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Corporate Tax Avoidance: Media Coverage and Corporate Tax Reporting in the UK

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Corporate Tax Avoidance:

Media Coverage and Corporate Tax Reporting in the UK

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Declaration

‘Yr wyf drwy hyn yn datgan mai canlyniad fy ymchwil fy hun yw’r thesis hwn, ac eithrio lle nodir yn wahanol. Caiff ffynonellau eraill eu cydnabod gan droednodiadau yn rhoi cyfeiriadau eglur. Nid yw sylwedd y gwaith hwn wedi cael ei dderbyn o’r blaen ar gyfer unrhyw radd, ac nid yw’n cael ei gyflwyno ar yr un pryd mewn ymgeisiaeth am unrhyw radd oni bai ei fod, fel y cytunwyd gan y Brifysgol, am gymwysterau deuol cymeradwy.’

Rwy’n cadarnhau fy mod yn cyflwyno’r gwaith gyda chytundeb fy Ngrichwyliwr (Goruchwylwyr)’

‘I hereby declare that this thesis is the results of my own investigations, except where otherwise stated. All other sources are acknowledged by bibliographic references. This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree unless, as agreed by the University, for approved dual awards.’

I confirm that I am submitting the work with the agreement of my Supervisor(s)’

Dedication

To my Mum, Gihan, and my Dad, Moustafa,

Thank you for believing in me and for pushing me beyond my limits.

You will always be the reason beyond every accomplishment I make.

I hope that I can always manage to make you proud.

I am blessed, grateful and speechless.

Thank you.

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Abstract

Public concern over multinational companies' (MNCs') tax practices has been increasing substantially in the UK, particularly in the aftermath of the Global Financial Crisis (GFC) and resulting austerity measures. This thesis consists of three independent research studies which empirically examine three aspects of the UK corporate tax debate, namely (1) the media's role, in particular the print media, in establishing the salience of corporate tax avoidance as an issue of public interest (Chapter 3), (2) the use of voluntary corporate tax reporting as a means to restore corporate legitimacy and to promote tax transparency (Chapter 4), and (3) the publication of the new mandatory tax strategy narratives to demonstrate compliance with HMRC tax strategy regulation and to construct corporate citizenship as a means of restoring organisational legitimacy and, in turn, to establish the legitimacy of tax strategy reports as a new corporate reporting genre (Chapter 5). Adopting an organisational legitimacy lens, the thesis provides insights on corporate reporting as a response to a public controversy over corporate tax practices, including the roles and behaviour of the social actors involved in the controversy, specifically the UK media and multinational companies domiciled in the UK. For this purpose, I analyse a sample of newspaper articles, voluntary tax reports and mandatory tax strategy reports, using content analysis and Critical Discourse Analysis (CDA).

Specifically, in the first study, I draw upon media-agenda setting theory to examine the role of UK newspapers in establishing the salience of corporate tax avoidance as an issue of public interest. I examine newspaper articles quoting non-governmental organizations (NGOs) and/or tax activists to acknowledge the role of civil society groups in the corporate tax debate. I find that UK newspapers play an important agenda-setting role in shaping public agenda by propagating corporate tax avoidance into a broader public issue. In the second study, I adopt legitimacy theory to examine whether Vodafone's voluntary tax reports constitute substantive or symbolic legitimation means to tax transparency. I find that Vodafone's tax reports constitute an actual means to tax transparency given the predominance of substantive tax disclosures, particularly Country-by-Country Reporting (CbCR). In the third study, I adopt a discursive lens to corporate legitimation to examine the key themes reported by UK companies in their tax strategy narratives to construct compliance with HMRC tax strategy regulation and the discursive legitimation strategies used to construct corporate citizenship following public controversy on MNCs' tax practices. My findings suggest that UK companies utilized the indeterminacy inherent in some of the tax strategy regulation requirements to decide on the information to disclose. They mobilised three key discursive legitimation means to construct good corporate citizenship: (1) discursive antagonism to purify their corporate image, (2) discursive co-optation to espouse a co-operative relationship with their various stakeholders, and (3) discursive validation to justify their tax actions by referring to specific norms or value systems. In sum, the thesis provides new insights into the role of the media, NGOs and tax activists in a public controversy over corporate tax practices and into the role of corporate tax reporting in constructing organisational legitimacy and promoting corporate tax transparency.

Keywords: Corporate Tax Avoidance; Tax Transparency; Tax Reporting; Organisational Legitimacy; Corporate Citizenship; Media-Agenda Setting; NGOs; Tax Activists.

Chapter 1 Introduction

1.1 Background and motivation

There has been a growing level of public interest in corporate tax behaviour, particularly since the Global Financial Crisis (GFC) 2007-2008 (Holland et al., 2016; Anesa et al., 2019; Oats and Tuck, 2019) and the "dramatic austerity measures" that followed (Lyall and Cowell, 2010; Pimlott et al., 2010; Holland et al., 2016, p.10). The unprecedented media hype involving the publicly naming and shaming (i.e., 'tax shaming') of multinational companies (MNCs), including Google, Amazon, Starbucks (Ebrahimi, 2012; Kiss, 2012; Barford and Holt, 2013) and Vodafone (Guardian, 2009b; Rushton, 2012b), combined with the campaigning efforts of non-government organisations (NGOs) (e.g., ActionAid, Christian Aid and Oxfam) and tax activists (e.g., UK Uncut and Tax Justice Network (TJN)), succeeded in bringing corporate tax avoidance to the forefront of the UK public agenda.

Accordingly, frustration has been mounting among the British public that companies are getting away with paying little tax contributions, while they are faced with increasing tax bills in a time of harsh cuts to public spending (Watt, 2016; Hillenbrand et al., 2019). For instance, recent surveys (2019 & 2020) by the Institute of Business Ethics[1] (IBE, 2019b; 2020), showed that the British public has ranked corporate tax avoidance amongst the issues concerning them most in current business activities. As such, this public controversy has resulted in the emergence of "new vocabularies […] to describe corporate tax related behaviour: 'fair share', tax 'dodging', 'aggressive avoidance'" (Mulligan and Oats, 2016, p.63), fuelling calls for corporate tax transparency as a possible corrective remedy to allegedly inappropriate corporate tax practices (Oats and Tuck, 2019).

In this study, I adopt Dallyn's (2017, p.337) definition of tax avoidance as "the grey area between full and active compliance and evasion" where tax compliance entails that a multinational company should "comply with the law in all the countries in which it operates, make full disclosure

[1] "The Institute of Business Ethics was established in 1986 to encourage high standards of business behaviour based on ethical values" (IBE, 2019a).

to relevant authorities, and seek to pay the right amount of tax". In contrast to tax evasion which is "a criminal offense" (Palan, 2010, p.9; Dallyn, 2017, p.337) (i.e., relates to illegal activities) (Lanis and Richardson, 2015, p.439). My adoption for Dallyn's (2017, p.337) view on tax avoidance as a "grey area" is guided by two key aspects. First, aligned with the UK context of my study, Dallyn (2017) echoes HMRC's definition of tax avoidance as "activities that involve bending the rules of the tax system to gain a tax advantage that Parliament never intended" (HMRC, 2016b). Nevertheless, there is not always consensus as to what Parliament intended (Picciotto, 2007) (i.e., grey area). Therefore, as noted by Lanis and Richardson (2015, p.439) "tax avoidance[2] may include tax-planning activities that are legal or that may fall into the grey area".

Second, the broadness of Dallyn's (2017) definition of corporate tax avoidance explains the emergence of "new vocabularies" (Mulligan and Oats, 2016, p.63) in the media such as 'tax dodging', 'tax abuses', 'tax scamming' etc., to describe unacceptable corporate tax practices being "tax related behaviour that falls short of societal expectations" (Oats and Tuck, 2019, p.568). Accordingly, as noted by Hillenbrand et al. (2019, p.404) "the blurred boundaries of corporate tax rules and behaviour have started to move corporate tax payments, or the lack thereof, into corporate social responsibility (CSR) territory and discourse", which in turn promoted the need for tax transparency as a suggested possible reform to unacceptable corporate tax behaviour (Oats and Tuck, 2019).

In response to these tax transparency calls some multinational companies started to take the lead in engaging in public tax disclosures. For example, Vodafone which has been subject to extensive scrutiny from UK Uncut (McVeigh, 2010) and different media outlets including, among others, *The Guardian Tax Gap Series* (Guardian, 2009b), and *The Telegraph* (Rushton, 2012b), started to voluntarily publish its tax reports from June 2013 onwards (Tax Report, 2013). What is more, tax authorities worldwide began to introduce regulatory measures to tackle corporate tax avoidance, incentivise appropriate tax behaviour (Freedman and Vella, 2016) and promote tax transparency. The UK in particular enforced a new regulatory measure requiring large companies to publish their tax strategies for financial years starting 15th September 2016 onwards (HMRC, 2016a).

[2] Lanis and Richardson (2015, p.439) "define corporate tax avoidance as the downward management of taxable income through tax-planning activities".

Following the "media revelations" about the inappropriate tax behaviour of several high-profile multinational companies (Radcliffe et al., 2018, p.45) and the extensive tax justice campaigns by NGOs and tax activists (Christians, 2012), the UK corporate tax environment evolved with new players/social actors entering the tax field, including the media and civil society groups (NGOs and tax activists) alongside established players, such as corporate taxpayers, tax advisors, international bodies and national governments (Hasseldine et al., 2012; Anesa et al., 2019). As a result, the evolution of the UK corporate tax environment prompted a diverse group of social actors (e.g., media, NGOs, governments, etc.) to become "involved in informing and pushing political decision-making" (Forstater and Christensen, 2017, p.12) aimed at achieving corporate tax transparency.

While a growing body of literature (e.g., Dyreng et al., 2016; Holland et al., 2016; Birks, 2017; Dallyn, 2017; Jones et al., 2018) draws on various theoretical perspectives (e.g., effectiveness of disclosure policies[3], corporate legitimation[4], tax activism[5], internalisation[6]) and methodological approaches (i.e., quantitative and qualitative) to examine the role of the different social actors within the UK corporate tax environment (e.g., MNCs, tax activists, auditing firms), important aspects have been overlooked in prior research, including (1) the role of the media in fostering the salience of corporate tax avoidance, (2) the responses of scrutinized companies to their tax shaming, and (3) the publication of tax strategy narratives following the new UK tax strategy reporting regulation. To expound these research areas and to answer calls by prior research on the importance of examining the role of the different social actors in the corporate tax debate, including media, NGOs, tax activists (e.g., Birks, 2017; Dallyn, 2017) and MNCs (e.g., Ylönen and Laine, 2015; Dyrneg et al., 2016; Holland et al., 2016), the thesis conducts three empirical studies. These are outlined in Section 1.2.

[3] Dyreng et al. (2016, p.149) examined the effectiveness of public shaming in pressuring companies to comply with "[…] United Kingdom's Companies Act of 2006 […] [which] requires firms to disclose the name and location of all subsidiaries, […]".
[4] Holland et al. (2016) examined the legitimatisation strategies used by companies following their tax shaming.
[5] Birks (2017) and Dallyn (2017) examined the role of tax activists; UK Uncut and Tax Justice Network (TJN), in the corporate tax debate.
[6] Jones et al. (2018) analysed the role of Big 4 auditing firms in the structure of the tax haven network of MNCs from an internalisation lens to explain why companies undertake tax avoidance strategies.

1.2 Research questions

This thesis aims to advance knowledge in three growing research areas relative to the UK corporate tax debate, namely (1) media coverage of corporate tax avoidance (Chapter 3), (2) corporate tax reporting following tax shaming (Chapter 4), and (3) mandatory corporate tax strategy publications (Chapter 5). As such, the dissertation sets three independent research studies aimed at understanding, (1) the media's role, in particular the print media, in establishing the salience of corporate tax avoidance as an issue of public interest, (2) the use of voluntary corporate tax reporting as a means to restore corporate legitimacy and to promote tax transparency, and (3) the publication of the new mandatory tax strategy narratives to demonstrate compliance with HMRC tax strategy regulation and to construct corporate citizenship as a means of restoring organisational legitimacy and, in turn, to establish the legitimacy of tax strategy reports as a new corporate reporting genre. Adopting an organisational legitimacy lens, the study provides insights on corporate reporting as a response to a public controversy over corporate tax practices, including the roles and behaviour of the social actors involved in the controversy, specifically the UK media and multinational companies domiciled in the UK. Table 1.1 provides a summary of the research questions and approaches adopted in the three empirical studies of the thesis.

Table 1.1: Summary of research questions and approaches adopted in the three empirical studies of the thesis			
	Chapter 3: Media coverage of corporate tax avoidance	**Chapter 4: Vodafone's voluntary tax reporting**	**Chapter 5: Mandatory corporate tax strategy reporting**
Research questions	RQ1: Has the salience of corporate tax avoidance in the UK newspapers changed in the period of 2000 to 2019 (1st June 2000- 31st May 2019)?	RQ2: Which legitimation strategies is Vodafone using in its voluntary tax reports to signal tax transparency?	RQ3a: How are UK companies constructing compliance with tax strategy regulation via tax strategy reporting? RQ3b: How are UK companies constructing corporate citizenship via tax strategy reporting?
Theories & concepts	Media agenda-setting theory	Legitimacy theory (Substantive & Symbolic strategies) Verifiability approach to tax transparency	Legitimacy theory (Discursive legitimation strategies) Performativity approach to tax transparency Indeterminacy of tax laws Extended lens to corporate citizenship
Data & Sample	**Print media (newspapers)** 1. Redtop tabloids 2. Mid-market tabloids 3. Broadsheets 4. Business press **Time period:** 1st June 2000 - 31st May 2019 **Sample size:** Number of articles 1,176 **Comparative case studies** • Pre- and post the establishment of UK Uncut (27th October 2010) • Across different newspaper outlets • Across different newspaper types (redtop tabloids, mid-market tabloids, broadsheets and business press) • Across newspapers based on political stance (left leaning, centre, right leaning and business press)	**Voluntary tax publications** "Tax and our total contribution to public finance" **Time period:** 2013-2019 **Sample size:** 7 tax reports **Single case study** • Examining Vodafone's stand-alone tax reports (2013-2019)	**Mandatory tax strategy publications** Incorporating a CFO or a Chairman Statement **Time period:** Continual members of FTSE 100 index September 2016- December 2019 **Sample size:** 7 tax strategy reports **Comparative case studies** • Examining the tax strategy narratives of seven FTSE 100 companies (1) Aviva, (2) BT Group, (3) Legal & General (L&G), (4) Lloyds Banking Group, (5) National Grid, (6) Prudential, and (7) Reckitt Benckiser Group (RB).
Data source	Nexis	Vodafone's website	FTSE 100 companies' websites
Research methods	**Text analysis** Quantitative content analysis.	**Text analysis** Qualitative content analysis.	**Text analysis** Critical Discourse Analysis (CDA).

1.2.1 Paper 1: Media coverage of corporate tax avoidance

My first study (Chapter 3) examines the media's role in igniting a public controversy over the tax practices of leading multinational companies. Prior studies examining the role of the media in the corporate tax debate have either focused on exploring the factors influencing the specific companies chosen by the media to shame for their tax avoidance practices (Chen et al., 2018) or on examining the media coverage on tax justice campaigns (Birks, 2017). For instance, Chen et al. (2018) used a quantitative approach to examine the factors associated with the coverage of corporate tax avoidance by US media[7] and concluded that a firm's public visibility[8] is amongst the key determinants of its media tax coverage.

With regard to the media's role in covering tax justice campaigns, Birks (2017) analysed UK newspaper[9] coverage of corporate tax avoidance and concluded that UK Uncut tax activist group succeeded in advocating a crackdown on corporate tax avoidance through the "politics of austerity" lens. In a similar vein, Dallyn (2017) acknowledged the role of Tax Justice Network (TJN) in contributing to the "political salience" of corporate tax avoidance in the UK media agenda.

To understand the media's role, in particular newspapers, in establishing the salience of corporate tax avoidance, I build on the work of Birks (2017) and Dallyn (2017) by acknowledging the role of tax activists (e.g., UK Uncut and TJN) in the UK corporate tax debate. In addition, I account for the role of NGOs (e.g., ActionAid, Christian Aid, and Oxfam) who also are an important driver in sparking widespread public controversy over the tax behaviour of leading multinational companies. As posited by Elbra and Eccleston (2018, p.11) Oxfam's "landmark report *Tax Havens: Releasing the Hidden Billions for Poverty Eradication"* published on the 1st of June 2000 (Mayne and Kimmis, 2000) marks "one of the initial drivers of the tax justice movement" without which "[TJN and] UK Uncut would have had nothing to dramatize" (Birks and Downey, 2015, p.14).

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[7] Four US newspapers, including (1) New York Times, (2) Wall Street Journal, (3) Washington Post, and (4) USA Today (Chen et al, 2018, p.2).

[8] Firms with valuable brands according to either Forbes' "Most Valuable Brands" list or Millward Brown's "Most Valuable Global Brands" list (Chen et al., 2018, p.3).

[9] Three UK newspapers, including *The Guardian, The Times* and *The Daily Mail* (Birks, 2017).

Further, I expand the sample of media outlets examined in Birks' (2017, p.300) study, which focuses on "quality [broadsheet] and mid-market tabloid press", by drawing on a broader range of newspapers, including broadsheets, redtop tabloids, mid-market tabloids, and the business press. Unlike Chen et al. (2018) and Birks (2017), I employ media-agenda setting theory[10] which emphasises the media's role in shaping public's opinion by extensively covering issues/topics which are "deemed most newsworthy" (McCombs and Guo, 2014, p.252).

To capture the salience of corporate tax avoidance in the UK media agenda I focus on the frequency of print and online newspaper articles addressing corporate tax avoidance over a nineteen-year period since the publication of Oxfam's "landmark report" (Elbra and Eccleston, 2018, p.9), i.e., from 1st June 2000 to 31st May 2019. To account for the role of NGOs and tax activists "in bringing the issue of multinational tax avoidance to the attention of publics and policymakers" (Elbra and Eccleston, 2018, p.11), I select newspaper articles quoting either an NGO (Oxfam, ActionAid, and Christian Aid) or a tax activist group (Tax Justice Network and UK Uncut). In particular, I am interested in examining the change in salience of UK newspaper coverage of corporate tax avoidance: (1) across time, i.e., pre- and post the establishment of UK Uncut (October 27, 2010), i.e., between June 01, 2000 and October 26, 2010 and between October 27, 2010 and May 31, 2019, (2) across the different newspapers types, including tabloids (redtop and mid-markets), broadsheets, and the business press, and (3) across the political spectrum, namely left-leaning, centre, right-leaning and the business press. The research question underpinning my first study is the following:

RQ1: Has the salience of corporate tax avoidance in the UK newspapers changed in the period of 2000 to 2019 (1st June 2000- 31st May 2019)?

I find that the salience of corporate tax avoidance in the UK media agenda has increased substantially over time (1st June 2000- 31st May 2019) across all of the newspaper outlets[11] examined, particularly, following the establishment of UK Uncut on the 27th of October 2010. The

[10] It is worth noting that a study by Lee (2015) which focuses on the tax reporting of FTSE 100 companies in the aftermath of their tax shaming, acknowledged the media-agenda theory in her study.

[11] Tabloids, including redtop tabloids (*The Mirror*, *The Sun*) and mid-market tabloids (*The Express*, *Daily Mail*), broadsheets (*Guardian, Daily Telegraph, The Times*, *Independent*) and the business press (*Financial Times*).

volume of UK newspaper coverage for corporate tax avoidance increased by sevenfold with 145 articles published before the establishment of UK Uncut (12%) in comparison to 1,031 articles published after the establishment of UK Uncut (88%). This is in contrast to the newspaper coverage of financial and corporate governance issues which erupted with the onset of the financial crisis, such as level of executive pay, but then disappeared from the media agenda in later years (Dallyn, 2017, p.338). As such, my findings confirm the high levels of coverage corporate tax avoidance has maintained in different media outlets observed in the prior literature (e.g., Birks, 2017; Dallyn, 2017), particularly following the establishment of UK Uncut which resulted in the implementation of new policy measures in later years, including CbCR in 2015 (HMRC, 2017) and HMRC tax strategy regulation in 2016 (HMRC, 2016a).

Accordingly, my findings confirm the media's role "as an information intermediary" (Brennan et al., 2013, p.668) in the "public upheaval" around corporate tax practices (Anesa et al., 2019, p.30). On the one hand, NGOs and tax activists managed to act as 'stakeseekers' (Fassin, 2009, p.511; Brennan et al., 2013, p.668) by "keeping [the] media engaged" (Anesa et al., 2019, p.29) with projecting corporate tax practices to the forefront of the political agenda (Elbra, 2017). On the other hand, the media succeeded in instigating change in corporate tax reporting by propagating public calls for tax transparency. Thus, it pressurised scrutinized companies to justify their tax practices to the public (e.g., Vodafone) and prompted regulatory bodies to enforce new policy measures (e.g., HMRC tax strategy regulation).

