Next, the results from different industries are compared. Finally, a more generalized view is taken where large and small companies are compared, irrespective of industries. Because the main finding is differences in strategic intent, symbolic forms, and speech genres, this will also be the basis for comparisons.

6.2 The energy industry

There are clear differences in the energy industry in how companies disclose risk. However, these differences are not necessarily dependent on whether a company is large or small. Large companies are Statoil and Aker Solutions, and small companies are Odfjell Drilling and Bergen Group. The main findings with respect to whether companies are large or small is summarized in the following table:

	Large companies	Small companies
Strategic intent	Statoil does not have a clear strategic intent, other than being seen as a well-run company. Aker Solutions' strategic intent is to change their image to be seen as more responsible.	Both companies are focusing on reinforcing an image of being well-run companies.
Symbolic form	Statoil: symbolic form of science. Aker: symbolic form of science, symbolic form of religion, and moving towards symbolic form of myth	Both companies use the symbolic form of science.
Speech genre	Both companies use a persuasive speech genre.	Bergen Group: authoritative speech genre Odfjell Drilling: persuasive speech genre

Table 1 – Energy industry comparisons

There are no clear differences between the large and small companies of the energy industry with respect to the measures included here. However, the main difference between individual companies is the strategic intent. Only Aker Solutions has a clear

strategic intent, use a variety of symbolic forms, and discuss softer risks to underline the strategic intent.

6.3 Materials

The large companies are Yara International and Norsk Hydro, while the small companies are Norske Skogindustrier and Intex Resources. The main differences are summarized in the following table:

	Large companies	Small companies
Strategic intent	Yara wants to alter its image to be seen as responsible Hydro wants to alter its image to be seen as a safe investment again	Norske Skog wants to alter its image to be seen as more operationally and financially solid Intex Resources wants to be seen as more responsible and sustainable, and they need to persuade investors to provide financing
Symbolic form	Yara: symbolic forms of science and religion, approaching the symbolic form of myth Hydro: symbolic form of science	Norske Skog: symbolic form of science Intex Resources: symbolic forms of science, religion, art, and myth
Speech genre	Both companies use the persuasive speech genre	Both companies use the persuasive speech genre

Table 2 – Materials industry comparisons

It is difficult to separate the small from the large companies in the materials industry. One important similarity is that the companies in this industry have clear strategic intents. Yara, Norske Skog and Intex resources want to be seen as responsible, which is supported by using the common use of a persuasive speech genre, Yara and Intex Resources also use several symbolic forms to appeal to a wider audience. Hydro

wants to alter the image of the company, and use the persuasive speech genre to support this. However, both Norske Skog and Hydro use a single symbolic form, thus having less rich language than Yara and Intex Resources.

6.4 Industrials

The large companies are Kongsberg Gruppen and Tomra Systems. Small companies discussed are Havyard Group and TTS Group.

	Large companies	Small companies
Strategic intent	Kongsberg: reinforce image of managing risk well Tomra: No clear strategic intent, except for reinforcing an image of a well-run company	Havyard: no clear strategic intent, except for reinforcing an image of a well-run company TTS: reinforcing an image of a well-run company, other than that there is no clear strategic intent
Symbolic form	Both use the symbolic form of science	Both use the symbolic form of science
Speech genre	Kongsberg: authoritative speech genre Tomra: combines authoritative and persuasive speech genres	Havyard: combines authoritative and persuasive speech genre TTS: combines authoritative and persuasive speech genres

Table 3 – Industrials industry comparisons

There is a similarity in the industry that there is a lack of a clear strategic intent behind the risk communication, except for communicating that the companies are well-run. Using a relatively simple language underlines the lack of a clear strategic intent. The companies are solely using the symbolic form of science and, except for TTS, use the authoritative speech genre to some degree.

6.5 Consumer discretionary

The large companies in this industry are Schibsted and XXL and the small companies are Kongsberg Automotive and Polaris Media.