Further, I find that volume of coverage differed between different types of newspaper outlets examined, including (1) broadsheets, (2) the business press, (3) mid-market tabloids, and (4) redtop tabloids. My analysis confirmed that the intensity of coverage is aligned with the interests of the newspapers' readership. Broadsheet outlets which specialise in covering "extensive political and economic" topics (Carvalho and Burgess, 2005, p.1460) published the highest proportion of articles on corporate tax avoidance, as it constitutes "a complex area of accounting practice" (Dallyn, 2017, p.336). *The Financial Times* which is aimed at the "business community" (Grafström and Windell, 2011, p.224) published the second highest proportion of articles. This is followed by the mid-market tabloids (*Express* and *Daily Mail*) which "aim for a mix of entertainment news found in [redtop] tabloids with traditional reporting found in the quality [broadsheet] press" (Blinder and Allen, 2016, p.9). Meanwhile, redtop tabloids published the least proportion of articles in line with their focus on "entertainment and celebrity content" (Blinder and Allen, 2016, p.9). That is to say, redtop tabloids would focus on tax shaming celebrities, such as singer Gary Barlow and TV presenter Chris Moyles who have been accused of using tax avoidance schemes (Buckland, 2014).

Finally, my analysis highlighted that the political leanings[12] of the newspapers also played a role in the types of articles published. This was particularly evident for left leaning and right leaning newspapers, as they dominated my sample of articles[13]. Right leaning newspapers "defend the status quo of which they are part" (Smith, 2017), i.e., they tend to favour arguments against imposing "more progressive [i.e., high]" corporate taxation (Berry, 2016, p.556) and tend to be critical of government intervention via regulation and taxation of business. Meanwhile, left leaning newspapers "want to change society" (Smith, 2017), i.e., they tend to be in favour of social justice via wealth redistribution, such as tackling corporate tax avoidance and evasion (Berry, 2016). For instance, the right leaning press, including *The Telegraph, The Times, The Sun, The Express, and The Daily Mail,* focused their coverage on stories revealing "the incompetence of HMRC and the ineffectiveness of this government department" (Bramall, 2018, p.48). Accordingly, the right leaning newspapers coverage soared in 2012 given the Public Accounts Committee (PAC) investigation into the tax matters of Google, Amazon and Starbucks (Public Accounts Committee, 2012). In contrast, left leaning newspapers, including *The Guardian and Mirror*, published more articles on corporate tax avoidance around the timing of HMRC's announcements of new tax policy measures, such as CbCR (HMRC, 2017) and tax strategy regulation (HMRC, 2016a) in 2015 and 2016, respectively.

1.2.2 Paper 2: Vodafone's voluntary tax reporting

In the second study (Chapter 4) I analyse Vodafone's response to tax shaming by the UK media and NGOs in the form of voluntary tax disclosures. Prior research examining corporate responses to corporate tax shaming has focused on analysing tax disclosures incorporated in annual reports

[12] Left (*The Guardian and Mirror*), centre (*The Independent*), right (*The Telegraph, The Times, The Sun, The Express, and The Daily Mail*) (Smith, 2017), and business press (*The Financial Times)*.
[13] The coverage of corporate tax avoidance by centre leaning newspapers (*The Independent*) and the business press (*The Financial Times*), remained relatively lower than left leaning and right leaning newspapers over time.

and/or CSR reports. For example, Lee (2015) examined tax disclosures published in the annual reports of 93 FTSE 100 companies in 2012 and concluded that companies utilizing a "do not respond" strategy (Benoit, 1997; Elsbach et al.,1998; de Villiers and van Staden, 2006) are more prevalent than those using "over disclosure" strategies (Blank, 2008a; 2008b), particularly around the time of extensive media shaming. As such, Lee's (2015) findings posit that the media's tax 'naming-and-shaming' campaigns did not prompt companies to improve the quantity or the quality of their tax disclosures. That is to say, extensive media shaming discouraged companies from discussing tax-related information in their annual reports. This suggests that companies view regulatory bodies as their most powerful stakeholder and thus regulatory enforcement is needed to foster tax transparency.

In a similar vein, Dyreng et al. (2016) analysed the tax disclosures, in particular subsidiary disclosures in annual reports or annual returns, of 77 FTSE 100 companies in 2010[14], following public scrutiny triggered by ActionAid's *"Addicted to Tax Havens"* report which condemned 98 of 100 FTSE companies for their excessive use of tax havens. In contrast to Lee's (2015) study which showed a prevalence of a "do not respond" strategy amongst tax shamed companies, Dyreng et al.'s (2016) findings revealed that scrutinized companies (as compared to non-scrutinized companies): (1) increased their subsidiary disclosures, (2) decreased their tax avoidance practices, and (3) decreased their use of tax havens. Using a legitimacy theory lens, Holland et al. (2016) found evidence of UK companies[15] increasing their tax disclosures in both annual reports and CSR reports following their tax shaming by *The Guardian Tax Gap Series* and UK Uncut tax activist group. Companies used inconsistent legitimation strategies in their tax disclosures in light of their uncertainty of the appropriate legitimation strategy to adopt (e.g., conforming, challenging, influencing, deflecting, or non-disclosure) (Holland et al., 2016).

In line with Holland et al. (2016), I draw on legitimacy theory to examine Vodafone's response to its tax shaming through its voluntary tax reports. Vodafone constitutes an interesting case to examine, as it has been subject to extensive tax shaming by leading print media outlets (i.e., *The*

[14] 77 FTSE 100 companies of which 38 companies compliant with subsidiary disclosures and 39 noncompliant (Dyreng et al., 2016, p.157)
[15] Seven UK Companies; (1) Diageo, (2) HSBC, (3) Tesco, (4) Vodafone, (5) Barclays, (6) Lloyds, and (7) RBS (Holland et al. 2016, p.11).

Guardian, The Telegraph) and tax activist groups (i.e., UK Uncut) in light of the allegation in February 2009 that it was utilizing its "newly-acquired German telecom [company], Mannesman, through a structure in low-tax Luxembourg" to save taxes (Guardian, 2009b). In addition, Vodafone was criticised for its failure to pay UK corporate tax for two consecutive years 2012 and 2013 (Rushton, 2012b; Garside, 2013). In response, Vodafone voluntarily published a series of yearly tax reports entitled *"Tax and our total contribution to public finance"* starting from June 2013 onwards to calm public outrage and restore its organizational legitimacy via promoting its tax transparency.

My second study builds on a steam of literature on organizational legitimation which differentiates between two broad legitimation strategies, namely substantive and symbolic (Dowling and Pfeffer, 1975; Ashforth and Gibbs, 1990; Lindblom, 1993). Adopting a verifiability approach to transparency[16] I examine whether increasing tax disclosures reflects an actual increase in transparency (substantive legitimation) or whether it merely provides the impression of transparency (symbolic legitimation).

Hence, the research question underpinning my second study is aimed at examining whether Vodafone used substantive or symbolic legitimation strategies to demonstrate tax transparency via increased corporate tax disclosures.

RQ2: Which legitimation strategies is Vodafone using in its voluntary tax reports to signal tax transparency?

My analysis of Vodafone's tax publications over a seven-year period (2013-2019) indicated that Vodafone's tax disclosures constitute an actual means of implementing corporate tax transparency. The substantive legitimation strategies increased elevenfold from 2013 to 2019 in comparison to the symbolic legitimation strategies which increased fourfold from 2013 to 2019. Further, my analysis revealed that a high volume of Vodafone's substantive legitimation strategies can be attributed to its CbCR disclosures. As such, from its fourth tax report (2016) onwards, Vodafone

[16] A verifiability approach to transparency "is built on a foundational definition of transparency as a matter of information disclosure" (Albu and Flyverbom, 2019, p.276).

extended the level of details it provided in its CbCR disclosures. For example, in its 2016 tax report, Vodafone added a separate narrative on each country's activities, financial information, and legal entities (Tax Report, 2016, p.20). Further, in its 2018 tax report, Vodafone split its direct revenue contribution through taxation to direct tax and corporation tax (Tax Report, 2018, p.43).

The symbolic legitimation strategies increased fourfold from 2013 to 2019, with the highest increase in Vodafone's third tax report published in 2015. I attribute this increase to Vodafone's introduction of additional symbolic legitimation strategies from 2015 onwards, including amongst others, the emphasis on Vodafone's support for initiatives that promote public trust. This is in addition to Vodafone's use of symbolic legitimation strategies used in earlier tax reports, such as public misunderstanding/scrutiny around corporate taxation.

Interestingly, the largest increases in the majority of Vodafone's substantive and symbolic legitimation strategies occurred following the introduction of new tax regulations, news leakages, extensive media shaming or tax campaigning by NGOs and/or tax activists. Such events trigger increased legitimation efforts to demonstrate that Vodafone's tax practices are aligned with new regulations or with newly emerging social norms and rules. For instance, I posit that the expansion of Vodafone's CbCR narrative, is triggered by the Finance Act 2015 which required MNCs to submit a Country-by-Country report to HMRC for accounting periods starting January 2016 (HMRC, 2017). By extending its CbCR narrative Vodafone attempts to establish "accepted norms" (de Villiers and Alexander, 2014, p.206) in relation to CbCR for other companies to follow, thus acting as an institutional entrepreneur (Battilana et al., 2009), particularly with respect to adding a copy of the CbCR it submitted to HMRC in its seventh tax report (Tax Report, 2019).

Similarly, Vodafone's symbolic strategies, including disclosures on public scrutiny, peaked in its 2015 tax publication following its tax shaming in the Luxembourg leakages in November 2014 for exploiting tax opportunities through its subsidiary in Luxembourg (i.e., tax haven) (Bowers, 2014). Consequently, Vodafone increased disclosures on public scrutiny to on the one hand defend its "[…] meaningful presence [in Luxembourg]" (Tax Report, 2015, p.4), and on the other hand to clarify public misunderstanding of "Luxembourg […] [being] commonly described as a 'tax haven' by tax campaigners […]" (Tax Report, 2015, p.4).

1.2.3 Paper 3: Mandatory corporate tax strategy reporting

For the third study (Chapter 5), I examine the tax strategy narratives of FTSE 100 companies published to fulfil the new HMRC tax strategy reporting regulation requirement (HMRC, 2016a). Corporate tax strategy publications are a new corporate reporting medium aimed at improving tax transparency and tackling corporate tax avoidance behaviour. Prior research analysing tax strategy narratives has focused on examining compliance with tax strategy reporting regulation and on exploring the change in corporate tax behaviour following the adoption of this new regulatory measure. For example, Belnap (2019) examined the compliance of 600 US multinationals with the tax strategy reporting measure and concluded that 12% of the companies failed to publish their tax strategies. In addition, Belnap (2019) reported that most of the tax strategies are brief (e.g., contain an average of 621 words) and have a high degree of similarity. Therefore, Belnap (2019) posits that companies are either copying disclosures from each other or are using a third party to prepare their tax narratives.

Xia (2020) analysed the effectiveness of the tax strategy reporting regulation in curbing corporate tax avoidance for companies listed on the FTSE All-Share index. Xia's (2020) results revealed that mandating tax strategy reporting did not alter companies tax avoidance behaviour. Similarly, a study by Bilicka et al. (2020) examined a sample of 205 UK companies and found no evidence for the reduction in their corporate tax aggressiveness, measured by changes in cash effective tax rates, post the tax strategy reporting regulation. Bilicka et al. (2020) noted that the tax strategy reporting measure resulted in an increase in corporate tax transparency via increasing tax strategy related disclosures in annual reports. This suggests that tax strategy reporting may result in an increase in tax transparency, but this may not necessarily translate to a decrease in tax avoidance.

In this respect, an overlooked aspect in these prior studies (e.g., Belnap, 2019; Bilicka et al. 2020; Xia, 2020), is the key themes reported in the tax strategy narratives to portray compliance with HMRC tax strategy reporting regulation and to construct the legitimacy of the tax strategy report as a new corporate reporting genre. What is more, in line with Middleton and Muttonen (2020b), I posit that following the unprecedented wave of public tax shaming, companies will not only utilise their tax strategy narratives to fulfil HMRC tax strategy regulation, but also to defend their corporate legitimacy via promoting themselves as transparent and good corporate citizens.

I conduct a comparative case study of the seven[17] FTSE 100 companies that have been "continual members" of the FTSE 100 index (Campbell et al., 2003, p.564) between September 2016 and December 2019, and have a tax strategy narrative with an integrated CFO and/or a Chairman statement. Following prior research (Mäkelä and Laine, 2011; Barkemeyer et al., 2014), I acknowledge the importance of the CFO statements in the new corporate communication medium (i.e., tax strategy reports) and hence focus my third study on examining those tax strategy reports with an integrated CFO and/or Chairman statement.

I adopt a performative lens to tax transparency (Albu and Flyverbom, 2019), which acknowledges that "[…] the 'politics of visibility' […] determines what is made transparent and what is not, […]" (Zyglidopoulos and Fleming, 2011, p.693). Such a performativity approach is aligned with the indeterminacy inherent in the tax laws (Picciotto, 2015), which allows companies room to construct what compliance looks like by exercising their discretion over which information to disclose and which information to omit. Thus, companies produce "frameworks of knowledge" (Christensen, 2002, p.166) on what compliance looks like for other companies to follow. In addition, I adopt an extended lens to corporate citizenship (Matten and Crane, 2005). This entails viewing companies as political actors who may use their tax strategy reports strategically to portray themselves as good corporate citizens. Following Basu and Palazzo (2008), I focus on examining two dimensions of corporate citizenship, including (1) corporate identity and relationship with stakeholders and the wider world, and (2) justifications of corporate actions with reference to specific norms or value systems.

My analysis of tax strategy reports is based on a two-step approach. I first identify the key themes disclosed in the corporate tax strategy narratives to analyse how companies are portraying compliance with HMRC tax strategy measure. According to HMRC tax strategy regulation, all qualifying companies must publish a board approved tax strategy for financial years starting 15th September 2016 onwards and must explicitly note the paragraph of the legislation their tax strategy complies with, i.e., Paragraph 16 (2), Schedule 19, Finance Act 2016 (Finance Act, 2016). In addition, companies must disclose on four key tax dimensions in their tax strategy narratives,

[17] (1) Aviva, (2) BT Group, (3) Legal & General (L&G), (4) Lloyds Banking Group, (5) National Grid, (6) Prudential, and (7) Reckitt Benckiser Group (RB).

namely (1) approach to tax risks, (2) attitude to tax planning, (3) acceptable level of tax risk, and (4) approach towards dealing with HMRC (HMRC, 2016a).

I then focus on the analysis of Van Leeuwen's (2007) four discursive legitimation strategies, namely (1) authorization, (2) moral evaluation, (3) rationalization, and (4) narrativization, to examine how companies are constructing corporate citizenship (Basu and Palazzo, 2008). I also examine the broader/aggregate form of discursive legitimation associated with these discursive strategies. Building on the work of Luyckx and Janssens (2016) and Glozer et al. (2019), I posit that companies may represent good corporate citizenship via three forms of discursive legitimation, namely (1) discursive antagonism aimed at purifying corporate image, (2) discursive co-operation as a means of constructing agreement with corporate stakeholders, and (3) discursive validation aimed at justifying corporate tax behaviour with reference to social norms and value systems. In this respect, my third study posits the following two research questions:

RQ3a: How are UK companies constructing compliance with tax strategy regulation via tax strategy reporting?
RQ3b: How are UK companies constructing corporate citizenship via tax strategy reporting?

My findings revealed that companies utilized the indeterminacy inherent in the tax law, including (1) linguistic indeterminacy, (2) legal indeterminacy, and (3) normative judgements (Picciotto, 2015), for their own advantage. Firstly, they managed to exercise their discretion over the content of their tax strategy reports (e.g., key themes) by deciding on which information to disclose (e.g., risk management frameworks, relationship with HMRC, etc) and which information to hide (e.g., factors underpinning their tax planning, influence of stakeholders on their risk appetite, etc). Secondly, they incorporated themes beyond those required by the tax strategy regulation (e.g., reporting on engagement with NGOs and other interested parties, educating the public about taxes, etc.) to direct their tax strategy narratives to a diverse group of stakeholders.

As such, companies have managed to give the impression of complying with tax strategy reporting regulation by using their tax strategy narratives as "image-creation mechanisms" (Crowther, 2000, p.1845) to construct "a coherent and legitimate [tax] image" (Christensen, 2002, p.164) targeted at different stakeholder groups (e.g., regulatory body, NGOs, tax activists) without necessarily "break[ing] down the boundaries between themselves and their surrounds and expos[ing] their presumed inner selves to the external world" (Christensen, 2002, p.166). In this way, my findings confirm Freedman and Vella's (2016, p.656) view on "[g]overnment […] rel[iance] on pressure from the media and NGOs, and the influence of advisers, to put pressure on business to make this [tax strategy reporting] exercise more meaningful."

With regard to the construction of corporate citizenship, I found evidence that companies mobilised Van Leeuwen's (2007) discursive legitimation strategies[18] to achieve three broad means of discursive legitimation, namely (1) discursive antagonism, (2) discursive co-optation (Luyckx and Janssens, 2016), and (3) discursive validation (Glozer et al., 2019) as a means of constructing themselves as good and transparent corporate citizens and defending their legitimacy following media revelations over multinational companies' unacceptable tax practices. In particular, when constructing corporate identity and the relationship with stakeholders and the wider world (Basu and Palazzo, 2008), companies used an interplay of discursive antagonism to purify corporate image and discursive co-optation (Luyckx and Janssens, 2016) to construct a co-operative relationship with their various stakeholders (e.g., HMRC, NGOs, tax activists, etc.). In contrast, companies used discursive validation (Glozer et al., 2019) to justify their actions (Basu and Palazzo, 2008).

In my analysis of the tax strategy narratives, I found evidence of all three means of discursive validation[19] posited by Glozer et al. (2019), namely (1) normative appeals (for legal justifications), (2) moral analogization (for ethical justifications), and (3) rational substantiation (for scientific justification). In addition, I found evidence that companies used a fourth discursive validation strategy, namely narrativization (Vaara et al., 2006), to validate their tax behaviour by constructing a legitimate 'mythical model of social action' (Wright, 1975, p.188; Van Leeuwen, 2007, p.106) from an economic and ethical lens (Basu and Palazzo, 2008). In this respect, my findings are

[18] Van Leeuwen's (2007) four discursive legitimation strategies, including (1) authorization, (2) moral evaluation, (3) rationalization, and (4) narrativization.

[19] According to Glozer et al. (2019) discursive validation is manifested in the use of three discursive themes, namely (1) normative appeals of the 'right thing to do' (Thomas and Lamm, 2012), (2) moral analogization to connect the corporate behaviour to moral value systems (Van Leeuwen, 2007), and rational substantiation through factual knowledge claims (Vaara and Tienar, 2008).

aligned with Luyckx and Janssens' (2016, p.1612) view on companies using Van Leeuwen's (2007) different categories of legitimation, "irrespective of their different foci, […] [to] serve the same aim, i.e., produc[e] a particular actor image within a cultural meaning system". That is to say, companies construct themselves as good and transparent corporate citizens via (1) discursive antagonism, (2) discursive co-optation (Luyckx and Janssens, 2016), and (3) discursive validation (Glozer et al., 2019).

1.3 Contribution

The thesis contributes to the understanding of corporate reporting as a response to a public controversy over a contested issue, i.e., corporate tax avoidance in the aftermath of the financial crisis. It contributes to three streams of literature, including (1) research exploring the role of the different actors within the UK tax environment, in particular the role of the media, NGOs and tax activists (e.g., Birks, 2017; Dallyn, 2017), (2) research examining corporate tax communication via voluntary and/or mandatory tax disclosures (e.g., Ylönen and Laine, 2015; Dyrneg et al., 2016; Holland et al., 2016), and (3) research examining organizational legitimation in times of crisis or as a response to social change (e.g., Holland et al., 2016; Luyckx and Janssens, 2016; Glozer et al., 2019).

First, I empirically demonstrate in Chapter 3 that the media plays a crucial role in raising public awareness and shaping public perceptions of a contested issue. The UK media created a "public upheaval" around unacceptable corporate tax behaviour (Anesa et al., 2019, p.30) by its 'naming and shaming' campaigns (Elbra and Eccleston, 2018, p.3) and unprecedented calls for corporate tax transparency. As such, I confirm the agenda-setting role of the media (Ader, 1995), particularly UK newspapers, in shaping public agenda by translating corporate tax avoidance which reflects "a complex and difficult area of accounting practices […] into a broader public issue" (Dallyn, 2017, p.347). The media was thus instrumental in bringing about both new corporate reporting practices, such as Vodafone's pioneering voluntary tax disclosures, and new regulatory initiatives, including HMRC (2016a) tax strategy reporting regulation. Furthermore, by focusing on newspaper articles quoting NGOs and/or tax activist groups, I emphasise the key role of civil society groups in igniting a public controversy over the tax avoidance practices of multinational companies (Dallyn, 2017; Elbra and Eccleston, 2018) and thus propagating increased corporate tax disclosures as a possible remedy for counteracting unacceptable corporate tax behaviour (Oats and Tuck, 2019).

Secondly, I contribute to research on corporate narrative reporting by examining two emerging corporate genres, namely (1) voluntary tax reports, and (2) mandatory tax strategy reports in Chapter 4 and Chapter 5, respectively. Prior research on corporate tax reporting has either focused on examining tax disclosures in annual reports and CSR reports (Holland et al., 2016) or on analysing specific types of tax disclosures, such as subsidiary disclosures (Dyreng et al., 2016). By contrast, I examine Vodafone's stand-alone voluntary tax reports being a new corporate genre focusing on corporate tax reporting in Chapter 4, which, to my knowledge, has not been previously examined. I examine mandatory tax strategy reports published by a sample of UK multinational companies to comply with HMRC tax strategy reporting regulation (HMRC, 2016a) in Chapter 5. This is in contrast to Belnap (2019) who analysed the tax strategy narratives published by US multinationals and concluded that most of the tax strategies are brief and have a high degree of similarity.

Finally, I contribute to two streams of research in relation to organizational legitimation during times of crisis or social change (e.g., Holland et al., 2016; Luyckx and Janssens, 2016; Glozer et al., 2019), including (1) research focusing on the use of substantive and symbolic legitimation strategies, and (2) research focusing on discursive means to corporate legitimation. In Chapter 4 I build on an extensive body of research differentiating between symbolic and substantive legitimation strategies (Dowling and Pfeffer, 1975; Ashforth and Gibbs, 1990; Lindblom, 1993), to gain insights into whether Vodafone tax reports constitute a substantive means of legitimation (i.e., engaging in actual transparency practices), or a symbolic means of legitimation (i.e., signalling the impression of transparency). My findings are in contrast to the CSR reporting literature which provides evidence of companies using their CSR reports for impression management purposes (e.g., Hahn and Lülfs, 2014; Ylönen and Laine, 2015).

Meanwhile, in Chapter 5 I focus on examining the discursive legitimation strategies mobilised in the corporate tax strategy narratives. In particular, I adopt Van Leeuwen's (2007) four discursive legitimation strategies, including (1) authorization, (2) moral evaluation, (3) rationalization, and

(4) narrativization. I also build on the work of Luyckx and Janssens (2016) and Glozer et al. (2019) to examine the broader form of discursive legitimation, namely (1) discursive antagonism, (2) discursive co-operation, and (3) discursive validation. My findings are aligned with the CSR literature examining the use of discursive legitimation strategies to (re)construct organizational legitimacy during public controversies (e.g., Luyckx and Janssens 2016; Glozer et al., 2019).

1.4 Data and research methodology

The thesis analyses a sample of newspaper articles, voluntary tax reports and mandatory tax strategy reports, employing content analysis and Critical Discourse Analysis (CDA). In my first study which examines the salience of corporate tax avoidance on the UK media agenda, I rely on the Nexis database to download my sample of newspaper articles[20] covering a nineteen-year period from 1st June 2000 to 31st May 2019. My choice for the sample period is guided by the publication of Oxfam's "landmark report" (Elbra and Eccleston, 2018, p.9) on 1st June 2000, as it constitutes "one of the initial drivers of the tax justice movement" (Elbra and Eccleston, 2018, p.11). Following Chen et al. (2018, p.30), I require some grammatical variation of the word "tax" (i.e., tax, taxes, taxation, etc.) to appear either in the headline or the lead paragraphs of the article to ensure that taxes is the primary focus of the article. Further, to account for the role of NGOs and tax activists in bringing corporate tax avoidance to the forefront of the political agenda, I build on the work of Birks (2017) which focuses on news articles, where UK Uncut is mentioned, by requiring the newspaper article to mention either Oxfam, ActionAid (Action Aid), Christian Aid (ChristianAid), Tax Justice Network or UK Uncut[21].

After downloading the articles which match my research criteria, I engage in a pre-screening process to eliminate duplicates and to identify articles focusing on corporate tax avoidance. My final sample of articles consisted of those articles which reported on companies or financial institutions engaging in unacceptable tax behaviour (tax avoidance, tax dodging, tax evasion, tax abuses, tax scamming, use of tax havens, etc.) and/or facilitating such behaviour (secret banking, banking secrecy, shadow banking, secretive accounts, etc.). I subsequently conduct a manual

[20] Tabloids (*The Mirror*, *The Sun*, *The Express*, *Daily Mail*), broadsheets (*Guardian*, *Daily Telegraph*, *The Times*, *Independent*) and business press (*Financial Times*).
[21] UK Uncut is only required for those articles published following its establishment (October 27, 2010- May 31, 2019).

quantitative content analysis based on counts to establish the volume of newspaper articles in the period of 2000 to 2019 (1st June 2000 - 31st May 2019). Following Grafström and Windell (2011, p.223) I adopted Silverman's (2001, p.12) approach and "establish[ed] a set of categories and then count[ed] the number of instances [e.g., number of articles] that fall into each category". The categories are based on (1) different time periods, (2) different newspaper outlets, (3) different newspaper types, and (4) different newspaper political leanings.

In my second study, I use meaning-oriented qualitative content analysis which is widely used in accounting research (Jones and Shoemaker, 1994; Brennan et al., 2009) "[…] [to] mak[e] replicable and valid inferences from texts […] to the contexts of their use" (Krippendorff, 2004, p.18). Accordingly, I adopt a manual[22] content analysis approach to examine the legitimation strategies (i.e., substantive and symbolic legitimation strategies) used in Vodafone's tax reports over a seven-year period (2013-2019); starting with Vodafone's first tax publication in June 2013. In line with Krippendorff (2004), I follow an abductive approach to content analysis which requires "oscillating between theory and data analysis in retroductive ways" (Wodak and Meyer, 2009, p.19; Merkl-Davies et al., 2012, p.13). As such, I deductively infer the substantive and symbolic legitimation strategies from legitimacy theory. Meanwhile, I inductively develop the dominant themes representative of those legitimation strategies from "close repetitive reading" (Merkl-Davies et al., 2012, p.13) of Vodafone's tax reports.

Therefore, following Clatworthy and Jones (2003) I engage in a two-stage coding procedure, namely (1) keyword analysis and (2) attribution analysis. In the keyword analysis, I identify the keywords used in Vodafone's tax reports and code them by the legitimation theme they infer. Meanwhile, in the attribution analysis, I attribute each legitimation theme to its legitimation category and respective sub-category. Finally, I capture the volumetric significance (Beck et al., 2010; Campbell and Rahman, 2010) for each of the legitimation themes by counting the number of words in the sentences/pages devoted to each theme. By capturing the volumetric significance

[22] Manual content analysis allows "the researcher [to] code keywords and statements directly from the content of the text analysed" (Brennan et al., 2009, p.801). In this regard, "given the virtually inexhaustible list of possible keywords, manual coding is arguably more reliable" (Wallace, 1992; Brennan et al., 2009, p.801). By contrast, computer-aided content analysis "generally requires lists of keywords to be assembled in advance, and is not as adept at classifying keywords depending on context" (Brennan et al., 2009, p.801).

of each of the themes both individually and in aggregation to other themes in the same legitimation category (substantive and symbolic), I am able to infer whether Vodafone's tax reports reflect substantive legitimation (reporting on actual tax transparency practices) or symbolic legitimation (signalling the impression of transparency).

My third study focuses on examining the tax strategy narratives published by a sample of FTSE 100 companies to establish compliance with HMRC tax strategy reporting regulation and to construct corporate citizenship. I engage in Critical Discourse Analysis (CDA). CDA emphasizes the constitutive role discourse plays (Vaara, 2015) "[…] in the social construction of reality" (Condor and Antaki, 1997; Hardy et al., 2000, p.1231). Accordingly, it is aligned with my symbolic-interpretive narrative lens to corporate communication (Merkl-Davies and Brennan, 2017) which posits that communication (i.e., tax strategy reports) represents a means to constructing reality (Hines, 1988, p.251). Following this line of reasoning, my CDA analysis is based on a close reading and re-reading (Joutsenvirta, 2011, p.61) of the tax strategy narratives by engaging in a two-phase iterative process, including (1) thematic analysis (Barros, 2014, p.1216), and (2) deeper analysis of the rhetoric of legitimacy (Shinkle and Spencer, 2012, p.127).

I engage in an abductive research approach by "oscillating between theory and data in retroductive ways" (Wodak and Meyer, 2009, p.19; Merkl-Davies et al., 2012, p.13). First, I identify the key recurring themes used to portray compliance with tax strategy regulation (HMRC, 2016a). I deductively infer some themes from HMRC tax strategy reporting guideline[23] and identify some themes from a close reading of the tax strategy reports[24]. Secondly, I examine the discursive legitimation strategies adopted to construct corporate citizenship (Basu and Palazzo, 2008). I adopt Van Leeuwen's (2007) four means to discursive legitimation, namely (1) authorization, (2) rationalization, (3) moral evaluation, (4) and mythopoesis (narrativization). Building on Luyckx and Janssens (2016) and Glozer et al. (2019) I identify broader discursive forms of legitimation: (1) discursive antagonism, (2) discursive co-optation and/or (3) discursive validation.

[23] Approach to tax risks, attitude to tax planning, acceptable level of risk, and approach towards dealing with HMRC (HMRC, 2016a).
[24] Engaging with NGOs, educating the public about taxes, etc.

1.5 Practical implications

1.5.1 Implications for policy makers

Based on my findings, I view HMRC (2016a) tax strategy reporting regulation as a useful step towards fostering corporate tax transparency, particularly in relation to the information disclosed by companies in their approach to risk management and governance narrative. In this respect, my findings indicate that the companies reported on three[25] of the key aspects they should report on in relation to their risk management approach, namely (1) the systems in place to manage and control risks, (2) the role of the Board of Directors in ensuring an appropriate enforcement of those systems, and (3) the calibre of their tax personnel. Accordingly, I support Freedman and Vella's (2016, p. 656) earlier observations on the measure commenting that "[t]he information on tax risk management and governance might be useful and one would expect some interesting information to be gleaned from that, but information under the other three headings[26] is likely to become standardised and, to some extent, uniform".

Nevertheless, in line with Forstater (2018, p.17) I posit that "[…] standard text may not mean that tax strategies are a meaningless exercise. After all, the ultimate objective is not for […] companies to publish reports with different words, but for strategies to reflect an emerging common language about responsible tax practice". For example, companies used similar phrases when noting their commitment to having a transparent, open and cooperative relationship with HMRC, such as "[w]e have an *open, cooperative and collaborative* working relationship with HMRC, […]" (L&G, 2019, p.8), "[w]e're pleased to report that we have a very *open, co-operative and transparent* relationship with HMRC." (Lloyds, 2019, p.5), "[w]e deal with tax authorities in an *open and constructive* manner […]" (Prudential, 2019, p.10), and "[w]e believe in an *open and constructive* dialogue with tax authorities […]" (RB, 2019, p.5).

However, it is worth pointing out that companies tend to briefly note key aspects using similar phrases without providing a detailed narrative on them. For example, when reporting on their acceptable level of risk, most of the companies noted having a limited or a low appetite for tax

[25] Three out of four. That is to say they did not explicitly report on how they identify and reduce inherent tax risk.
[26] The other three headings, including (1) attitude to tax planning, (2) acceptable level of risk, and (3) approach towards dealing with HMRC (HMRC, 2016a).

risks using phrases, such as "[…] the Group's appetite to *manage its operational risk to as low a level as is commercially sensible*, […]" (Aviva, 2019, p.3), "[w]e *maintain a limited appetite for tax risk* by requiring a strong connection between tax planning and our business" (BT, 2020, p.6), and "[w]e take *a conservative approach* to tax risk" (National Grid, 2020, p.10). Nevertheless, companies failed to describe how they reduce their tax risks if not maintained within their risk appetite. This is explicitly evident in National Grid (2020) narrative. Despite noting that it "take[s] *a conservative approach* to tax risk", it stated that "[…] there is no prescriptive level or pre-defined limit to the amount of acceptable tax risk" (National Grid, 2020, p.10). "This suggests, […], that the benefits of being "low risk" would not suffice to make some of the most recalcitrant companies change their tax planning behaviour" (Freedman and Vella, 2016, 659), and thus explains companies' failure to explicitly disclose the measures implemented to ensure a limited risk appetite or to reduce the risks which go beyond their acceptable risk levels.

I therefore conclude that more clarity is needed in the tax strategy reporting regulation to avoid the indeterminacy inherent in some of the measure requirements which allowed companies room to vaguely report on some aspects, such as acceptable level of tax risk, and to hide others, such as influence of relevant stakeholders on their risk appetite. In addition, I share Freedman and Vella's (2016) view on the importance of the Board of Directors approving the tax strategy narrative, as board approved strategies "[…] could ensure that tax issues are discussed at the highest governance levels within the company" (Freedman and Vella's, 2016, p. 655). I therefore suggest that the measure should require companies to enclose a CFO statement in their tax strategy narratives to expound on the discussion of tax issues in the board level. This, in turn, could increase the tax knowledge within the company via a change in board composition to include more individuals with tax expertise (Bilicka et al., 2020).

1.5.2 Implications for organisational stakeholders

My study is useful to organisational stakeholders, in particular NGOs and tax activists, as it provides insights into the tax reporting practices of companies which serve a similar function as CSR reporting, namely as a legitimation mechanism and a means of influencing stakeholders' perceptions of corporate transparency and corporate citizenship. In 2004 Jeffrey Owens[27] noted that "the emergence of NGOs intent on exposing large-scale tax avoiders could eventually achieve change in attitude compared to that achieved on environmental and social issues: "tax is where the environment was 10 years ago"" (Houlder, 2004; Forstater and Christensen, 2017, p.25).

I provide evidence that NGOs and tax activists campaigning for Vodafone to be more transparent about its tax behaviour were successful. The pressure prompted Vodafone to voluntarily publish a detailed narrative on its tax practices which, in the absence of a "coherent standard" on corporate tax transparency (Common Vision, 2015, p.38), could "embolden other companies to follow […] Vodafone's lead" (Harman, 2018). What is more, publishing detailed corporate tax disclosures could "increase the pressure on the UK government to take the step of requiring all UK registered companies to do the same" (Harman, 2018). For instance, proposals for public CbCR are currently being negotiated in the European Parliament (Enache, 2021).

I find that the unprecedented naming and shaming of MNCs by the UK media regarding their irresponsible tax practices and the campaigning by NGOs and tax activists on corporate tax transparency resulted in two positive changes, namely (1) it encouraged some multinational companies (e.g., Vodafone) to take the lead in voluntarily engaging in public tax disclosures and (2) it "[…] prompt[ed] [further] regulatory and tax authority oversight" (Alexander, 2013, p.543), including HMRC (2016a) tax strategy reporting regulation.

[27] Director of the OECD's Centre for Tax Policy and Administration (Forstater and Christensen, 2017, p.25).

1.6 Structure of the thesis

The remainder of this thesis is organized as follows. Chapter 2 provides the context for the three empirical chapters. It introduces the various social actors within the UK corporate environment and outlines the key events relating to corporate tax avoidance in the UK public sphere. This is followed by three empirical chapters. Chapter 3 focuses on the UK print media coverage of corporate tax avoidance. Chapter 4 examines Vodafone’s voluntary tax publications. Chapter 5 analyses the mandatory tax strategy reports of UK companies. Chapter 6 concludes the thesis by summarising the findings and insights from the empirical analysis, noting the limitations, and shedding light on opportunities for future research.

Chapter 2 The UK corporate tax environment

2.1 Introduction

This chapter introduces the various social actors within the UK corporate tax environment (Section 2.2) and outlines the key events relating to the public debate on corporate tax avoidance in the UK (Section 2.3).

2.2 Social actors in the UK corporate tax environment

The current debate of MNCs' tax avoidance behaviour has gone from being an issue discussed by technical tax experts to a "high-profile [public] issue" (Dallyn, 2017, p.336). Such growing public interest in the corporate taxation debate has been catalysed by the hype in "media revelations" on corporate tax avoidance practices (Radcliffe et al., 2018, p.45) and the extensive campaigning of Non-Governmental Organisations (NGOs) and tax activists on the irresponsible tax behaviour of leading MNCs (Dallyn, 2017), which in return "antagonized the general taxpaying public" (Radcliffe et al., 2018, p.45). Consequently, we are "witnessing unprecedented levels of attention and attempted 'tax shaming' of MNCs by [various social participants, namely] the media, NGOs, [tax activists], governments, parliament and international organizations" (Mulligan and Oats, 2016, p.63), which fulfil different roles within the corporation tax environment.

Accordingly, the UK corporate tax environment involves a diverse group of social actors that serve different functions with respect to tax policy and inflow of tax knowledge. Building on the work of Hasseldine et al. (2011, p.41) which identifies the core actors involved in the UK knowledge market of the tax legislation, as well as Hasseldine et al. (2012, p.534) which provides an overview of the participants of the UK tax environment, and Anesa et al. (2019, p.33) which outlines the complex range of interactions between different social parties in the Australian corporate tax context, I map the different social actors within the UK corporate tax environment as follows. Core social actors, including (1) HMRC, (2) corporate taxpayers, (3) tax advisors, other social actors, including (4) Her Majesty's Treasury, (5) Parliament, and (6) National Audit Office (NAO), civil society actors, including (7) NGOs and tax activists, the general public, including, (8) the UK public, international actors, including (9) intergovernmental organizations, and (10) the UK media. See Figure 2.1.

HMRC, corporate taxpayers and tax advisors constitute "core social actors" within the corporate tax environment with respect to "communicating, implementing, and utilising changes in tax legislation" (Hasseldine et al., 2011, p.41). HMRC is "[the] UK's tax, payments and customs authority" established by the Commissioners for Revenue and Customs Act of Parliament in 2005 to administer the UK tax system (HMRC, 2019). Hence, it administers and communicates tax legislation and, in that sense, it could be regarded as a 'knowledge seller' (Hasseldine et al., 2011, p.41).

Corporate taxpayers constitute 'knowledge seekers' in the sense that they either seek to abide by these regulations (Hasseldine et al., 2011, p.41), or to violate these regulations, i.e., engaging in tax planning, avoidance or evasion (Hasseldine et al., 2011, p.41). Also, being 'knowledge seekers', corporate taxpayers engage in tax lobbying activities to either soften regulations that are against their organizational interests (Edelman et al.,1999; Mulligan and Oats, 2016) or to "bring forward" new legislations that facilitate such interests (Mulligan and Oats, 2016, p.72). Barrick and Brown (2019, p.60) note that tax-related corporate political activity (CPA); i.e., corporate lobbying efforts to shape tax policy, represents a "proactive form of tax avoidance" which is particularly evident for large companies as they espouse immense bargaining power that prompt them to be more successful in getting access to policymakers and in turn impacting on tax policy.

The third "core social actors" are the tax advisors who serve as 'knowledge brokers' by operating as intermediaries between corporations and HMRC (Hasseldine et al., 2011, p.41). On the one hand, they play a lobbying role "in the construction and configuration of tax laws" (Edelman and Suchman, 1997; Mulligan and Oats, 2016, p.72). On the other hand, they offer their tax expertise to corporations "in the form of knowledge or skills" (Hasseldine et al., 2011, p.41) in return for an advisory fee (Anesa et al., 2019). Furthermore, prior tax research notes that tax advisors in particular big 4 accounting firms help MNCs with their tax avoidance schemes (Sikka, 2013) and with structuring their subsidiaries in tax havens (Jones et al., 2018).

In addition to these three core social actors, i.e., HMRC, corporations, and tax advisors, there are other social actors, such as the government's Treasury (Her Majesty's Treasury), Parliament, and NAO, which play important roles within the UK tax environment. Her Majesty's Treasury (HM

Treasury) is responsible for drafting/formulating the tax law (Hasseldine et al., 2012, p.534), which Parliament then examines/debates to approve (Parliament, 2019a). Also, Parliament through its Public Accounts Committee (PAC), oversees the work of HMRC to ensure that it is effectively conducting the administration of the tax system (Parliament, 2019c). Therefore, the PAC "has routinely scrutinised HMRC's ability to collect taxes fairly and efficiently; exposed concerns about the tax planning industry; and contributed to the debate on the way in which multinational organisations arrange their tax affairs" (Parliament, 2019c).

For example, in November 2012, the PAC voiced its concern on the corporation tax paid by leading MNCs, i.e., Google, Amazon, and Starbucks, after examining the 2011-12 accounts of HMRC (Parliament, 2019b). Consequently, it called the three companies for an oral inquiry to the Committee on 12th November 2012 (Parliament, 2019b). The hearings revealed that Google, Amazon, and Starbucks had not paid their fair share of corporation tax on their UK sales, "[…] exploit[ing] national and international tax structures to minimise corporation tax on the economic activity they conduct in the UK" (House of Commons, 2012, p.3).

Also, in February 2013, the PAC called for tackling the promoters of tax avoidance schemes, i.e., major banks, accountancy firms and leading lawyers, through highlighting the government's role in refusing to conduct business with those parties who either promote such tax avoidance schemes or who refrain from paying their fair share of tax (House of Commons, 2013, p.3) and in increasing transparency from those promoters by naming and shaming them to discourage tax avoidance (House of Commons, 2013, p.5). Further, in its February 2016 report examining the settlement of Google's tax avoidance case, the PAC addressed the need for greater transparency around corporate settlements to judge their fairness for taxpayers (House of Commons, 2016, p.5).

In line with the PAC, the NAO whose role is to "audit the financial statements of all central government departments, agencies and other public bodies, and report the results to Parliament" (NAO, 2019), monitors and scrutinizes the activities of HMRC and then reports the outcome to Parliament (Holland, 2019). For instance, on the 17th of December 2015, the NAO published a report entitled *"Tackling tax fraud: how HMRC responds to tax evasion, the hidden economy and* *criminal attacks*[28]*"* as the first step in a series of reports which are aimed at examining how effectively HMRC tackles different means of tax fraudulent behaviour (NAO, 2015).