	Large companies	Small companies
Strategic intent	Schibsted: Clear strategic intent of altering/reinforcing an image of being an innovative company XXL: Clear strategic intent of reinforcing the image to being seen as very responsive to changing consumer demands	Kongsberg: alter the image to be seen as an attractive investment again Polaris: alter the image to be seen as moving with the times
Symbolic form	Both companies use symbolic form of science	Both use the symbolic form of science
Speech genre	Schibsted: mainly persuasive, some authorative XXL: combines persuasive and authorative speech genres	Kongsberg use the persuasive speech genre. Polaris combines the authorative and persuasive speech genres

Table 4 – Consumer discretionary industry comparisons

A clear similarity here is that companies in the industry have clear strategic intents. , Schibsted, XXL, and Polaris want to be seen as being dynamic and moving with current trends. Kongsberg Automotive wants to be seen as a safe investment again. However, it is interesting that the companies only use one symbolic form, and that the large companies to some extent use the authorative speech genre. This is a deviation from the general trend for companies with a clear strategic intent.

6.6 Consumer staples

The large companies discussed are Orkla and Marine Harvest and the small companies discussed are Grieg Seafood and Havfisk.

	Large companies	Small companies
Strategic intent	Orkla: reinforce an image of a well-run company, and alter the image to be seen as responsible and considerate of all stakeholders Marine Harvest: alter the image to be seen as operating sustainable and environmentally friendly	Grieg: no clear strategic intent, except for being seen as well-run Havfisk: wants to reinforce and image of being seen as well-run
Symbolic form	Orkla: mainly symbolic form of science, when discussing CSR symbolic form of religion Marine Harvest: mainly symbolic forms of science and religion. Approaching symbolic forms of myth and art when discussing CSR	Both use the symbolic form of science
Speech genre	Orkla: combines persuasive and authoritative speech genres Marine Harvest: persuasive speech genre	Grieg: mainly using the persuasive speech genre Havfisk: combines the persuasive and authoritative speech genres

Table 5 – Consumer staples industry comparisons

In this industry the large companies has a clear strategic intent of being seen as responsible, while the smaller companies lack a clear strategic intent. This is reflected in the richness of the language, where the large companies support their strategic intent by using several symbolic forms and the persuasive speech genre. The smaller companies wants to be seen as well-run, and use one symbolic form. They do, however, use the persuasive speech genre.

6.7 Health care

Large companies discussed are Nordic Nanovector and Weifa, and small companies discussed are Bionor Pharma and Navamedic.

	Large companies	Small companies
Strategic intent	Weifa: reinforce an image of a well-run company Nordic Nanovector: no clear strategic intent, other than to inform stakeholders of risk	Navamedic: reinforce an image of a company that manages risk well Bionor: no clear strategic intent except for reinforcing an image of a well-run company
Symbolic form	Both use the symbolic form of science	Navamedic: symbolic form of science Bionor: mainly symbolic form of science, approaching symbolic form of religion
Speech genre	Weifa: mainly persuasive speech genre Nordic Nanovector: use the authoritative speech genre	Navamedic: combines persuasive and authoritative speech genre Bionor: persuasive speech genre

Table 6 – Health care industry comparisons

The companies in this industry are very similar. They all lack a clear strategic intent, except for being seen as well-run. In line with the general trend for companies lacking

a strategic intent, the companies use one single symbolic form, and some of them use elements from the authoritative speech genre.

6.8 Information Technology

The large companies discussed are Opera Software and Atea, and the small companies discussed are Itera and PSI Group.

	Large companies	Small companies
Strategic intent	Opera: reinforce image of innovative and dynamic company Atea: No clear strategic intent other than reinforcing an image of a well-run company	Itera: mainly to reinforce an image of a well-run company, some appeals to creating an image of fighting corruption PSI Group: mainly reinforcing an image of being well run. Some effort to alter the image to be seen as sustainable, responsible, and ethical.
Symbolic form	Both companies mainly use the symbolic form of science	Itera: symbolic form of science PSI Group: mainly symbolic form of science, but could be moving towards symbolic form of religion
Speech genre	Opera: persuasive speech genre Atea: combining persuasive and authoritative speech genres	Itera: mainly authoritative speech genre, some persuasive PSI Group: combination of persuasive and authoritative speech genres

Table 7 – IT industry comparisons

With the exception of Opera, the companies in this industry also lack a clear strategic intent with their risk communication. Again, the companies are mainly using one single symbolic form, and except for Opera, the companies include the authoritative speech genre in their risk disclosure. Opera, with a strategic intent of being seen as more innovative and dynamic, uses the persuasive speech genre.

6.9 Telecommunication

This sector only consists of two companies on the Oslo Stock Exchange. The large company is Telenor and the small company is NextGenTel.

	Large company	Small company
Strategic intent	Clear strategic intent to be seen as more responsible, sustainable, and ethical	Not a clear strategic intent other than to reinforce an image of being well-run
Symbolic form	Mainly symbolic form of science, also symbolic forms of religion and myth	Symbolic form of science
Speech genre	Combination of persuasive and authoritative speech genres	Authoritative speech genre

Table 8 – Telecommunication industry comparisons

Telenor has a clear strategic intent of being seen as more responsible and sustainable, while NextGenTel lacks a clear strategic intent. In line with the general trend, Telenor is using a variety of symbolic forms and a persuasive speech genre. NextGenTel is using a single symbolic form and the authoritative speech genre.

6.10 Utilities

This sector consists of one large company, and two small companies. The large company is Hafslund, the small companies are Scatec Solar and Arendals Fossekompani.

	Large company	Small companies
Strategic intent	Reinforce an image of being a trustworthy, low risk company	Scatec: Create, or reinforce, an image of managing risk well Arendal: no strategic intent
Symbolic form	Symbolic form of science	Scatec: Symbolic forms of science and religion Arendal: symbolic form of science
Speech genre	Authorative speech genre	Scatec: Persuasive speech genre Arendal: authorative speech genre

Table 9 – Utilities industry comparisons

Hafslund has a clear strategic intent, while the small companies does not. However, Hafslund is only using the symbolic form of science, and is also using the authorative speech genre. This is different from most of the other companies with a clear strategic intent. The small companies are different in both their use of symbolic form and speech genre.

6.11 Comparing industries

Beretta and Bozzolan (2004:p.285) states that industry is not a significant in explaining risk disclosure; on the other hand, Lajili and Zégal (2005:pp.131-132) state that there are large differences between industries. It is difficult to conclude on what the differences between industries are. The main differences are mainly at a company level as described in this paper. However, there are some trends. A main difference between industries is that the companies in the materials and consumer discretionary industries have a very clear strategic intent, irrespective of whether the companies are large or small. On the other side, in the industrials and health care industries none of the companies analyzed has a clear strategic intent in their risk communication. The remaining industries have some companies with a clear strategic intent, and some companies without a clear strategic intent.

To a certain degree there is also a difference in the richness of the language used in different industries. While differences in the use of time orientations, financial/non-financial narrative, quantitative/non-quantitative narratives are unsystematic and appears to be used very randomly between different companies, the choice of symbolic forms and speech genres is typically related to the strategic intent of the companies within an industry, where the companies in industries with a clear strategic intent use a somewhat richer language than other companies. There are, however, exceptions in all industries. All analyzed companies use the symbolic form of science, and even in the industries where all companies have a clear strategic intent some of the companies solely use the symbolic form of science. The vast majority of the companies with a strategic intent use the persuasive speech genre. However, there are variations within each industry as many of these companies also use elements from the authoritative speech genre. Furthermore, the companies in industries without a clear strategic intent also often use the persuasive speech genre, or a combination of the persuasive and authoritative speech genres.

6.12 Comparing large and small companies

When disregarding whether a company is large or small within its given industry we might also get some new insight into this topic. Linsley and Shrives (2006:p.398) found that a positive association between the volume of risk disclosure and company size, which is the opposite of the result found by Beretta and Bozzolan (2004:p.285). Large companies in this thesis are those with an equity market capitalization that is larger than the average of the company sample analyzed. These companies are: Statoil, Yara International, Norsk Hydro, Schibsted, Orkla, Marine Harvest, and Telenor. The following discussion will briefly discuss whether these companies disclose risk in a way that is different from the small companies.

As an initial observation, all of these companies have relatively profound risk disclosures in their annual reports compared to some of the small companies. However, because many of the smaller companies have profound risk discussions as well it is not possible to state that this is something that separates the large from the small companies. Furthermore, the large companies are almost as diverse in having a clear strategic intent and topics discussed as the smaller companies. Statoil, as the largest company, does not have a clear strategic intent, while Telenor as the second

largest company has a very clear strategic intent. Furthermore, the narrative choices made in the annual reports vary just as with the smaller companies. When comparing Telenor to the small company in the telecom industry (NextGenTel), they use very different narratives. However, when comparing Telenor to small companies in other industries, you find companies using much of the same narratives as Telenor. This is true for all of the large companies.