Civil society actors in the form of NGOs, e.g., Oxfam and ActionAid, and tax activists, e.g., Tax Justice Network (TJN) and UK Uncut, "have only recently become part of the tax environment" (Holland, 2019, p.14). Nevertheless, they played a significant role in addressing corporate taxes from the lens of corporate social responsibility and social justice (Hasseldine et al., 2012) where MNCs' failure to pay a fair share of corporation tax is deemed to hinder the government's ability to provide public services, such as health and education, and to deprive developing countries from aid to improve their "social infrastructure and the quality of life for millions of [their] people" (Sikka, 2010, p.154).

Accordingly, NGOs and pressure groups have helped to shape the public perceptions on MNCs' irresponsible tax behaviour by means of campaigning against companies engaging in tax avoidance (Dallyn, 2017), which, in turn, threatens the scrutinized companies' legitimacy. Subsequently, shamed companies need to respond to civil society demands by means of being seen to pay a fair amount of corporation tax and/or providing greater transparency in their tax disclosures (Hasseldine et al., 2012) to restore legitimacy and avoid potential governmental penalties/more stringent regulations (Kneip, 2013), negative media publicity, and consumer boycotts. Hardeck and Hertl (2014) note that aggressive corporate tax strategies (CTSs) diminish a corporate's reputation and, in turn, its success with consumers, whereas responsible CTSs enhance a corporate's reputation and its relationship with consumers. What is more, Sisson and Brown (2017) highlight that acting in a transparent manner at the beginning of a corporate's tax crisis via proactively providing full tax disclosures (Bowen, 2016) plays a crucial role in protecting its reputation. This means that companies not only need to avoid engaging in unacceptable corporate tax practices, but also to effectively communicate their tax strategies to their stakeholders and wider public. Thus, portray themselves as leading examples for other companies to follow.

[28] "Evasion, where individuals or businesses omit, conceal or misrepresent information to reduce their tax liabilities; participation in the hidden economy, where an entire source of income is not declared; and criminal attacks, where organised criminals carry out coordinated attacks on the tax system such as smuggling goods to evade excise duty or fraudulently generating repayments of tax" (NAO, 2015, p.7).

For instance, following its foundation in October 2010, the pressure group UK Uncut began its protests by targeting Vodafone's shops on UK highstreets (Holland et al., 2016) following publicity surrounding Vodafone's failure to pay £6 billion of UK corporation tax (Dallyn, 2017). Subsequently, negative media publicity followed. On 30th October 2010, *The BBC* (2010) reported on *"Vodafone shops [being] blockaded in tax protest"* and on the 6th of November 2010, *The Guardian* stated that *"Protesters force Vodafone stores to shut"* (Morris, 2010). Similarly, on the 8th and 9th of December 2012, *The BBC* and *The Guardian* reported on UK Uncut protests against Starbucks due to its payment of only £8.6 million in corporation tax since its launch in the UK 14 years ago (BBC, 2012c; McVeigh et al., 2012).

In response, in June 2013 Vodafone published a new report entitled *"Tax and our total contribution to public finances"* for its financial year 1st April 2011 to 31st March 2012 (Tax Report, 2013). The report has been acknowledged by the media, with *The Telegraph* viewing it as a step in the right direction, showing Vodafone's "[…] detailed breakdown […] contribution to the British economy and around the world" (Williams, 2013). In addition, *The Financial Times* viewed Vodafone's tax reporting as a means for promoting its tax transparency (Houlder, 2013). Also, on December 2015 *The Guardian* reported that Starbucks paid £8.1 million in UK corporation tax in 2015; a payment matching the total amount of corporation tax it paid in the UK over its first 14 years of operations (Davies, 2015). Nevertheless, pressure groups still called for Starbucks' accounts to be more transparent in order to be able to evaluate whether the amount paid constituted a fair share of tax (Davies, 2015).

The role of NGOs and pressure groups is not only confined to their campaigning against/ or criticism of MNCs, it extends to lobbying with government agencies (i.e., HM Treasury, Parliament, HMRC) (Hasseldine et al., 2012; Anesa et al., 2019). In a briefing paper published by the House of Commons in July 2016 to address the corporate tax reform, NGOs were quoted as "campaigning vigorously against" the proposed reform to Controlled Foreign Companies (CFC) rules[29], given that the proposed change is viewed to "incentive multinationals […] to shift profits

[29] "Under the new system, the UK will only be able to impose [an] extra levy if the profits in question have been shifted from the UK. Profits shifted from developing countries into tax havens, therefore, will incur tax at the tax haven rate, rather than at the UK rate—so the incentive to shift profits into tax havens will be significantly higher" (Seely, 2016, p.62).

into tax havens; [resulting in] a significant detrimental impact on the tax revenues of developing countries" (Seely, 2016, p.62).

Accordingly, individuals within civil society groups build up their networks with governance actors through "accessing Members of Parliaments (MPs) [and policy-makers] who share similar views and political goals" (Anesa et al., 2019, p.29) in an attempt to lobby for "a more socially-focused tax regulation" (Anesa et al., 2019, p.29). Therefore, in Dallyn's (2017, p.336) study examining the role of the TJN in promoting the "political profile" of corporate tax avoidance, he highlights that "finding supportive MPs and legislators has […] been crucial to the TJN generating political salience for CTA [Corporate Tax Avoidance]" (Dallyn, 2017, p.342).

In line with Anesa et al.[30] (2019, p.29) I view the UK public as "comprised of individuals having two simultaneous roles: the one of customer and the one of citizen". Thereby, the public's attitudes are heavily influenced by the opinions of the other social actors within the corporate tax environment projected through the lens of the media (Anesa et al., 2019). Accordingly, the recent public interest in corporate tax behaviour is "motivated" by the extensive media shaming of leading MNCs' tax avoidance practices (Radcliffe et al., 2018, p.46). In return, public outcry over corporate tax avoidance strategies poses a legitimacy threat to which the scrutinized companies need to respond by either changing their behaviour or by using their corporate communication as a legitimation tool to shape the perceptions of their respective publics (Neu et al., 1998; O'Donovan, 1999; Bansal and Roth, 2000; O'Dwyer, 2002). For instance, in December 2012, *The Guardian* reported that Starbucks chose to "voluntarily pay £10m in [UK corporation] taxes" over the next two years 2013 and 2014 in an attempt to calm public outrage and regain the trust of its customers following extensive scrutiny over its payment of no corporation tax in the UK (Neville and Treanor, 2012).

"While tax law is national and levied democratically by sovereign states, globalization means corporate activity frequently spans international borders" (Hasseldine et al., 2012, p.535). As such, even though "[t]he UK government wants a system with simple and fair rules that ensures all taxpayers pay their share. […]. Weaknesses currently exist in the international tax system that can

[30] Anesa et al. (2019) focuses on corporate taxation in Australia.

lead to, for example, companies playing different regimes off against one another in order to avoid paying tax on their profits anywhere at all" (Gauke, 2013). For a corporation to be tax compliant it needs to "comply with the law in all the countries in which it operate[s] […]" (Palan et al., 2010, p.9; Dallyn, 2017, p.337). Consequently, MNCs are not only faced with social actors within the UK corporate tax environment, but also with social actors within the international corporate tax environment (Hasseldine et al., 2012). One of the important international actors within the corporation tax context, is the Organization for Economic Co-operation and Development (OECD).

The role of the OECD is "to promote policies that will improve the economic and social well-being of people around the world" (OECD, 2018b). Therefore, it works with governments "to share experiences and seek solutions to common problems" (OECD, 2018b). Accordingly, the international initiatives that the OECD proposes relative to the corporation tax problems, including tax avoidance, tax transparency, profit shifting, tax havens, etc., are administrated within the UK by HMRC. The OECD launched the following tax initiatives; first, the Base Erosion and Profit Shifting (BEPS) project in response to the G20 summit leaders growing concerns about MNCs' tax avoidance (Brauner, 2014). The BEPS is aimed at tackling MNCs' tax planning strategies that exploit the gaps in the tax systems by shifting profits to low tax jurisdictions (OECD, 2018f). Second, the Country-by-Country Reporting (CbCR) initiative, where MNCs are required to report their tax practices within each country of operation (OECD, 2013c). Third, "The Global Forum on Transparency and Exchange of Information for Tax Purposes" which aims to support governments in enhancing the efficiency of their tax enforcements and the levels of tax compliance (OECD, 2017, p.2).

Finally, in line with Anesa et al. (2019, p.30) I view the media as the social actor responsible for the "public upheaval" around corporate tax practices. The media plays a crucial role in shaping public perceptions on debatable social constructs, such as corporate tax avoidance. Accordingly, media discourses, particularly newspapers ones (Dowling and Pfeffer, 1975; Pfeffer and Salancik, 1978; Deephouse, 1996) serve as "one of the most salient and prominent sources" through which the public assesses organizational legitimacy (Aerts and Cormier, 2009, p.2). Despite the different perceptions held by the previously identified social actors within the UK corporate tax environment on the legitimacy/illegitimacy of the corporate tax strategies, “these perceptions are filtered through the media lens to a kind of common impression” (Aerts and Cormier, 2009, p.3) according to which the public evaluates organisational legitimacy.

In light of the recent involvement of civil society groups, including NGOs and tax activists (Holland, 2019) in protesting against the corporate tax practices of leading MNCs and the extensive media coverage that followed (Holland et al., 2016; Dallyn, 2017), such as *The BBC* coverage on *“Google, Amazon, Starbucks: The rise of 'tax shaming'”* (Barford and Holt, 2013), and on “Oxfam urg[ing] G20 to curb tax avoidance that harms Africa” (BBC, 2013), as well as *The Guardian* reporting on *“UK Uncut protesters blockade Vodafone stores across country”* (Rawlinson, 2014), and on *“The anatomy of a campaign: tax justice, ActionAid”* (Ricks, 2015). According to Anesa et al. (2019, p.29), those NGOs and pressure groups “managed to keep the media engaged with a new narrative viewing tax as a contribution rather than a cost”.

In other words, those civil society groups utilized the media to promote corporation tax from the lens of CSR, where tax avoidance is viewed as a socially irresponsible act (Lanis and Richardson, 2012) which impacts on the welfare of the society as a whole (Desai and Dharmapala, 2006; Williams, 2007; Avi-Yonah, 2008; Lanis and Richardson, 2012). Accordingly, MNCs that engage in corporate tax avoidance strategies are deemed as not paying their ‘fair share’ of corporation tax in the countries in which they operate and thus hindering the governments’ abilities in financing the provision of public goods and services, i.e., health, military, education, etc. (Freedman, 2003; Friese et al., 2008; Lanis and Richardson, 2012), as well as depriving developing countries from tax revenues needed for improving the life of their people and their infrastructure (Sikka, 2010).

Although other social actors might view tax avoidance as a legal means of tax planning, civil society groups managed to challenge the social acceptability/legitimacy of companies’ tax behaviour (Holland et al., 2016) by utilizing the media as a platform to name and shame leading MNCs and to call for detailed corporate tax disclosures as a means to tax transparency. In return, such unprecedented media shaming (focus of Chapter 3) and calls for detailed tax disclosures pressurised the scrutinized companies, such as Vodafone to justify themselves to the public through using their corporate communication as a means to restore their legitimacy (focus of

Chapter 4). It also prompted regulatory bodies to enforce new policy measures, such as HMRC (2016a) tax strategy regulation (focus of Chapter 5).

Having discussed the different social actors within the UK corporate tax environment, I now move on to discuss the key events relating to the public debate on MNCs' tax avoidance in Section 2.2.

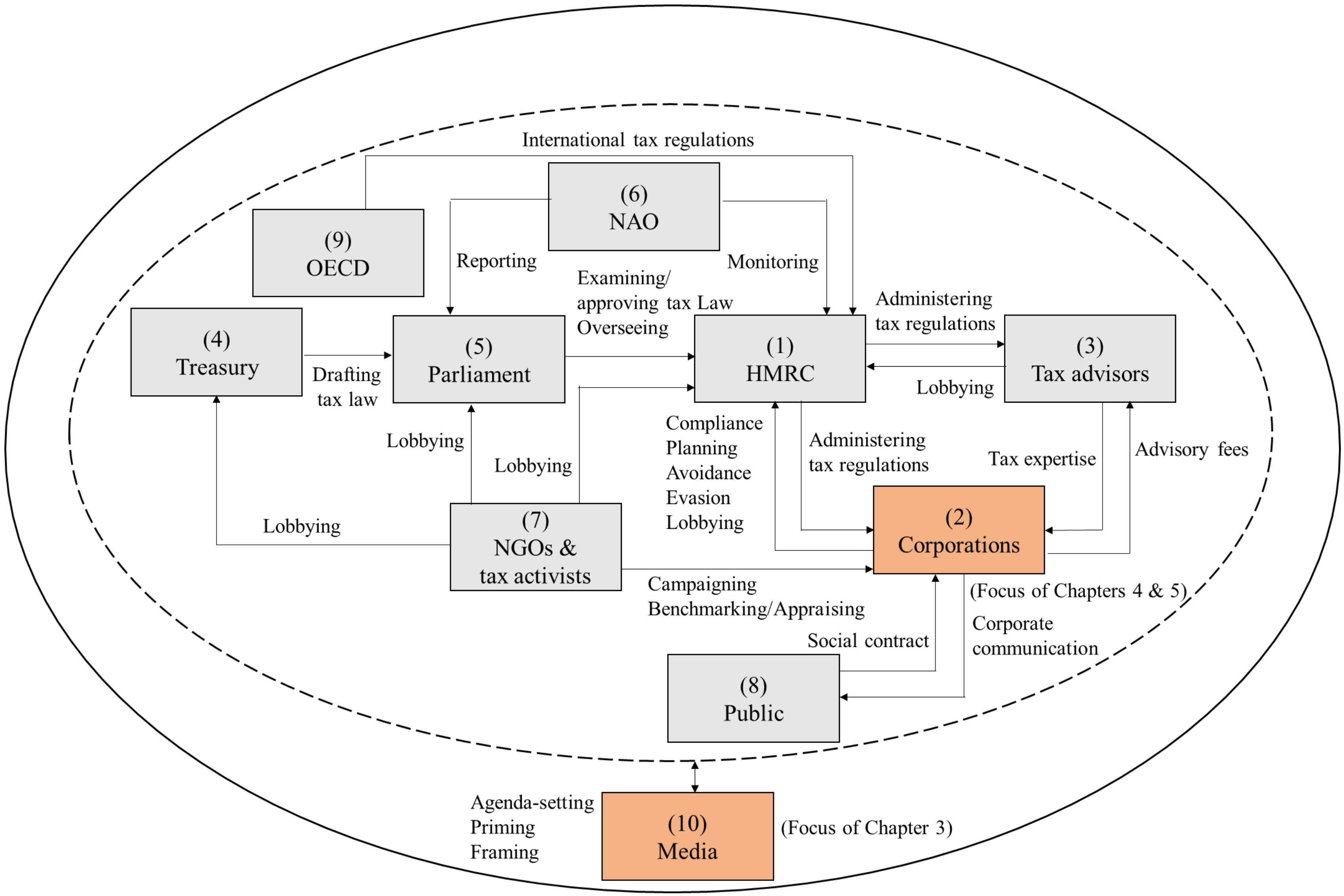

Figure 2.1: UK Corporate Tax Environment

Adopted from (Hasseledine et al., 2011, p.41; Hasseldine et al., 2012, p.534; Anesa et al., 2019, p.33)

2.3 The public debate on corporate tax avoidance in the UK

In this section I review the key events relating to the public debate on MNCs' tax avoidance practices since the 2000s in the UK. I discuss key events involving a variety of social actors, including regulatory bodies (HMRC), international bodies (OECD), civil society actors (NGOs and tax activists), and media. See Appendix 1.A for a summary of these key events.

The focus of this thesis is on the role of media "as an information intermediary" (Brennan et al., 2013, p.668) in the public controversy over MNCs' tax practices. Civil society groups, such as NGOs and tax activists are relatively recent social actors within the corporate tax environment, which managed to act as 'stakeseekers' (Fassin, 2009, p.511; Brennan et al., 2013, p.668). Their role is to highlight corporate tax practices to the media, particularly from a CSR perspective (Chapter 3). In turn, the media instigated public calls for tax transparency via pressurising scrutinized companies, such as Vodafone, to justify their tax practices to the public (Chapter 4) and via prompting regulatory bodies to enforce new policy measures, such as HMRC (2016a) tax strategy regulation (Chapter 5).

I thus construct a timeline of key events with a particular focus on events involving the media and civil society groups, namely (1) the publication of Oxfam landmark report in 2000, (2) the establishment of Tax Justice Network (TJN) in 2003, (3) the Global Financial Crisis (GFC) 2007-2009, (4) the establishment of UK Uncut in 2010, (5) the era of tax shaming: Google, Amazon and Starbucks, and (6) news leakages: Luxembourg leaks, Panama Papers and Paradise Papers. I discuss these key events and the social actors involved in Sections 2.3.1 to 2.3.6.

2.3.1 Oxfam landmark publication in 2000 following EU and OECD reports

In the UK, social attitudes towards corporate tax avoidance practices have been evolving, with a dramatic change from 2000 onwards (Holland et al., 2016). According to Holland (2019), this change was instigated by the publication of the European Union's (EU) report in November 1997 which proposed "*A package of measures to tackle harmful tax competition […]*" (Commission of the European Communities, 1997), followed by the publication of the OECD's report in May 1998 to address the same problem *"Harmful tax competition: An emerging global issue"* (OECD, 1998).

Both reports were aimed at shedding light on the deficiencies of the international tax systems as a means to counter harmful tax practices (Holland, 2019).

Accordingly, the EU report drew attention to "rendering taxation systems more conducive" to attract tax revenues (Commission of the European Communities, 1997, p.3) along with highlighting the engagement of individuals and MNCs in tax avoidance and tax evasion practices through the use of tax havens (Holland, 2019). Meanwhile, the OECD's report focused on the importance of identifying tax havens, given the tax avoidance and evasion activities they trigger, as well as on the importance of the exchange of information across different jurisdictions (Weiner and Ault, 1998). Interestingly, both reports mentioned the need for tax transparency in the administration of the different tax regimes by means of exchanging information across the different regimes and making special administrative treatments (legislative rules) known to other tax authorities (Commission of the European Communities, 1997; Weiner and Ault, 1998).

Thereby, in the early 2000s the OECD established a "Global Forum on Transparency and Exchange of Information" (Radcliffe et al., 2018) as a "multilateral framework [to address] transparency and exchange of information for tax purpose" across different economies (OECD, 2018a). Then, in September 2009, the OECD restructured its Global Forum to include non-OECD countries (Radcliffe et al., 2018) following the G20 calls to "strengthen the implementation of the [forum] standards" (OECD, 2018d). "Since its restructuring in 2009, the Global Forum has become the key international body working on the implementation of the international standards on tax transparency" (OECD, 2018a).

Following the EU and the OECD initiatives to tackle harmful international tax competition, in June 2000 Oxfam published a briefing paper entitled *"Tax Havens: Releasing the hidden billions for poverty eradication"* to address the implication of tax havens through the lens of developing countries (Mayne and Kimmis, 2000). In line with Elbra and Eccleston (2018, p.11), I view this Oxfam report to have paved the way for other "tax justice movement[s]". Within its paper, Oxfam acknowledged the efforts of the EU and the OECD with respect to restricting the use of tax havens (Mayne and Kimmis, 2000). Nevertheless, it voiced its concern in respect to the overlooked effects of tax havens on the developing world (Mayne and Kimmis, 2000). Accordingly, prompted by the initiatives of the EU and OECD, Oxfam released its paper to draw “attention to the implications of tax havens for poor countries and poor people” (Mayne and Kimmis, 2000, p.3; Holland, 2019). Thereby, it called for a comprehensive and international framework which tackles the deficiencies of tax systems and implications of tax havens, while accounting for four aspects, namely “(1) a poverty perspective; (2) a genuinely inclusive approach fully involving developing countries in discussions; (3) a multilateral approach to what are global problems; and (4) strategies to help small, poor and vulnerable economies to diversify from a reliance on harmful tax practices and to comply with standards to prevent money laundering” (Mayne and Kimmis, 2000, p.3).

In line with the EU and the OECD’s calls for transparency by means of information sharing across different jurisdictions (Commission of the European Communities, 1997; Weiner and Ault, 1998), Oxfam shed light on the importance of cross-countries information sharing with respect to poor nations in terms of tackling tax evasion and illegal tax practices (Mayne and Kimmis, 2000). Moreover, Oxfam spotted on the need for companies to publish information on their tax strategies through addressing the need for “minimum standards of transparency and disclosure by companies” (Mayne and Kimmis, 2000, p.22). Also, it pushed towards incorporating corporate taxation in the corporate social responsibility agenda (Mayne and Kimmis, 2000).

2.3.2 The establishment of the Tax Justice Network in 2003

A couple of years later, in March 2003, the Tax Justice Network (TJN) pressure group was founded (Tax Justice Network, 2019) to “serve […] as a central hub in knowledge-based research and ‘tax justice’ campaigning across the NGO sector” (Seabrooke and Wigan, 2016; Dallyn, 2017, p.341). According to Gurtner (2004, p.25), the launch of the TJN came in response to “the harmful trends in global taxation” which is benefiting wealthy individuals and large MNCs at the expense of poor individuals and domestic businesses. Hence, the taxation system was deemed as having disruptive implications on the provision of public services and the reduction of poverty (Gurtner, 2004). Thereby, Holland (2019, p.2) attributes the origins of the TJN to the Oxfam 2000 paper on the implication of tax havens on the developing world and views its foundation as a “time marker” to a new focus towards “concerns over inequitable treatment of taxpayers” following the EU and the OECD initiatives “to protect tax revenues for their respective government members”.

Since its establishment, TJN "marked a significant change in […] international tax debates" (Forstater and Christensen, 2017, p.26). For instance, it engaged with *The Guardian*, to promote its work on corporate tax avoidance (Elbra, 2018, p.77). On the launch of the TJN's International Secretariat in September 2004 (Tax Justice Network, 2019), *The Guardian* quoted the TJN as "a new group [that] aims to expose how billions of pounds which should be funding development is being hidden offshore" (Campbell, 2004). In return, TJN viewed this exposure in *The Guardian* as "its first major international newspapers headline [titled] Havens that have become a tax on the world's poor" (Tax Justice Network, 2019).

Expanding on its work, in September 2005 the TJN released "one of its major publications" entitled *"Tax us if you can"* followed by a second edition in July 2012 (Tax Justice Network, 2012, p.2). These reports were aimed at addressing tax injustice in order to crackdown on the problem of poverty and inequality (Tax Justice Network, 2012) through shedding light on the causes of the tax injustice and the key players involved in tax injustice, as well as projecting solutions towards tax justice (Tax Justice Network, 2005; 2012). Within its reports, the TJN spotted on tax havens (secrecy judications) being "the root cause of the tax injustice" problem (Tax Justice Network, 2005, p.26; 2012, p.20), which is facilitated by key players, such as banks, lawyers and accountancy firms (Tax Justice Network, 2012, p.20).

Among TJN's proposed solutions for tackling those secrecy regimes which are hindering tax justice were: (1) Country-by-Country Reporting (CbCR) which requires MNCs to report their activities by country of operation (Tax Justice Network, 2012), and (2) across countries information sharing which entails facilitating information exchange between the different jurisdictions (Tax Justice Network, 2005; 2012). Interestingly, within the first edition of its report in September 2005, the TJN did not use the term CbCR (being a relatively new initiative in the tax environment) to call for further corporate tax disclosures. By contrast, it enforced the idea of companies disclosing on their tax practice through the lens of corporate social responsibility by stating that "nothing better reflects the corporate responsibility of a company than its tax payment. Tax payments are a major component of a company's economic footprint in the country or countries in which it operates" (Tax Justice Network, 2005, p.45). As such, "the […] TJN has been central in defining [tax] campaign targets and catalysing action in the NGO community […]" (Baden and Wigan, 2017, p.130).

Consequently, the NGO Christian Aid released its report *"The shirts off their backs: How tax policies fleece the poor"* in which it referred to TJN research to highlight the implications of: (1) tax competition, (2) trade liberalisation (tax on imports), and (3) tax havens on poor countries (Christian Aid, 2005, p.3). Subsequently, on January 2007, TJN published its paper *"Mirror, mirror on the wall, who's the most corrupt of all?"* to voice its concern on corruption by shedding light on the role of the offshore financial system in promoting and enabling capital flight and tax evasion (Christensen, 2007, p.1). Also, in its report, the TJN focused on the wider costs borne by society as a result of multinational companies' engagement in aggressive tax avoidance strategies (Christensen, 2007, p.1).

2.3.3 The Global Financial Crisis 2007-2009

Another remarkable event with respect to corporation tax, is the Global Financial Crisis (GFC) 2007-2009 (Anesa et al, 2019; Holland, 2019). During the period of a financial crisis, public finances suffer from a shrinkage in tax receipts due to higher unemployment rates and decreased corporate profits, rendering tax to become a more critical issue (Hudson and Roy-Chowdhury, 2010). With the GFC deepening in September 2008 as a result of the collapse of Lehman Brothers[31] (Pham, 2010), and then spreading to the rest of the world economies (Yelkikalan and Kose, 2012), the UK was among the European countries severely impacted by the crisis (Hodson and Mabbett, 2009). Further, according to the International Monetary Fund (IMF) the GFC worsened by tax policies which accelerated the credit boom, paving the way for the financial downturn of the economy (Hudson and Roy-Chowdhury, 2010).

Therefore, in the aftermath of the GFC 2007-2009, corporate tax avoidance became a "politically salient issue" in the UK (Holland et al., 2016; Dallyn, 2017, p.342). "[Corporate] tax issues started to become intelligible in the context of widespread mistrust" around the tax practices of leading multinational companies and financial institutions (Radcliffe et al., 2018, p.46). Accordingly, "attention to corporate […] [tax] contributions has grown substantially" (Anesa et al., 2019, p.17).

[31] US fourth largest investment bank (Pham, 2010).

Media exposure of the tax avoidance practices of multinational companies (Kanagaretnam et al., 2018); accompanied by extensive campaigning by NGOs (i.e., ActionAid, Christian Aid and Oxfam), and tax activists (i.e., TJN and UK Uncut) against corporate tax behaviour, succeeded in making corporate tax avoidance "a higher profile and politically salient issue" in the public sphere (Dallyn, 2017, p.342). As noted by Mulligan and Oats (2016, p.63) "[w]e are witnessing unprecedented levels of attention and attempted 'tax shaming' on named multinationals by the media, […] NGOs [and tax activists] […]" in the wake of "budgetary challenges faced by [UK] government" (Elbra, 2018, p.68) in the aftermath of the GFC.

For instance, amid the onset of the GFC in May 2008, Christian Aid released its report *"Death and taxes: the true toll of tax dodging"* to expose the consequences of multinational companies' tax avoidance practices, in particular use of tax havens on the developing world (Christian Aid, 2008). Christian Aid (2008, p.1) "predict[ed] that illegal, trade-related tax evasion alone will be responsible for some 5.6 million deaths of young children in the developing world between 2000 and 2015". In June 2008, TJN pushed the tax haven issue on the political agenda, as it submitted its report *"Tax havens creating turmoil"* to the Treasury Committee of the House of Commons (Murphy, 2008). In an extensive 193-page report, TJN called for action to tackle tax havens through enforcing regulations that restrict the power and impact of offshore financial centres on the global economy (Murphy, 2008).

Then, the collapse of Lehman Brothers in September 2008 (Pham, 2010, p.2), the austerity measures which followed (Mullen, 2018) and cuts to developing countries' aid budget, catalysed the role of NGOs, tax activists and the media in making corporate tax avoidance a "politically salient issue" on the UK public agenda (Holland et al., 2016; Dallyn, 2017, p.342). For instance, in November 2008 ActionAid released a briefing paper *"Hole in the pocket: Why unpaid taxes are the missing link in development finance"* to pinpoint the role of banking secrecy in facilitating tax avoidance (capital outflows) and hence contributing to the financial crisis, and to condemn multinational companies for engaging in tax avoidance practices (ActionAid, 2008). According to estimates by ActionAid (2008, p.2) "the amount [of money] that flows into developing countries as aid (about $100bn a year) is dwarfed by the amounts that flow out through illicit capital flight (which may be as high as $800bn a year)".

Subsequently, in February 2009 *The Guardian* launched a media investigation entitled the "*Tax Gap Series*" reporting on the "secretive tax strategies" (Guardian, 2009d) of major British companies over a two-week period. Among the scrutinized entities were: (1) Diageo[32] for using "transfer pricing" practices to shift the UK profits of one of its alcoholic beverages (Johnnie Walker) to the Netherlands (Brooks, 2009a), (2) Barclays for utilizing various tax tricks, i.e., "double taxation relief[33]", "foreign dividend buying[34]", and "hybrid entities[35]" (Brooks, 2009b), (3) Lloyds for engaging in a "tax arbitrage[36]" scheme with Denham funding Ltd (Brooks, 2009c), (4) Walkers[37] for shifting profits to a tax haven in Switzerland (Guardian, 2009c), and (5) Vodafone for utilizing its "newly-acquired German telecom [company], Mannesman, through a structure in low-tax Luxembourg" (Guardian, 2009b). Furthermore, Barclays was shamed for setting up tax avoidance schemes for companies after the leakage of internal Barclays' memos that were featured in *The Guardian Tax Gap Series* (Guardian, 2009a). In return, Barclays condemned *The Guardian* for publishing the leaked documents and the courts subsequently banned *The Guardian* from publishing them (Guardian, 2009a).

In March 2009, Christian Aid published its report *"False profits: Robbing the poor to keep the rich tax-free"* to address the use of profit shifting strategies, transfer pricing, particularly by multinational companies as a means to reducing their tax bills (Christian Aid, 2009). To project the adverse implications of such practices, in the introduction of the report Christian Aid quoted Raymond Baker[38] referring to this era as the "ugliest chapter in global economic affairs since slavery" (Christian Aid, 2009, p.3). A couple of months later in October 2009, the TJN introduced its Financial Secrecy Index (FSI) which it viewed as "a new phase in global understandings of

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[32] Diageo is British multinational that is a global leader in beverage alcohol (Diageo, 2019).
[33] Tax relief for tax paid on foreign profits to prevent them being taxed twice (Brooks, 2009b).
[34] Buying shares in foreign companies and holding on to them long enough to receive dividends on which foreign tax had been paid (Brooks, 2009b).
[35] Insert "hybrid entities" into financial arrangements between the UK and the US. By engineering these entities so that British and US authorities treated them differently, double taxation relief for the same tax payments could be claimed twice (Brooks, 2009b).
[36] Scheme under which the tax laws of one country (the UK) are played off against those of another (the US) (Brooks, 2009c).
[37] Walkers is a British snack food manufacturer mainly operating in the United Kingdom and Ireland.
[38] Director of the Global Financial Integrity that "is a Washington, DC-based think tank, with a stated aim of producing high-calibre analyses of illicit financial flows, advising developing country governments on effective policy solutions and promoting pragmatic transparency measures in the international financial system as a means to global development and security" (Global Financial Integrity, 2019).

financial secrecy, illicit financial flows and corruption, [through] bring[ing] into focus, for the first time, the global infrastructure of secrecy jurisdictions which encourage and facilitate illicit financial flows" (Tax Justice Network, 2009b, p.1). The index was aimed at revealing jurisdictions that are "most to blame for financial secrecy", and at providing new insights for global change (Tax Justice Network, 2009b, p.2) via ranking jurisdictions according to their secrecy and the scale of their offshore financial activities" (Tax Justice Network, 2018b). Thus, it combines two measures, a qualitative measure and a quantitative one (Tax Justice Network, 2009b). "The qualitative measure looks at a jurisdiction's laws and regulations, international treaties, and so on, to assess how secretive it is. The assessment is given in the form of an opacity score. The higher the score, the more opaque the jurisdiction. [Meanwhile] the […] quantitative measure attaches a weighting to take account of the jurisdiction's size and overall importance to the global financial markets" (Tax Justice Network, 2009b, p.2).

Several editions of the measure have been published, i.e., 2011, 2013, 2015 and 2018, since its introduction in 2009. Within each edition the number of jurisdictions accounted for has expanded, namely from 60 jurisdictions in 2009 (Tax Justice Network, 2009a) to 71, 82, 92, 112 jurisdictions, respectively (Tax Justice Network, 2011; 2013c; 2015a; 2018b). Luxembourg, Switzerland, Cayman Islands are in the lead in all five editions of the index (Tax Justice Network, 2009a; 2011; 2013c; 2015a; 2018b).

Since its release in October 2009, the Financial Secrecy Index gained the attention of leading media outlets. For instance, on 1st of November 2009 *The Independent on Sunday* in its article *"Square Mile [London] too secretive, says report"*, shed light on UK Treasury defending claims that London is "feature[d] so high on […] secrecy index because of how open it is to funds from the most secretive jurisdictions" (Walton, 2009). Accordingly, the TJN's Financial Secrecy Index ignited calls for tax transparency. For example, on August 2010 Christian Aid launched its "Trace the Tax" campaign to call on leading FTSE 100 companies[39] to support calls for greater transparency as a means to tackling tax avoidance (Christian Aid, 2011).

[39] Vodafone, Unilever, TUI Travel, and InterContinental Hotels Group (Christian Aid, 2011, p.36).

2.3.4 The establishment of UK Uncut in 2010

Another key event in the controversy over MNCs' tax practices is the establishment of UK Uncut pressure group. This follows the announcement by George Osborne, the Chancellor of the Exchequer, on the 20th of October 2010 about the largest reduction in public spending in 60 years, referred to as "dramatic austerity measures" (Lyall and Cowell, 2010; Pimlott et al., 2010; Holland et al., 2016, p.10). A week later on 27th of October 2010 a new tax activist group, UK Uncut, was established (Holland et al., 2016) as "a grassroots movement taking action to highlight alternatives to austerity [through] us[ing] acts of creative civil disobedience to show [their] opposition to the Government's cuts to […] public services" (UK Uncut, 2018). Therefore, it started to "mobilise opposition to austerity by advocating a crackdown on tax avoidance as an alternative to [budget] cuts" (Birks, 2017, p.296).

UK Uncut directed its first protest against Vodafone (Dallyn, 2017) based on Vodafone's deal with HMRC, allowing it to forgo a potential tax payment of £6 billion (Duke, 2012). *The Financial Times* referred to it as "one of Britain's biggest legal battles over international tax planning" (Houlder, 2010). Consequently, to step-up action against tax avoidant multinationals, UK Uncut went on targeting other UK companies, including Topshop, Boots and Barclays (Forstater and Christensen, 2017, p.30). By engaging in "publicly observable direct action" (Holland et al., 2016, p.11), i.e., "demonstrat[ing] outside different high street shops in the UK that have undertaken tax avoidance" (Dallyn, 2017, p.344), UK Uncut ensured its voice reached a wider audience (Holland et al., 2016). Hence, its "actions in occupying and picketing the companies' business premises" (Holland et al., 2016, p.11), starting with Vodafone on 27th of October 2010, attracted the attention of UK newspapers.

For instance, on the 5th of November 2010 *The Guardian* reported that *"Vodafone stores across UK [are] becom[ing] focal point for anti-cuts protesters: [...] for new wave of demonstrations anger over £6bn tax avoidance [...]"* (Gabbatt, 2010). Also, on 4th of December 2010 *The Guardian* highlighted that *"UK Uncut targets Topshop and Vodafone over tax arrangements"* (McVeigh, 2010). Similarly, on the 6th of December 2010 *The Times* reported on *"Tax avoidance protesters invad[ing] Topshop"* (Times, 2010). Two weeks later, on 19th of December *The Telegraph* reported on *"Marks and Spencer [being] targeted as tax protests widen"* (Leach and

Jamieson, 2010). Furthermore, on 18th of December 2010 *The Times* reported on “UK Uncut argu[ing] that if businesses did not engage in legal tax avoidance, public spending cuts undertaken by the Government to cut the budget deficit would not need to be so great” (King, 2010) and *The Independent* highlighted that *“In an age of austerity [UK Uncut views] companies [to] have a moral duty to pay [tax]”* (Tobin, 2010).

Therefore, according to Birks (2017, p.299) “UK Uncut’s thematization of tax avoidance in terms of austerity was transmitted and transformed in its progress through the public sphere”, successfully promoting corporate tax avoidance to the forefront of the political agenda (Elbra, 2017). In line with Elbra (2017, p.1) I view UK Uncut to have played an integral role in three aspects, namely (1) prompting campaigning on tax avoidance, (2) ‘elevating’ the issue of tax avoidance in the public’s mind, and (3) pressurizing the government to take action. It is also worth noting the role of UK Uncut in challenging Goldman Sachs’ settlement with HMRC which allowed Goldman Sachs to forgo up to a £20m tax bill (Martin and Barrow, 2012). Although, UK Uncut’s challenge failed as it lost the judicial review of the deal between HMRC and Goldman Sachs, it succeeded in exposing the “sweetheart [tax] deals” between MNCs and HMRC to the public eye (Syal and Mulholland, 2011; James, 2013, p.257), which James (2013, p.248) views as “the first tangible evidence of a demand for greater transparency in the administration of the tax system”.

However, UK Uncut is not the only social movement group campaigning against tax avoidance. NGOs, including ActionAid, Christian Aid and Oxfam, along with TJN activist group have been campaigning on the tax avoidance practices of multinational companies for over a decade. As noted by Jeffrey Owens[40] in 2004 “the emergence of NGOs intent on exposing large-scale tax avoiders could eventually achieve change in attitude compared to that achieved on environmental and social issues: “tax is where the environment was 10 years ago”” (Houlder, 2004; Forstater and Christensen, 2017, p.25).

For instance, in January 2011, in collaboration with SOMO, a Dutch thinktank that investigates the work of MNCs, Christian Aid released a report entitled *“Tax Justice Advocacy: A Toolkit for Civil Society”* (Christian Aid and SOMO, 2011). The purpose of the report was to revive the

[40] Director of the OECD’s Centre for Tax Policy and Administration (Forstater and Christensen, 2017, p.25).

importance of campaigning against tax avoidance practices of both multinationals and rich individuals as a means to promoting a fair tax system and achieving tax justice (Christian Aid and SOMO, 2011). In their report Christian Aid and SOMO (2011, p.7) noted the importance of transparency through highlighting that "the counterpart to pushing for fair enforcement of taxation is pushing for transparency […] in the tax system".

Similarly, ActionAid released a series of reports advocating for tax transparency. In July 2011 ActionAid (2011b, p.1) called for corporate tax avoidance to be considered as an aspect of corporate social responsibility in its report *"Tax responsibility: The business case for making tax a corporate responsibility issue"* by highlighting the need for companies to (1) comply with the law, (2) be transparent about their tax practices, and (3) disclose their tax planning structures and policies. Three months later, in October 2011, ActionAid published its report entitled *"Addicted to tax havens"* (ActionAid, 2011a) to condemn MNCs for their extensive use of tax havens. Out of the 100 examined companies "98 […] declared tax haven companies, with only two […], Fresnillo and Hargreaves Landsdown, who did not" (ActionAid, 2011a, p.1). The results of the ActionAid report have received wide coverage in the media. For example, *The BBC* instantly reported on "[…] a survey show[ing] that all but two of the UK's biggest 100 companies have subsidiaries in tax havens, from the Cayman Islands to Singapore" (Mulvey and McClatchey, 2011). Later, *The Guardian* reported that *"UK's top companies condemned for prolific use of tax havens"* through highlighting that "only two of FTSE 100 have no subsidiaries in havens" (Quinn and Ball, 2013).

Then, on March 2012, ActionAid focused on the billions lost by developing countries as well as the UK in light of the UK anti-tax haven rules[41], suggesting that change "should begin with greater transparency, forcing companies to disclose their financial results on a country-by-country basis – including tax havens" (ActionAid, 2012, p.8).

[41] Proposed changes in the 2012 budget will water down Controlled Foreign Company (CFC) rules, which are designed to deter British multinational companies from exploiting the low tax rates offered by tax havens (ActionAid, 2012, p.2).

2.3.5 The era of tax shaming: Google, Amazon and Starbucks

Following ActionAid's *"Addicted to tax havens"* report in October 2011, 2012 and 2013 witnessed a hype in media shaming over MNCs' tax behaviour. In June 2012 the National Audit Office (NAO) examined the settlements of five[42] tax disputes between HMRC and leading multinationals, including Vodafone (which triggered the onset of UK Uncut as discussed earlier), concluding that "all five settlements were reasonable" (NAO, 2012, p.6). Consequently, Christian Aid launched its "Tax Justice Bus Tour" campaign in August 2012 "to highlight the responsibility multinational firms have to pay their fair share of tax" (Owens, 2013). Then, the tax avoidance cases of Google, Amazon and Starbucks, marked a new era of "tax shaming" (Barford and Holt, 2013). In October 2012, Reuters launched a series of special investigations into the tax practices of Starbucks, Amazon and Google by issuing four special reports: one condemning "[…] UK tax authority for [getting] cosy with big business" (Bergin, 2012c) and three investigating each of the MNCs' tax avoidance cases: (1) *"How Starbucks avoids UK taxes"* (Bergin, 2012b), (2) *"Amazon's billion-dollar tax shield"* (Bergin, 2012a), and (3) *"How Google UK clouds its tax liabilities"* (Bergin, 2013).

One week following the launch of Reuters' investigations, on the 21st of October 2012 *The Sunday Times* revealed that eBay "legally channels payments through Luxembourg and Switzerland to avoid paying nearly £50m in tax in Britain" (Duke and Laurance, 2012). Similarly, Ikea "halve[s] its corporation tax bill in the UK by siphoning off profits abroad in the form of royalty payments to a sister company" (Duke and Laurance, 2012).