As a concluding remark, it is not possible to state that the large companies on Oslo Stock Exchange differ from the small companies. This is in line with Beretta and Bozzolan (2004:p.285).

7.0 Conclusion

This thesis has shown that there are large differences between the risk disclosures in the annual reports of different companies. The background for this thesis was that several academics had found differences in the risk disclosures among publicly listed companies in other countries. Furthermore, the creation of the management discussion and analysis section of the annual report is basically a marketing and communication exercise where a company discusses its performance during the last accounting period. This led to the following research question:

From a linguistic perspective, how does risk disclosure differ in the annual reports of non-financial, publicly listed, Norwegian companies?

To answer the research question communications theory was used. This theory combined the strategic intent theory with corporate image, the stakeholder model, and also theories regarding discourse analysis. A main focus was to categorize the information provided by companies, and also to put the information into a wider social and managerial understanding. In applying the qualitative methodology to 33 annual reports differences in how companies disclose risk was uncovered. The main difference between companies was found to be that some companies have a strategic intent in their risk communication, while others do not. Companies with a clear strategic intent was more often found to be using a rich language, in the form of several symbolic forms and speech genres, compared to companies without a clear

strategic intent in their risk communication. Also, when comparing industries without considering large and small companies, similarities and differences were found. Companies in the materials and consumer discretionary industries have clear strategic intents, while companies in the industrials and health care industries do not have a clear strategic intent. However, in line with the Beretta and Bozzolan (2004:p.285), it was difficult to separate large and small companies disregarding the industries. Also, when analyzing other communication aspects of the risk disclosure than strategic intent, symbolic forms, and speech genres, no systematic differences between companies and industries was uncovered.

7.1 Suggestions for future studies

Future studies could investigate whether there are any communication/linguistic differences between companies incorporated in Norway and companies listed on the Oslo Stock Exchange but incorporated in other countries. Furthermore, a comparison of companies listed on the Oslo Stock Exchange in general with companies listed on other exchanges could be interesting. These two studies would be interesting because companies in many European are subject to the same regulation, but the business culture might be different. Finally, an attempt to redo this analysis quantitatively could also shed more light on the issues raised in this thesis. This would make the findings much more tangible, as they currently are subject to the interpretation and linguistic understanding of the researcher.

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Appendix – list of companies included

The following appendix is a list of the companies included in the analysis.

Energy:

Statoil: Large international petroleum company

Aker Solutions: Large international supply company

Odfjell Drilling: Relatively small, international, petroleum company. Works with drilling and production

Bergen Group: Chosen because it is a relatively small supply company

Materials:

Yara International: Large traditional company that focus on products for the agricultural sector

Norsk Hydro: Large traditional company focusing on metals

Norske Skog: Paper and pulp company

Intex Resources: Small mining company

Industrials:

Kongsberg Gruppen: Large hi-tech manufacturer

Tomra Systems: Manufacturer of recycling machines

Havyard Group: Focus on manufacturing of products for ships

TTS Group: Supplies equipment for the marine and petroleum sectors

Consumer discretionary:

Schibsted: Large media company

XXL: Chain of sporting goods stores

Kongsberg Automotive: manufacturing of automotive parts

Polaris Media: Media group focusing on local newspapers

Consumer staples:

Orkla: Conglomerate that is large on consumer goods

Marine Harvest: Large seafood company

Grieg Seafood: Smaller seafood company

Havfisk: Smaller seafood company

Health care:

Nordic Nanovector: Relatively large health-care company

Weifa: Relatively large health-care company

Binor Pharma: Relatively small health care company

Navamedic: Relatively small health-care company

Information technology:

Opera Software: Create web-browsers

Atea: Delivers IT infrastructure

Itera: IT consulting and infrastructure

PSI Group: IT solutions for the retail sector

Telecommunication:

Telenor: Large telecommunication company

NextGenTel: Small telecommunication company

Utilities:

Hafslund: Large power company

Scatec Solar: Solar energy provider

Arendals Fossekompagni: Small power company