Following tax avoidance investigations and the Public Accounts Committee (PAC) hearing on the tax matters of Google, Amazon and Starbucks on 12th of November 2012 (Public Accounts Committee, 2012), corporate tax avoidance gained extensive coverage in UK newspapers. For instance, on the same day of the PAC's hearing *The Telegraph* highlighted that *"Starbucks, Amazon and Google [are] accused of being 'immoral'"* (Ebrahimi, 2012). Similarly, *The Guardian* focused on *"Google, Amazon and Starbucks fac[ing] questions on tax avoidance from MPs*

[42] "The [Comptroller and Auditor General] C&AG considers that it is not necessary to identify taxpayers to fully report on these issues. For this reason, [NAO] […] have not named taxpayers, and refer to them […] as Companies A to E, respectively" (NAO, 2012, p.5).

[Members of Parliament]" (Kiss, 2012). Consequently, on 8th of December 2012, *The Independent* reported that *"UK Uncut stages Starbucks protests over coffee chain's tax affairs"* involving more than 40 demonstrations across Starbucks UK branches (Diaz, 2012).

The media coverage on corporate tax avoidance catalysed further investigations and campaigning from NGOs and tax activists. On January 2013, Christian Aid (2013) launched its "IF" campaign. Despite the campaign being aimed at "eradicat[ing] extreme hunger […] Christian Aid made sure [that] tackling tax dodging was a big part of the campaign" in order to bring both issues to the G8 agenda[43] (Christian Aid, 2013, p.6). Then, in May 2013, *The Guardian* revived ActionAid *"Addicted to tax havens"* report which accused 98 FTSE 100 companies of using tax havens (ActionAid, 2011a) by reporting that *"UK's top companies [are] condemned for prolific use of tax havens"* (Quinn and Ball, 2013). Among the top users of tax havens reported in *The Guardian* article is HSBC (Quinn and Ball, 2013). Hence, on July 2013 *The Financial Times* (2013) shed light on *"UK Uncut plan[ning] sit-ins at HSBC bank branches"*. A couple of months later, ActionAid (2013) launched its "Tax Power" campaign across 20 countries[44], including the UK (Tax Justice Network, 2013a), "to harness the Tax Power of people and governments by working on the local, national and international levels to bring an end to harmful tax incentives, tax avoidance of all kinds, and the tax havens and lack of transparency that make tax avoidance possible" (ActionAid, 2013, p.3).

The G20 called for further work to be done "to appease societal concerns" (Radcliffe et al., 2018, p.45 footnote 2) and consequently, in September 2013 the "OECD and G20 countries adopted a 15-point Action Plan to address BEPS[45] [Base Erosion and Profit Shifting project]" (OECD, 2019) which is aimed at "restor[ing] confidence in the [tax] system and ensur[ing] that profits are taxed where economic activities take place and value is created" (OECD, 2019) "The Action Plan identified 15 actions along three key pillars: (1) introducing coherence in the domestic rules that

[43] G8 summit (17-18 June 2013) focused on trade, tax and transparency (Tran, 2013). It took place in Lough Erne, Northern Ireland.
[44] Bangladesh, Ghana, Kenya, Mozambique, Nigeria, Uganda, Zambia, Australia, Denmark, Netherlands, Sweden, UK, and USA with more countries starting activities throughout 2013 (Tax Justice Network, 2013a).
[45] OECD's initial report on Base Erosion and Profit Shifting was issued on February 12, 2013 (OECD, 2013b) and the initial Action Plan report was issued on July 19, 2013 (OECD, 2013a).

affect cross-border activities, (2) reinforcing substance requirements in the existing international standards, and (3) improving transparency as well as certainty" (OECD, 2019).

In February 2014 "The Fair Tax Mark[46] certification scheme was launched […] to encourage and recognise organisations that pay the right amount of corporation tax at the right time and in the right place" (Fair Tax, 2019b). As noted by Christians (2018, p.1) "[t]he [Fair Tax] Mark is thus a new and discrete campaign in the wider tax justice movement that interacts with, influences, and is in turn impacted by the ongoing evolution of policy in the international tax order". Accordingly, Christians (2018, p.7) suggests that tax justice advocates including the Fair Tax Mark "should be taken seriously even if it is currently nascent and its impact is difficult to measure".

In October 2014 ActionAid began its "Town against tax dodging" campaign […] (Adams, 2014). Similarly, Oxfam and Christian Aid released two reports *"Even it up: […]"* (Oxfam, 2014) and *"Tax for the common good […] "* (Christian Aid, 2014) to call for equality and tax justice through highlighting that "corporate tax collection is a large part of the problem" (Oxfam, 2014, p.16) and that "multinational companies manipulate their profits to allow them to pay little or no tax in the countries in which they are operating" (Christian Aid, 2014, p.4).

2.3.6 News leakages: Luxembourg leaks, Panama Papers and Paradise Papers

In November 2014, the International Consortium of Investigative Journalists (ICIJ) which is "a global network of reporters and media organizations [including *The Guardian*] who work together to investigate the most important stories in the world" (ICIJ, 2019) published the Luxembourg leaks which is a "28,000 pages of leaked confidential documents that lay out the special tax deals granted by the government of Luxembourg to some of the world's largest corporations" (ICIJ, 2014). Accordingly, *The Guardian* in an extensive article entitled *"Luxembourg tax files: how tiny state rubber-stamped tax avoidance on an industrial scale"* provided a detailed coverage of such "unprecedented international investigation" (Bowers, 2014). Consequently, the Luxembourg tax files marked the start of a series of leakages that followed.

[46] On 14th April 2021 the Fair Tax Mark announced the change of its name to Fair Tax Foundation "[…] to allow a distinction between [the] organisation name and the Fair Tax Mark, the accreditation standard [it] provide[s] to businesses (Fair Tax, 2021).

In April 2016, Panama Papers[47] "expose[d] the internal operations of one of the world's leading firms in incorporation of offshore entities, Panama-headquartered Mossack Fonseca" through disclosing a record of "nearly 40 years of data" pertaining to "information about more than 210,000 companies [operating] in 21 offshore jurisdictions" (ICIJ, 2017b). Then, another leakage followed in November 2017, namely Paradise Papers, which revealed the "offshore activities of some of the world's most powerful people and companies" (ICIJ, 2017a). Similar to the Luxembourg leaks, both investigations (i.e., Panama Papers and Paradise Papers) received extensive coverage in *The Guardian*. In April 2016, *The Guardian* published its article *"Mossack Fonseca: inside the firm that helps the super-rich hide their money"* (Guardian, 2016). Also, in November 2017, *The Guardian* reported on *"Paradise Papers leak reveal[ing] secrets of the world elite's hidden wealth"* (Garside, 2017).

These leakages showed how the "tax-avoidance industry [is depleting] much-needed tax revenues in the UK and elsewhere" (Sikka, 2017). Therefore, on the one hand, from an administrative side, in March 2015, section 122 of the Finance Act 2015 granted the Treasury the power to put forward a regulation requiring MNCs to submit a country-by-country report to HMRC for all accounting periods starting on or after 1st January 2016 (HMRC, 2017). Also, in April 2015 a new tax entitled "diverted profits tax (DPT)"[48] came into effect as a means to "counteract contrived arrangements used by large groups (typically multinational enterprises) that result in the erosion of the UK tax base" (HMRC, 2015a, p.1). Further, in June 2016, HMRC required large companies to publish their tax strategies on their corporate websites for financial years starting 15th September 2016 onwards, as a means of ensuring greater transparency about their approach towards tax (HMRC, 2016a).

On the other hand, NGOs and tax activists continued their campaigning efforts towards tax justice. They kept on directing their efforts towards condemning MNCs' tax avoidance practices and calling for measures to tackle such irresponsible tax behaviour in line with highlighting the serious adverse implications of corporate tax avoidance strategies on the developing world. For instance,

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[47] ICIJ collaborated with the German newspaper "Süddeutsche Zeitung" and more than 100 other media outlets to conduct an unprecedented investigation entitled "Panama Papers" on data leaked from one of the biggest law firms Mossack Fonseca (ICIJ, 2017b).

[48] The diverted profits tax (DBT) was referred to as "Google tax" by the media (Garside and Treanor, 2014).

in July 2015, ActionAid published its report *"Levelling Up: Ensuring a fairer share of corporate tax for developing countries"* to shed light on two main aspects: (1) the implications of corporate tax avoidance on the developing countries, and (2) the shortcomings of the BEPS project (ActionAid, 2015a). Further, in October 2015, it published another report *"New global plan to tackle tax avoidance has ignored the world's poorest countries"* to shed light on how the OECD's BEPS project overlooked the problems faced by poor countries in collecting their 'fair share' of tax from MNCs (ActionAid, 2015b). Then, in November 2015, ActionAid in collaboration with Christian Aid and Oxfam published a discussion paper *"Getting to good –Towards Responsible Corporate Tax Behaviour"* to "advance the debate about 'what good looks like' when assessing the tax behaviour of multinational companies" (ActionAid et al., 2015).

Furthermore, in March 2016 Oxfam published a briefing paper entitled *"Ending the era of tax havens: Why the UK government must lead the way"* in which it called on politicians to put an end to financial secrecy and tax havens in May 2016 "Anti-Corruption Summit" in London (Oxfam, 2016). In addition, in July 2017, Oxfam published a paper under the heading *"Making Tax Vanish"* to expose how leading businesses are utilizing loopholes in the tax system to avoid paying large amounts of corporation tax (Oxfam, 2017). In its publication Oxfam (2017) condemned Reckitt Benckiser (RB[49]) for its illegal tax practices, yet praised other MNCs for their transparent tax disclosures, including Vodafone (focus of Chapter 4) (Oxfam, 2017).

Civil society groups continued to call for responsible corporate tax behaviour. In February 2018 the B Team[50], NGOs (e.g., Oxfam and ActionAid), a group of leading MNCs among which Vodafone, and representatives from the OECD, came together to discuss "principles and approach[es] to taxation that companies can endorse to demonstrate responsibility and play their part in creating a stable, secure and sustainable society" (B Team, 2018, p.2). Following extensive discussions among the different social actors (i.e., B Team, NGOs, MNCs, OECD, etc.), the B Team published a document entitled *"A new bar for responsible tax […]"* to set out principles for

[49] RB (Reckitt Benckiser) is "a leading FTSE 100 MNC producing products for 'health, hygiene and home'" (Oxfam, 2017, p.2-3).
[50] The B Team is a group of global business and civil society leaders working with different social actors on some of the world's seemingly intractable challenges (e.g., climate change, corruption, corporate taxation, etc.) (B Team, 2021).

companies to endorse in their tax practices, including tax management, interactions with tax authorities and other stakeholders, and tax reporting (B Team, 2018, p.3).

2.4 Summary and plan for empirical chapters

In sum, NGOs and tax activists being recent social actors within the UK corporate tax environment capitalized on a range of key events, such as GFC, MNCs tax avoidance cases (e.g., Google, Vodafone, etc.), and news leakages among which Luxembourg leaks and Panama Papers, to push corporate tax avoidance to the forefront of the political agenda. Also, as noted by Christians (2012, p.289) "[i]nternational tax transparency activism has arisen as a global phenomenon […]" to combat such corporate tax avoidance behaviour.

In particular the emergence of UK Uncut on the 27th of October 2010, "reinvigorated [the work] of traditional [NGOs], such as Oxfam, ActionAid and Christian Aid (Elbra, 2017, p.7), along with TJN activist group (Dallyn, 2017), on combatting corporate tax avoidance "through highlighting the inconsistent and unfair nature of corporate tax avoidance in the face of mounting budget challenges and declining public spending in many economies" (Elbra and Eccleston, 2018, p.11). According to Birks and Downey (2015, p.1) the UK Uncut activist group has succeeded in making "a remarkable transformation" by bringing tax avoidance to the public sphere and rending it as a major issue in mainstream media outlets. Nevertheless, without the prior work of other civil society actors, such as Oxfam's "landmark 2000 report" (Elbra and Eccleston, 2018, p.11); *"Tax Havens: Releasing the hidden billions for poverty eradication"* (Mayne and Kimmis, 2000), which is perceived as "one of the initial drivers of the tax justice movement" (Elbra and Eccleston, 2018, p.11), "[TJN and] UK Uncut would have had nothing to dramatize" (Birks and Downey, 2015, p.14).

Therefore, in light of extensive efforts and campaigns of different civil society groups, including NGOs (Oxfam, ActionAid, and Christian Aid), and social movement groups focusing on tax avoidance (TJN and UK Uncut) to make corporate tax avoidance a high-profile public issue, my first empirical study (Chapter 3) explores the change in the salience of corporate tax avoidance in the UK print media over time (i.e., 1st of June 2000 till 31st of May 2019). In particular, I focus on newspaper articles addressing corporate tax avoidance behaviour involving references to NGOs and/or tax activists because “civil society campaigning has been an important, and often academically overlooked, factor” (Dallyn, 2017, p.336) in rendering corporate tax avoidance a salient issue in the UK public agenda. See Appendix 1.A for a summary of key events surrounding corporate tax behaviour discussed in Section 2.3.

For my second and third empirical studies discussed in Chapter 4 and Chapter 5 respectively, I examine voluntary and mandatory corporate tax disclosures instigated by extensive calls for tax transparency following the hype in media tax shaming directed at leading MNCs among which Vodafone. By acknowledging both voluntary (Chapter 4) and mandatory (Chapter 5) tax disclosures, my thesis examines a new corporate tax reporting medium (Vodafone’s voluntary tax publications) and answers Hasseldine and Morris’ (2013) call to account for tax policies put by governments (i.e., HMRC tax strategy regulation) in response to corporate tax avoidance. Therefore, building on a stream of research examining corporate tax communication via voluntary and/or mandatory tax disclosures (e.g., Ylönen and Laine, 2015; Dyrneg et al., 2016; Holland et al., 2016), in Chapter 4 I examine Vodafone’s voluntary tax publications in the aftermath of its tax shaming. Meanwhile, in Chapter 5 I examine mandatory tax strategy reporting disclosures published by a sample of FTSE 100 companies to meet HMRC (2016b) tax strategy reporting regulation.

As such, my thesis comprises three empirical studies laid out in Chapters 3, 4 and 5, respectively. These are followed by a conclusion Chapter (Chapter 6) which summarises the findings of the three empirical studies, notes the contributions and limitations, and highlights avenues for future research.

Chapter 3 UK media coverage of corporate tax avoidance

3.1 Introduction

The budgetary challenges faced by the UK government in the aftermath of the Global Financial Crisis (GFC) 2008-2009, opened the debate around corporate tax behaviour to a wider range of actors (Elbra, 2018, p.68). Accordingly, "[w]e are witnessing unprecedented levels of attention and attempted 'tax shaming' on named multinationals" (Mulligan and Oats, 2016, p.63), "[by] a wider audience which includes society in general" (Holland et al., 2016, p.1). Although, companies "[…] believed that corporation tax issues seem to be too complex or obscure for the media and the public to understand" (Freedman et al., 2009, p.90; Brooks, 2014), corporate tax avoidance has gone from being "a complex issue that was largely the preserve of tax lawyers and accountants to an issue that sparks widespread political debate and controversy" (Dallyn, 2017, p.336). Such growing public interest in the corporate taxation debate has been catalysed by the hype in "media revelations" on corporate tax avoidance practices (Brooks, 2014; Radcliffe et al., 2018, p.45), and "civil society campaigning [i.e., NGOs and tax activists]" (Dallyn, 2017, p.336) against the prevalence of multinationals tax avoidance behaviour.

In line with Birks (2017), I view UK Uncut tax activist group formed on 27th October 2010 to protest against austerity; following George Osborne's [51] announcement (20th October 2010) about the largest reduction in public spending in 60 years "described as dramatic austerity measures" (Lyall and Cowell, 2010; Pimlott et al., 2010; Holland et al., 2016, p.10), to have catalysed the salience of corporate tax avoidance in the UK public agenda. Hence, UK Uncut "proposing a crackdown on tax avoidance as an alternative [to austerity policies]" (Birks, 2017, p.297) by directing its first protest against Vodafone (Holland et al., 2016), got picked by the UK media. The media system, particularly newspapers are viewed to "provide dominant and socially acceptable perspectives to which other members of society defer" (Altheide and Snow, 1979; Lee and Riffe, 2019, p.685).

[51] The Chancellor of the Exchequer (Holland et al., 2016, p.10).

Thus, UK Uncut's (27th October 2010) organisation of protests against Vodafone given its deal with HMRC, allowing it to forgo a potential tax payment of £6 billion (Duke, 2012), grasped media attention. For instance, on 5th November 2010 *The Guardian* reported that "Vodafone stores across UK [are] becom[ing] focal point for anti-cuts protesters: […] for new wave of demonstrations anger over £6bn tax avoidance […]" (Gabbatt, 2010). Nevertheless, as stipulated by Elbra and Eccleston (2018, p.11), Oxfam's "landmark [June] 2000 report"; *"Tax Havens: Releasing the hidden billions for poverty eradication"* (Mayne and Kimmis, 2000), marks "one of [the] initial drivers of the tax justice movement" (Elbra and Eccleston, 2018, p.11) without which "UK Uncut would have had nothing to dramatize" (Birks and Downey, 2015, p.14).

My study aims to examine the change in the salience of corporate tax avoidance in the UK newspapers since Oxfam's "landmark report" (Elbra and Eccleston, 2018, p.9) over a nineteen-year period (1st June 2000 and 31st May 2019) via the lens of media agenda-setting theory to answer the following research question:

RQ: Has the salience of corporate tax avoidance in the UK newspapers changed in the period of 2000 to 2019 (1st June 2000- 31st May 2019)?

3.1.1 Motivation

The media shape the public's perceptions relative to the salience and importance of issues (Moy et al., 2016) by means of providing extensive coverage of those issues that are deemed 'newsworthy' (McCombs and Guo, 2014, p.252). Furthermore, the agenda-setting role of the media is particularly evident with respect to "unobtrusive topics […] with which individuals have little personal contact and for which they rely on the media as the primary (and sometimes only) source of information" (Aerts and Cormier, 2009, p.4). Corporate tax avoidance manifests itself as "unobtrusive" issue as it "involves an extremely complex set of accounting practices [and tax laws]" (Dallyn, 2017, p.336). Thus, corporate tax avoidance lends itself as an interesting topic to examine in relation to its salience on UK newspapers agenda. In particular, I focus on newspaper articles addressing corporate tax avoidance behaviour involving references to NGOs (Oxfam, ActionAid and Christian Aid) and/or tax activists (Tax Justice Network and UK Uncut) because “civil society campaigning has been an important, and often academically overlooked, factor” (Dallyn, 2017, p.336) in rendering corporate tax avoidance a salient issue in the UK public agenda.

3.1.2 Contribution

My research provides three contributions to the tax literature exploring the role of the different actors within the UK tax environment, in particular the role of the media, NGOs and tax activists (e.g., Birks, 2017; Dallyn, 2017). Firstly, my study acknowledges the role of the UK context; by accounting for the various events that occurred within my sample period (1st June 2000 - 31st May 2019), in promoting the salience of corporate tax avoidance on the UK newspapers agenda. To my knowledge, none of the studies examining the role of the different social actors in the UK tax debate, provided such an extensive timeline of key events pertaining to corporate tax practices. For example, Birks (2017) which explored the role of UK Uncut in making corporate tax avoidance a politically salient issue, only noted key events from January 2008 to November 2013. Also, Radcliffe et al. (2018) which examined the responses of tax professionals to the BEPS international initiative, only noted a total of 11 key events (2000-2015) surrounding the development of the BEPS project.

Secondly, my study sheds light on the role of NGOs (Oxfam, ActionAid, and Christian Aid) and tax activists (Tax Justice Network and UK Uncut) “in bringing the issue of multinational tax avoidance to the attention of publics and policymakers” (Elbra and Eccleston, 2018, p.11) via exposing the tax practices of well-known multinational companies and addressing corporate taxes from the lens of corporate social responsibility and social justice (Hasseldine et al., 2012). Thus, I acknowledge civil society campaigning in the tax debate which as noted by Dallyn (2017, p.336) “[…] has been an important, and often academically overlooked, factor in the transition that CTA [Corporate Tax Avoidance] has made from a complex issue that was largely the preserve of tax lawyers and accountants to an issue that sparks widespread political debate and controversy”.

Finally, my study empirically confirms the media-agenda setting role of UK newspapers in shaping public agenda by “[translating] a complex and difficult area of accounting practices […] into a broader public issue” (Dallyn, 2017, p.347). Accordingly, by noting the media’s role in shaping the public’s perceptions on corporate taxes, I confirm the findings of the CSR literature on the importance of the media on raising public awareness on corporate social and environmental practices (e.g., Grafström and Windell, 2011; Lee and Riffe, 2019). The media thus contributes to "informing and pushing political decision-making" (Forstater and Christensen, 2017, p.12) aimed at achieving corporate tax transparency as a possible means to counteracting unacceptable corporate tax behaviour (Oats and Tuck, 2019).

3.1.3 Structure of the chapter

The remainder of this chapter is organised as follows. Section 3.2 introduces the theoretical framework (media-agenda setting theory). Section 3.3 discusses the data (UK newspapers articles) by highlighting my search criteria and pre-screening process and explains the research methodology (quantitative content analysis). The findings are discussed in Section 3.4 and summarised in Section 3.5. Then, Section 3.6 concludes the chapter.

3.2 Theoretical framework

3.2.1 Media agenda-setting theory

"[The] […] media[52] serve[s] a normatively significant role in contemporary society" (Moy et al., 2016, p.1). Since Walter Lippmann[53] outlined the essence of the media "as a primary source of those pictures in our heads about the larger world of public affairs" (McCombs, 2002, p.2), the media has been viewed as "the bridge between the world outside and the pictures in our heads" (McCombs and Valenzuela, 2007, p.45). In that sense, the power of the media in setting the public agenda resides on the "different levels of coverage" the media assigns to different topics (Moy et al., 2016, p.2). According to McCombs and Guo (2014, p.252), in a world where different topics are competing for public attention, the media can only focus on those which are "deemed most newsworthy". Therefore, the media shapes the public's perceptions relative to the salience and importance of certain topics/issues (Moy et al., 2016) by means of providing extensive coverage to those topics/issues that are deemed 'newsworthy'.

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[52] In this study, I use the term "media" to refer to different media outlets, such as newspapers, magazines, news broadcasts, etc. Meanwhile, I use the term "print media" to refer to newspapers, which are the focus of my study.
[53] In his 1922 book Public Opinion (McCombs, 2002, p.1).

Accordingly, topics which are covered by the media become salient for the public (McCombs, 2002; Carroll and McCombs, 2003). Media agenda pertains to the dominant issues covered by the media (Pham, 2010) which are viewed as 'newsworthy' (McCombs and Guo, 2014, p.252). By contrast, the public agenda refers to "the issues [that] the public are most concerned with or frequently discuss" (Pham, 2010, p.24). Therefore, the core agenda-setting role of the media occurs as the media agenda manifested in the prominent issues covered by the media get transferred to the public agenda, i.e., they become the focus of the public attention (Carroll and McCombs, 2003). As noted by McCombs (2002, p.2) "[e]lements [e.g., topics] prominent on the media agenda become prominent in the public mind". Hence, increased media coverage of a particular topic is deemed to result in an increased community concern on the same topic (Deegan and Islam, 2014). In other words, "the media shapes public awareness, with the media agenda preceding public concern for particular issues" (McCombs and Shaw,1972; Golan, 2006; Borchers, 2013; Deegan and Islam, 2014, p.401).

The power of the media in shaping public agenda is particularly evident on "economic issues [where] the public lacks a sophisticated understanding" (Whiteley et al., 2013; Mullen, 2018, p.2). As noted by McCombs and Valenzuela (2007, p.46) "we don't need the media to alert us about inflation as routine purchases reveal its presence. But to learn about abstract economic topics such as budget deficits, our main-if not only- source of information is the […] media". In a similar vein, Ader (1995, p.301) states that "agenda setting did not occur for the obtrusive issues because individuals can rely on real-world conditions and interpersonal discussion for information, while for unobtrusive issues, the individuals only have information from the media to rely on" (Deegan and Islam, 2014, p.401).

Accordingly, the nature of the issues covered by the media could be categorized in accordance with their "proximity" to people's awareness into two categories, namely (1) obtrusive, and (2) unobtrusive (Zucker, 1978; Brown and Deegan, 1998, p.25). Issues in which people possess personal experience, i.e., "obtrude into [their] daily lives" (Zucker, 1978; McCombs and Valenzuela, 2007, p.47) are defined as "obtrusive". By contrast, issues which people have minimal personal contact with (Zucker, 1978; Brown and Deegan, 1998; Aerts and Cormier, 2009) or "are unaware of or unfamiliar with" (Pham, 2010, p.31) and hence "encounter […] only in the news"

(Zucker, 1978; McCombs and Valenzuela, 2007, p.47) are defined as "unobtrusive". Thus, the more "unobtrusive" the issue is for the wider public, the more they will rely on the media for information concerning it (Zucker, 1978; Brown and Deegan, 1998) and in return the stronger the agenda-setting effects can be (McCombs and Valenzuela, 2007, p.47). In this way, the media is viewed "as the primary (and sometimes only) source of information [relative to unobtrusive issues]" (Aerts and Cormier, 2009).

In sum, media agenda-setting theory posits a relationship between the degree of media attention on a topic (i.e., corporate tax avoidance), and the relative salience of that topic for the general public (Ader, 1995; Brown and Deegan 1998). As highlighted by prior literature, there is a strong alignment between the public media content and the opinion of the general public, i.e., "the degree of salience that different topics have for the general public" (Aerts and Cormier, 2009, p.3). Consequently, increased media emphasis on a particular issue is deemed to lead to increased public attention on that same issue (Brown and Deegan, 1998), i.e., the topic's salience is transferred from the media agenda to the public agenda (Pham, 2010). Therefore, media research from an agenda-setting perspective views the media as "shaping" public opinion, rather than "mirroring" it (McCombs and Shaw, 1972; Brown and Deegan, 1998, p.25), particularly with respect to "unobtrusive topics" characterised by a lack of prior personal experience by the public (Zucker, 1978; Brown and Deegan, 1998) who therefore relies on the media as their main source of information (Aerts and Cormier, 2009).

In the context of my study corporate tax avoidance manifests itself as an "unobtrusive" issue, given the unresolved debate on the complexity of corporate taxation (Bowler, 2009) reflected in the absence of "universally accepted definitions of, or constructs for, [corporate] tax avoidance […]" (Hanlon and Heitzman, 2010, p.137), the complexity inherent in the tax systems (Hasseldine et al., 2011), the uncertainty of the tax laws (Hasseldine et al., 2012), and the involvement of various social actors within the corporate tax environment (Hasseldine et al., 2012; Forstater and Christensen, 2017). Therefore, the media plays a vital role in translating "the complex and obscure tax issues into simple and provocative messages", and then embedding them into the public's mind by means of repetitive broadcasting (Lee, 2015, p.2), i.e., extensive coverage. Thus, I aim to examine the change in the salience of corporate tax avoidance in the UK print media (e.g., newspapers) between 1st June 2000 and 31st May 2019 via the lens of media agenda-setting theory.

3.3 Data and methodology

3.3.1 Data

The media system, including social media platforms, TV, newspapers, magazines, etc., plays a crucial role in the construction of social reality and public beliefs (Schultz et al., 2011; Happer and Philo, 2013). As noted earlier, the role of the media in shaping public agenda is particularly evident on economic issues, i.e., "unobtrusive issues […] with which individuals have little personal contact and for which they rely on the media as the primary (and sometimes only) source of information" (Aerts and Cormier, 2009, p.4). Accordingly, the more "unobtrusive" the issue is for the wider public, the more crucial the media's role in informing public debate on that issue (Aerts and Cormier, 2009) because the public will "only have information from the media to rely on" (Deegan and Islam, 2014, p.401). Corporate tax avoidance manifests itself as an "unobtrusive" issue given the absence of "universally accepted definitions of, or constructs for, [corporate] tax avoidance […]" (Hanlon and Heitzman, 2010, p.137), and the complexity inherent in the tax laws and systems (Hasseldine et al., 2011; 2012).

Newspapers are viewed to "provide dominant and socially acceptable perspectives to which other members of society defer" (Altheide and Snow, 1979; Lee and Riffe, 2019, p.685). For instance, Mullen (2018) examined the UK media coverage of the Financial Crisis and its aftermath by focusing particularly on newspapers (e.g., *The Guardian*, *The Observer*, *The Daily Telegraph* and *The Sunday Telegraph*). Similarly, Chen et al. (2018, p.2) examined the tone of US media coverage of corporate tax avoidance in US newspapers (e.g., *New York Times*, *Wall Street Journal*, *Washington Post*, *USA Today*). They "exclude[d] other sources of coverage such as televised news programs and social media to be consistent with prior studies examining the role of media" (Chen et al., 2018, p.2 footnote 2).

Focusing on newspapers also accounts for the "intermedia agenda-setting effects [where] the agendas of news organizations are often influenced by the news agendas of other news organizations" (Roberts and McCombs, 1994; Golan, 2006, p.331), as previous studies have found that newspapers impact on the agendas of other media platforms. For instance, Vliegenthart and Walgrave (2008, p.862) document evidence of print media (newspapers) heavily influencing the agendas of TV news programs, rather than the other way around. Similarly, Golan (2006, p.323) find "significant correlations between the international news agenda of the morning edition New York Times [newspaper] and the international news agendas of three evening television news programs [ABC, CBS and NBC]".

Consequently, newspapers are perceived to "widen the range of public topics, events and issues their audience is aware of" (Schoenbach et al., 2005, p.245), i.e., they "present a broader spectrum of social reality constructions" (Schultz et al., 2011, p.25). This means that newspapers reporting is deemed legitimate by its audiences (Lee and Riffe, 2019), where "the legitimizing function of media is the essence of [its agenda-setting] influence" (Altheide and Snow, 1979, p.237; Lee and Riffe, 2019, p.685). Accordingly, my choice of UK print media particularly newspapers, in contrast to other media outlets, i.e., magazines, TV news, etc., is guided by "the ongoing importance of the [newspapers] as agenda setters in wider media discourse" (Hawkins, 2012; Thornton and Hawkins, 2017, p.171) as highlighted by prior studies (e.g., Mullen, 2018; Chen et al., 2018). Nevertheless, accounting for "the decline of printed newspapers and the concomitant rise of the Internet" (Moy et al., 2016, p.3), I examine both print and online editions of UK newspapers. Hence, in light of the unobtrusiveness of corporate tax avoidance, both print and online editions of UK newspapers constitute suitable sources to examine the change in the salience of corporate tax avoidance in the UK media agenda over time (1st June 2000 till 31st May 2019).

Using the Nexis database, I examined the UK print and online newspapers coverage of corporate tax avoidance by grouping them into three categories, namely (1) tabloids (redtop and middle market), (2) broadsheets, and (3) business press. In line with Berry (2016) and Harcup and O'Neill (2017) I segmented the UK national newspapers into (redtop tabloids, mid-market tabloids and broadsheets). Further, similar to Grafström and Windell (2011) and Lee and Riffe (2019), I accounted for the business press. This is based on the assumption that different types of newspapers may adopt different ways of reporting on corporate tax avoidance in accordance which each newspaper's agenda. Hence, the newspapers included in my sample "span over the political spectrum" (Carvalho and Burgess, 2005, p. 1460) in the sense that they represent different political leanings. Also, my sample of newspapers offers different levels of coverage, i.e., "broadsheets offer considerably more in-depth coverage of events compared to the tabloids" (Mullen, 2018, p.5).

Tabloid newspapers are "driven by a commercial rather than a public interest agenda" (Seale et al., 2007, p.420) and hence prioritize coverage of pieces on issues, such as "human interest stories, entertainment, sports and scandal […] over the more serious 'hard news' of global economic, social and political events" (Seale et al., 2007, p.420). Further, redtop tabloids (*Daily Mirror* and *The Sun*) are perceived to "include more entertainment and celebrity content[54]" (Blinder and Allen, 2016, p.9) as compared to mid-market tabloids (*Daily Mail* and *Daily Express*), which "aim for a mix of entertainment news found in [redtop] tabloids with traditional reporting found in the quality [broadsheet] press" (Blinder and Allen, 2016, p.9). Accordingly, broadsheet/quality newspapers (*The Guardian*, *The Times*, *The Independent*, *The Telegraph*) feature "extensive" economic, social and political topics (Carvalho and Burgess, 2005, p.1460) where "public interest agenda is evident" (Seale et al., 2007, p.420). Finally, the business press, in particular *The Financial Times*, is viewed as "one of the world's most prominent daily business newspapers" (Grafström and Windell, 2011, p.224) that plays a "significant role as an elite business newspaper in the United Kingdom" (Lee and Riffe, 2019, p.694) and is "widely read by people in the business community" (Grafström and Windell, 2011, p.224).

Also, accounting for the political leanings of the different newspapers as to whether they represent a left-leaning orientation (questioning the *status quo*) at one end of the spectrum or a right-leaning orientation (supporting the *status quo*) at the other end (Smith, 2017), my sample "span[s] over the political spectrum" (Carvalho and Burgess, 2005, p. 1460). Hence, it incorporates eight UK newspapers (*The Daily Mirror*, *The Sun*, *The Daily Mail*, *The Daily Express*, *The Guardian*, *The Times*, *The Telegraph*, and *The Independent*) and one newspaper focusing on business issues (*The Financial Times*). According to Smith (2017), out of the eight newspapers five are predominantly right-leaning, namely *The Times*, *The Telegraph*, *The Sun*, *The Daily Express* and *The Daily Mail*,

[54] In this respect, redtop tabloids would focus on tax shaming celebrities, politicians, businessmen, or sports players. For example, in 2014 *The Mirror* reported that singer Gary Barlow and TV presenter Chris Moyles have been accused of using tax avoidance schemes (Buckland, 2014) (see Bramall, 2018 for a study on celebrities tax shaming).

two are left-leaning, namely *The Guardian*, and *The Daily Mirror*, and one is broadly centralist, namely *The Independent*[55]. See Table 3.1.

My sample includes print and online newspaper articles published in both the daily and Sunday editions of the newspaper outlets, except for *The Financial Times*, which only publishes daily editions. My sample period spans the time period from June 01, 2000 to May 31, 2019. Given the nineteen-year sample period, it is not possible to examine all of the articles published on corporate tax avoidance by the nine newspaper outlets in both their print and online editions. Therefore, as noted earlier, in light of extensive efforts and campaigns of NGOs and tax activists to turn corporate tax avoidance into a high-profile public issue in the media agenda, this study focuses on articles on tax avoidance in which NGOs, namely (1) Oxfam, (2) ActionAid, and (3) Christian Aid and/or tax activist groups, namely (1) UK Uncut, and (2) Tax Justice Network (TJN) are explicitly mentioned. See Table 3.1 for a summary of newspaper articles.

In particular, I am interested in examining the change in the salience/ volume of coverage of corporate tax avoidance in UK newspapers: (1) across time, i.e., pre- (June 01, 2000- October 26, 2010) and post (October 27, 2010- May 31, 2019) the establishment of UK Uncut (October 27, 2010), (2) across the nine different newspaper outlets, (3) across the different newspapers types, i.e., tabloids (redtop and mid-markets), broadsheets, and the business press, and (4) across the political spectrum, namely left-leaning (*The Guardian*, and *The Daily Mirror*), centre (*The Independent*), right-leaning (*The Times*, *The Telegraph*, *The Sun*, *The Daily Express* and *The Daily Mail*), and the business press (*The Financial Times*). Table 3.1 presents my sample of newspapers.

[55] The last *Independent* daily edition was published on 26th March 2016, and the last *Independent on Sunday* edition was published on 20th March 2016 (Armstrong, 2016). Thereby, I accounted for the i-print newspaper.

Table 3.1: Newspapers by category and political leaning

Category	Definition	UK Newspapers (Print and Online)		Political leaning (Smith, 2017; Lee and Riffe, 2019)			
		Weekly Edition	**Sunday Edition**	**Left leaning**	**Centre**	**Right leaning**	**Business Press**
1. Tabloids (4)							
	"Driven by a commercial rather than a public interest agenda" (Seale et al., 2007, p.420)						
1.1 Redtop							
	"Include more entertainment and celebrity content" (Blinder & Allen, 2015, p.9)	The Mirror	The Sunday Mirror	×			
		The Sun	The Sun on Sunday			×	
1.2 Mid-market							
	"Aim for a mix of entertainment news found in [redtop] tabloids with traditional reporting found in the quality [broadsheet] press" (Blinder & Allen, 2016, p.9).	Daily Express	The Sunday Express			×	
		Daily Mail	Mail on Sunday			×	
2. Broadsheet (4)							
	Feature "extensive" economic, social and political topics (Carvalho & Burgess, 2005, p.1460)	The Guardian	The Observer	×			
		The Independent i - Independent Print Ltd	The Independent on Sunday		×		
	"Public interest agenda is evident" (Seale et al., 2007, p.420)	The Telegraph	The Sunday Telegraph			×	
		The Times	The Sunday Times			×	
3. Business press (1)							
	"Elite business newspaper" (Lee & Riffe, 2018, p.694)	Financial Times	-				×
				2	1	5	1

Sources: (Carvalho and Burgess, 2005, p.1460; Seale et al., 2007, p.420; Blinder and Allen, 2015, p.9; Smith, 2017; Lee and Riffe, 2019, p.694)

3.3.1.1 Data collection

I rely on the Nexis database to identify the newspaper articles covering tax avoidance across my sample of newspapers (see Table 3.1) over a nineteen-year period from June 01, 2000 till May 31, 2019. In order to focus on newspaper articles about "tax" rather than those articles "mentioning [tax] in passing" (Birks, 2017, p.300; Chen et al., 2018, p.30), following Chen et al. (2018, p.10), I require some grammatical variation of the word "tax" (i.e., tax, taxes, taxation, etc.) to appear in the article's headline or lead paragraphs. Newspaper articles are structured to follow a specific format with the key theme of the article being mentioned in the headline and/or the lead paragraph. "Headlines and lead may therefore be used as expedient signals to make effective guesses about the most important information of the [news] text" (Van Dijk, 1985, p.70). Further, I extend on the work of Birks (2017) which focus on newspaper articles, where UK Uncut is mentioned, by requiring the articles pre- the establishment of UK Uncut (June 01, 2000- October 26, 2010) to refer to either Oxfam, ActionAid (Action Aid), Christian Aid (ChristianAid), or Tax Justice Network anywhere in the article. Meanwhile, for articles following the foundation of UK Uncut (October 27, 2010- May 31, 2019), I require them to mention either Oxfam, ActionAid (Action Aid), Christian Aid (ChristianAid), Tax Justice Network or UK Uncut.

In sum, my search criteria are as follows:

1. Keyword **"Tax!" (or a grammatical variation donated by the "!")** to appear at the start of the article, i.e., in the article's headline or lead paragraphs.
2. Articles pre- the emergence of UK Uncut (June 01, 2000- October 26, 2010) to quote either **"Oxfam"**, **"ActionAid" "Action Aid", "Christian Aid" "ChristianAid",** or **"Tax Justice Network"** anywhere in the article.
3. Articles following the foundation of UK Uncut (October 27, 2010- May 31, 2019), to mention either **"Oxfam", "ActionAid" "Action Aid", "Christian Aid" "ChristianAid" "Tax Justice Network"** or **"UK Uncut"** anywhere in the article.

My Nexis news search resulted in a total of 3,762 articles, including newspaper articles, comments on articles, reply letters, and editorial notes. My total articles consisted of 595 articles published before the emergence of UK Uncut (June 01, 2000- October 26, 2010) and 3,248 articles published following the establishment of UK Uncut (October 27, 2010- May 31, 2019). Table 3.2 shows the number of articles published before and after the foundation of UK Uncut and in total. It also groups the articles by type of newspaper, namely tabloids (*The Mirror*, *The Sun*, *The Express*, *Daily Mail*), broadsheets (*Guardian*, *Daily Telegraph*, *The Times*, *Independent*) and business press (*Financial Times*).

Table 3.2: Number of articles by newspaper: 01 June 2000 - 26 October 2010 and 27 October 2010 - 31 May 2019

Newspaper	Newspaper terms on Nexis	01 June 2000- 26 Oct. 2010	27 Oct. 2010- 31 May 2019	Total
Tabloids				
Red-top				
The Mirror	The Mirror and The Sunday Mirror mirror.co.uk	27	243	270
The Sun	The Sun (England) Sunday Sun (UK) thesun.co.uk	8	98	106
Mid-market				
The Express	The Express The Sunday Express Express Online	22	82	104
Daily Mail	Daily Mail and Mail on Sunday MailOnline	30	393	423
Broadsheet				
Guardian	The Guardian (London) The Observer (London)	239	751	990
Daily Telegraph	The Daily Telegraph (London) The Sunday Telegraph (London) telegraph.co.uk	37	314	351
The Times	The Times (London) The Sunday Times (London) thetimes.co.uk	70	445	515
Independent	The Independent (United Kingdom)	53	417	470
Business Press				
Financial Times	Financial Times (London) Financial Times Online	109	424	533
Total		**595**	**3,167**	**3,762**

After downloading the 3,762 articles from Nexis, which matched my research criteria, I engaged in a pre-screening process. I read-through each article to eliminate duplicates and to identify articles focusing on corporate tax avoidance. I engaged in these two steps simultaneously.

Across my sample I found 1,401 duplicate articles, of which 863 articles pertained to the same article found at least twice, and 538 pertained to the same article found in different editions, i.e., print and online. When the same article was found at least twice, I accounted for it only once. When the same article was found in two different editions (print and online), I only included its online edition given "the decline of printed newspapers and the concomitant rise of the Internet" (Moy et al., 2016, p.3). To identify articles focusing on corporate tax avoidance out of the remaining 2,361 articles (excluding duplicates), I read each article and noted the issue it addressed. Articles on corporate tax avoidance are those which reported on companies or financial institutions engaging in tax avoidance (tax dodging, tax evasion, tax abuses, tax planning, tax strategies, tax schemes, tax affairs, tax scamming, use of tax havens, etc.) and/or facilitating tax avoidance (secret banking, banking secrecy, shadow banking, secretive accounts, etc.). My final sample of articles on corporate tax avoidance consisted of 1,176 articles.

The other issues addressed in the newspaper articles, included charities (i.e., tax breaks, political bias, etc.), foreign/overseas/international aid (i.e., aid channelled through tax havens, aid budget and austerity measures, etc.), celebrities/politicians/businessmen tax avoidance (i.e.., Bono rock star, Jeremy Corbyn British politician, John McAfee businessman, etc.), charitable donations (i.e., gift aid, tax relief, etc.), Robin Hood Tax (i.e., Tobin Tax and tax on financial transactions), super rich/wealthy individuals tax avoidance (i.e., use of tax havens, tax dodging, wealth creation, etc.), footballers tax avoidance (i.e., football players/clubs/managers tax avoidance/dodging and use of tax havens), budget issues (i.e., austerity measures, budget cuts, etc.), tax havens (i.e., bankruptcy, corruption, history, etc.). Appendix 2.A lists the different tax themes and the number of articles addressing each: (1) before (June 01, 2000- October 26, 2010), and (2) after (October 27, 2010- May 31, 2019) the establishment of UK Uncut, and (3) in total.

3.3.2 Methodology

In order to develop insights about the change in the volume of newspaper articles covering corporate tax avoidance over time (1st June 2000 - 31st May 2019), I used quantitative content analysis. Following Grafström and Windell (2011, p.223) I adopted Silverman's (2001, p.12) definition of content analysis where "the researchers establish a set of categories and then count the number of instances that fall into each category". In this respect, I deductively developed my categories guided by my research question (Merkl-Davies et al., 2012), which aims to examine the change in print and online newspapers coverage of corporate tax avoidance: (1) across different time periods, (2) across different newspaper outlets, (3) across different newspaper types, and (4) across different newspaper political leanings.

First, I grouped the newspaper articles into two categories, namely (1) pre- the establishment of UK Uncut (1st June 2000- 26 October 2010), and (2) post the establishment of UK Uncut (27 October 2010- 31 May 2019). Second, I grouped the newspaper articles by newspaper outlet, including (1) *The Mirror,* (2) *The Sun*, (3) *The Express*, (4) *The Daily Mail,* (5) *The Guardian*, (6) *The Daily Telegraph*, (7) *The Times*, (8) *The Independent* and (9) *The Financial* Times. Third, I classified the newspapers by their type into four groups, including (1) redtop tabloids, (2) midmarket tabloids, (3) broadsheets, and (4) business press. Finally, I categorized the newspapers by their political orientation, including (1) left-leaning, (2) centre, (3) right-leaning, and (4) business press.

3.4 Findings

I analysed the print and online UK newspapers coverage of corporate tax avoidance over a nineteen-year period (01 June 2000 till 31 May 2019) from the lens of media agenda-setting theory. As noted in Section 3.2.1 the agenda-setting role of the media is a function of the relationship between the degree of media attention on a topic (i.e., corporate tax avoidance); manifested in the extensive levels of coverage (Moy et al., 2016, p.2) the media assigns to topics that are "deemed most newsworthy" (McCombs and Guo, 2014, p.252), and the relative salience/importance of those topics for the general public (Ader, 1995; Brown and Deegan 1998). In particular, I focused on analysing the frequency of newspapers coverage of corporate tax avoidance (1) over time (before and after the establishment of UK Uncut on 27 October 2010), (2) across newspaper outlets, (3) across newspaper types (e.g., redtop tabloids, mid-market tabloids, broadsheets, and business press), and (3) across political stances (e.g., left, centre, right and business press). See Table 3.1 in Section 3.3.1 for a classification of newspapers.

My findings indicate that the prominence of corporate tax avoidance on the UK newspapers agenda has grown significantly following the establishment of UK Uncut in late 2010. The growing salience in the media corporate tax debate has been led by the broadsheet newspapers and has varied in accordance with the political agenda of the different newspapers. In establishing my inferences beyond the change in the UK newspapers coverage of corporate tax avoidance, I drew on a range of key events that evolved in the UK public sphere (see Section 2.3 in Chapter 2 and Appendix 1.A) through my sample period (1^{st} June 2000 till 31^{st} May 2019).

3.4.1 Across time periods

As shown in Figure 3.1 (also see Appendix 2.B), all newspaper outlets reported more extensively (i.e., published more articles) on corporate tax avoidance following the establishment of UK Uncut (27 October 2010- 31 May 2019). Accordingly, the total volume of newspaper articles 1,176 increased by seven folds from 145 articles pre- the establishment of UK Uncut (12%) to 1,031 articles post the establishment of UK Uncut (88%). The proportion of articles published by each newspaper outlet ranged from 2% to 19% before the establishment of UK Uncut compared to 81% to 98% after the establishment of UK Uncut. Therefore, in line with Elbra (2017, p.7) I view UK Uncut to have catalysed on the austerity measures triggered by the global financial crisis to "reinvigorate" the work of NGOs (i.e., Oxfam, ActionAid and Christian Aid) and tax activist groups (i.e., TJN) in campaigning against corporate tax avoidance and making it a "politically salient issue" in the UK public sphere (Dallyn, 2017, p.342).

On the one hand, UK Uncut re-established the efforts of NGOs and tax activists in promoting corporate tax avoidance to the forefront of the political agenda and hence pressurizing the government and international bodies (i.e., OECD) to take action (Elbra, 2017). On the other hand, UK Uncut ignited the role of media and social activists (NGOs and tax activists) in the corporate tax debate, by rendering corporate tax avoidance "from being solely the subject of technical expert debates [i.e., governments, tax advisers, corporate taxpayers, intergovernmental organizations, etc.] to being [a topic] of public interest and popular media reporting" (Forstater and Christensen, 2017, p.3). Therefore, as highlighted by Dallyn (2017, p.338) in contrast to financial issues that erupted in the aftermath of the financial crisis (i.e., level of executive pay) then "moved off the media agenda in recent years, CTA [Corporate Tax Avoidance] has continued to acquire increasing levels of media attention", promoted by the emergence of UK Uncut in late 2010 (Birks, 2017, p.300).

Therefore, when establishing my inferences beyond the change in the UK newspapers coverage of corporate tax avoidance pre (01 June 2000 till 26 October 2010) and post (27 October 2010 till 31 May 2019) the establishment of UK Uncut, I drew on a range of key events (see Section 2.3 in Chapter 2 and Appendix 1.A) to explain the growing importance of corporate tax avoidance on the media agenda over time, which I will discuss in Section 3.4.2

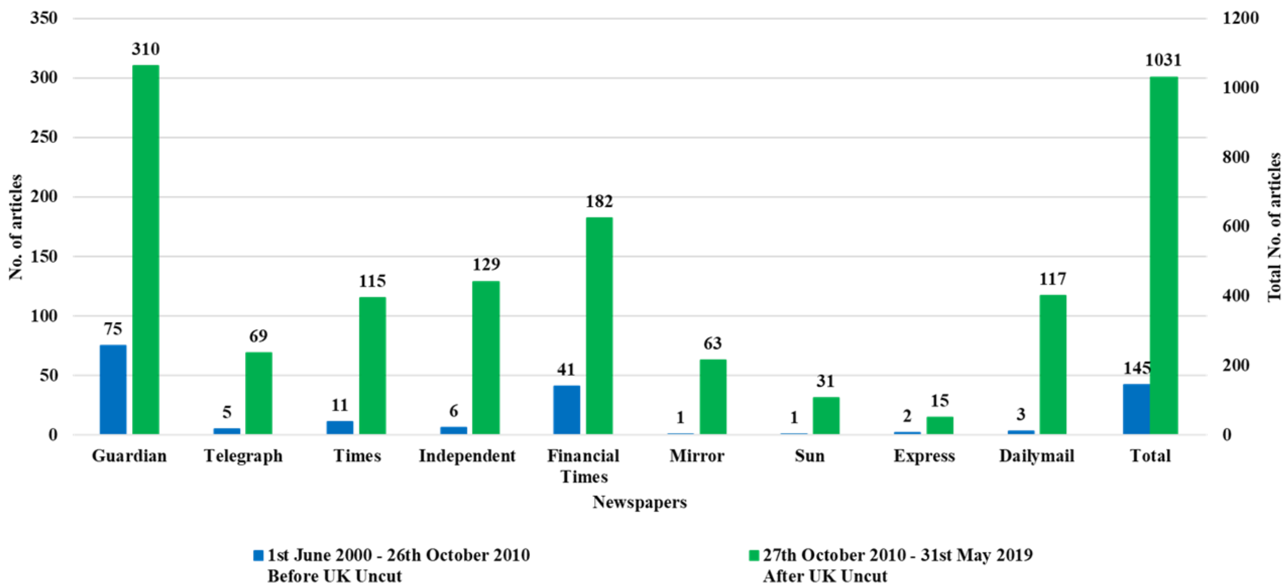

Figure 3.1: Number of articles on corporate tax avoidance pre- & post the establishment of UK Uncut

3.4.2 Across different newspaper outlets

Oxfam's report *"Tax Havens: Releasing the hidden billions for poverty eradication"* (Mayne and Kimmis, 2000) published on 1st of June 2000, is perceived as "one of the initial drivers of the tax justice movement" (Elbra and Eccleston, 2018, p.11). Also, the Tax Justice Network (TJN) (launched in March 2003) has been situated as a 'clear leader' (Seabrooke and Wigan, 2016, p.362) in the tax justice campaigning (Dally, 2017, p.336), featuring "its first major […] newspapers headline" in *The Guardian* following the launch of the its International Secretariat in September 2004 (Tax Justice Network, 2019) and releasing its first major publication *"Tax us if you can"* on September 2005 (Tax Justice Network, 2005). What is more, *The Guardian's* investigation into the tax matters of multinational companies[56] channelling goods to the UK through tax havens (i.e., Channel Islands) in November 2007 (Griffiths and Lawrence, 2007). Nevertheless, Figure 3.2 indicates that corporate tax avoidance started to attract UK media attention with the onset of the financial crisis triggered by the collapse of Lehman Brothers[57] in September 2008 (Pham, 2010, p.2) (see Section 2.3 in Chapter 2 for more information on key events surrounding corporate tax avoidance in the UK public sphere and Appendix 1.A for a summary of these key events).

Accordingly, in line with Forstater and Christensen (2017, p.9) I view the financial crisis to have "provided a uniquely fertile environment for change directed at tax havens and multinational companies". Hence, it marked the initial spark for bringing corporate tax avoidance to the UK media agenda captured by the rise in the total number of articles addressing corporate tax avoidance from 23 articles in 2008 to 53 articles in 2009. This increase in the number of newspaper articles in 2009 has been catalysed by a range of events, including (1) *The Guardian* "*Tax Gap Series*" investigation in February 2009 examining the "secretive tax strategies" (Guardian, 2009d) used by major British companies among which Diageo, Walkers, Vodafone, etc., (2) Christian Aid's *"False profits […]"* report in March 2009 addressing multinational companies utilization of profit shifting strategies (i.e., transfer pricing) to reduce their tax bills (Christian Aid, 2009), and (3) the TJN's Financial Secrecy Index launched in October 2009 (Tax Justice Network, 2009b) to shed light on tax havens by "rank[ing] jurisdictions according to their secrecy and the scale of their offshore financial activities" (Tax Justice Network, 2018b).

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[56] Three multinational companies; Dole, Chiquita and Fresh Del Monte (Griffiths and Lawrence, 2007).

[57] The US fourth-biggest investment bank (Pham, 2010, p.2).

Corporate tax avoidance has not "moved off the media agenda" in the aftermath of the financial crisis and hence it "has continued to acquire increasing levels of media attention" (Dallyn, 2017, p.338). As shown in Figure 3.2 the total number of articles rose from 53 articles in 2009 to 64 articles in 2010, and 122 articles in 2011, reaching peak coverage in 2012 (195 articles) and 2013 (191 articles). Interestingly, in support with my view on UK Uncut (founded on 27th October 2010) to have promoted corporate tax avoidance to the forefront of the UK public agenda (Elbra, 2017), through the "thematization of tax avoidance in terms of austerity" (Birks, 2017, p.299), on December 2010 *The Times* quoted UK Uncut stating that "if businesses did not engage in […] tax avoidance, public spending cuts […] would not […] be so great (King, 2010). Appendix 2.C shows that out of the total 65 articles published by UK newspapers on corporate tax avoidance in 2010 only 11 articles (17%) were published before the established of UK Uncut (1st January 2010 until 26th October 2010) compared to 54 articles (83%) published following the foundation of UK Uncut (27th October 2010 till 31st December 2010).

Consequently, in 2011 in line with the efforts of Christian Aid and ActionAid in enforcing the importance of transparency in tackling multinational companies tax avoidance behaviour, corporate tax avoidance continued to be a prominent issue on the UK media agenda (122 articles). For instance, on January 2011 Christian Aid in its *"Tax Justice Advocacy [...]"* report[58] acknowledged that "the counterpart to pushing for fair enforcement of taxation is pushing for transparency […] in the tax system" (Christian Aid and SOMO, 2011, p.7). Similarly, in July 2011 ActionAid in its *"Tax responsibility: [...] making tax a corporate responsibility issue"* report emphasised the need for multinational companies to be transparent about their tax activities (ActionAid, 2011b, p.1). Further, in October 2011 ActionAid's *"Addicted to tax havens"* report scrutinized multinationals for their extensive use of tax havens and called for "enforcing corporate transparency" to tackle the problem (ActionAid, 2011a, p.7).

From 2012 onwards the UK newspapers coverage of corporate tax avoidance has been substantial. Such an unprecedented increase in the total number of articles from 122 articles in 2011 to 195 articles in 2012 and 191 articles in 2013, has been triggered by two key events, namely (1) the

[58] Published in collaboration with SOMO (a Dutch thinktank that investigates the work of MNCs) (Christian Aid and SOMO, 2017).

naming and shaming of three leading multinational companies, including Google, Amazon and Starbucks, and (2) the release of the OECD Base Erosion and Profit Shifting (BEPS) project action plan. Throughout 2012, a range of multinational companies' tax avoidance cases have come under the media spotlight. These include the examination into the tax settlement of Vodafone's dispute[59] with HMRC in June 2012 by the National Audit Office (NAO, 2012), *The Sunday Times* investigation into the minimal UK tax payments of eBay and Ikea in October 2012 (Duke and Laurance, 2012), and the series of special investigations into MNCs' tax avoidance practices by Reuters; starting with Starbucks in October 2012 (Bergin, 2012b), followed by Amazon in December 2012 (Bergin, 2012a) and then Google in May 2013 (Bergin, 2013).

In such wake of media shaming directed at leading multinational companies, the Public Accounts Committee (PAC) hearing on the tax avoidance practices of Google, Amazon and Starbucks on November 2012, heightened the media revelations on corporate tax avoidance and sparked a range of UK Uncut protests in Starbucks outlets. For instance, following the PAC's hearing *The Guardian* and *The Telegraph* shed light on Google, Amazon and Starbucks being questioned by Members of Parliament (Kiss, 2012) over their "immoral" and "manipulative" tax avoidance practices (Ebrahimi, 2012). Then, *The Independent* reported that "Coffee chain Starbucks [is] hit by [UK Uncut] protests at [different] branches across the country over its tax arrangements" (Diaz, 2012).

Following such growing media interest (195 articles) in naming and shaming leading multinationals over the prevalence of their tax avoidance behaviour in 2012, in June 2013 *The Financial Times* (2013) reported on UK Uncut protesting against HSBC after *The Guardian* condemned UK's leading companies; on top of which HSBC, for their "prolific use of tax havens" (Quinn and Ball, 2013). Then, in July 2013 ActionAid (2013) launched its "Tax Power" campaign across 20 countries, including the UK (Tax Justice Network, 2013a), in response to the "recent […] high profile exposés of the schemes big-name companies such as Google, […] and Starbucks use to cut billions off their tax bills [highlighting that] the news has shocked a lot of people: the huge amounts of money involved, and the brazenness of some of the manoeuvres, has caused justifiable outrage" (ActionAid, 2013, p.3).

[59] Vodafone's deal with HMRC, allowing it to forgo a potential tax payment of £6 billion (Duke, 2012).

Interestingly, in response to "societal concerns" (Radcliffe et al., 2018, p.45 footnote 2), in September 2013 the "OECD and G20 countries adopted a 15-point Action Plan[60] to address BEPS[61] [Base Erosion and Profit Shifting project]" (OECD, 2019) which is aimed at "restor[ing] confidence in the [tax] system and ensur[ing] that profits are taxed where economic activities take place and value is created" (OECD, 2019). In return, the media acknowledged the G20 and OECD efforts. For instance, *The Financial Times* reported that "The [G20] countries endorsed an action plan [BEPS] to close corporate tax loopholes that was drawn up by the Paris-based Organisation for Economic Co-operation and Development in the wake of public anger over tax planning used by multinationals such as Google […] to minimise their payments" (Houlder and Steinglass, 2013). Therefore, in 2013 corporate tax avoidance continued to be a prominent topic on the UK media agenda captured by the relatively steady total number of articles (191 articles) published in 2013 in comparison to 195 articles published in 2012.

By contrast, in 2014 the total number of articles dropped to 59 articles. I attribute such decrease in the number of articles from 191 in 2013 to 59 articles in 2014 to two aspects, firstly 2012 and 2013 being "breakthrough year(s) in the attention paid to CTA [Corporate Tax Avoidance] in [UK] national press [newspapers]" (Dallyn, 2017, p.343). Secondly, the International Consortium of Investigative Journalists (ICIJ) Luxembourg leakages which manifests itself as the major event of 2014, happened towards the end of the year (November 2014) (ICIJ, 2014). For instance, *The Guardian* which is the only media organization in my sample working with the ICIJ; half of its total articles published on 2014 (seven articles out of fourteen articles) were released following the Luxembourg tax file leakage (i.e., from November onwards).

Subsequently, 2015 and 2016 witnessed a range of key events, including (1) HMRC tax policy measures, (2) NGOs campaigns, and (3) Panama Papers leakage, which revived the salience of corporate tax avoidance on the UK newspapers-agenda. The HMRC policy measures required UK headed multinationals (or UK sub-groups of multinational companies) to submit a Country-by-

[60] "The Action Plan identified 15 actions along three key pillars: introducing coherence in the domestic rules that affect cross-border activities, reinforcing substance requirements in the existing international standards, and improving transparency as well as certainty" (OECD, 2019).
[61] OECD's initial report on Base Erosion and Profit Shifting was issued on February 12, 2013 (OECD, 2013b) and the initial Action Plan report was issued on July 19, 2013 (OECD, 2013a).

Country report to HMRC for accounting periods starting 1st of January 2016 onwards (HMRC, 2017), and to publish their business tax strategy on their websites for financial years starting 15th September 2016 onwards (HMRC, 2016a).

Meanwhile, ActionAid addressed the implications of corporate tax avoidance on the developing countries, and the shortcomings of the BEPS project in its report *"[…] Ensuring a fairer share of corporate tax for developing countries"* (ActionAid, 2015a). Then, Oxfam called on politicians to put an end to financial secrecy and tax havens in May 2016 "Anti-Corruption Summit" in London (Oxfam, 2016), following the ICIJ Panama Paper leakages which exposed "information about more than 210,000 companies [operating] in 21 offshore jurisdictions" (ICIJ, 2017b). Accordingly, the total number of articles published on corporate tax avoidance in 2015 and 2016 increased to 112 articles and 152 articles respectively compared to 59 articles in 2014.

From 2017 onwards, the UK media coverage of corporate tax avoidance started to decline. Despite the ICIJ Paradise Papers leakage in November 2017, which revealed the "offshore activities of some of the world's most powerful people and companies" (ICIJ, 2017a), the total number of articles addressing corporate tax avoidance dropped from 152 articles in 2016 to 71 articles in 2017. I explain the decline in the number of newspapers articles on corporate tax avoidance to the focus of the Paradise Papers on politician and celebrities as quoted in *The Guardian* "Paradise Papers leak reveal secrets of the world elite's hidden wealth" (Garside, 2017).

In sum, my findings highlight the "closed nature" of the debate on corporate tax avoidance (Elbra, p.2018, p.82) prior to the financial crisis. As shown in Figure 3.2, the number of articles addressing corporate tax avoidance started to increase from 2008 onwards, reaching peak coverage in 2012 and 2013. Thus, in line with Birks (2017, p.299) my findings confirm that the hype in "media revelations" on corporate tax avoidance practices (Radcliffe et al., 2018, p.45), was catalysed by the establishment of UK Uncut on the 27th of October 2010 and its framing of tax avoidance in relation to austerity. Accordingly, UK Uncut succeeded in promoting corporate tax avoidance to the forefront of the political agenda through campaigning against corporate tax avoidance (e.g., protesting against Vodafone in 2010, Starbucks in 2012 and HSBC in 2013), and pressurizing the government to take action (i.e., BEPS in 2013). Hence, UK Uncut revived the efforts of other civil society groups, i.e., NGOs and tax activist, in campaigning against multinationals tax practices (Elbra, 2017) and transformed the debate on corporate tax avoidance behaviour from being an issue discussed by technical tax experts to a "high-profile [public] issue" (Dallyn, 2017, p.336), which "continued to acquire increasing levels of media attention" (Dallyn, 2017, p.338). Therefore, I will now turn my focus to examine whether such growing interest in newspapers coverage of corporate tax practices was led by the broadsheets (*The Guardian*, *The Times*, *The Independent*, and *The Telegraph*), tabloids (*The Mirror, The Sun, The Express,* and *The Daily Mail*) or the business press (*The Financial Times)*.

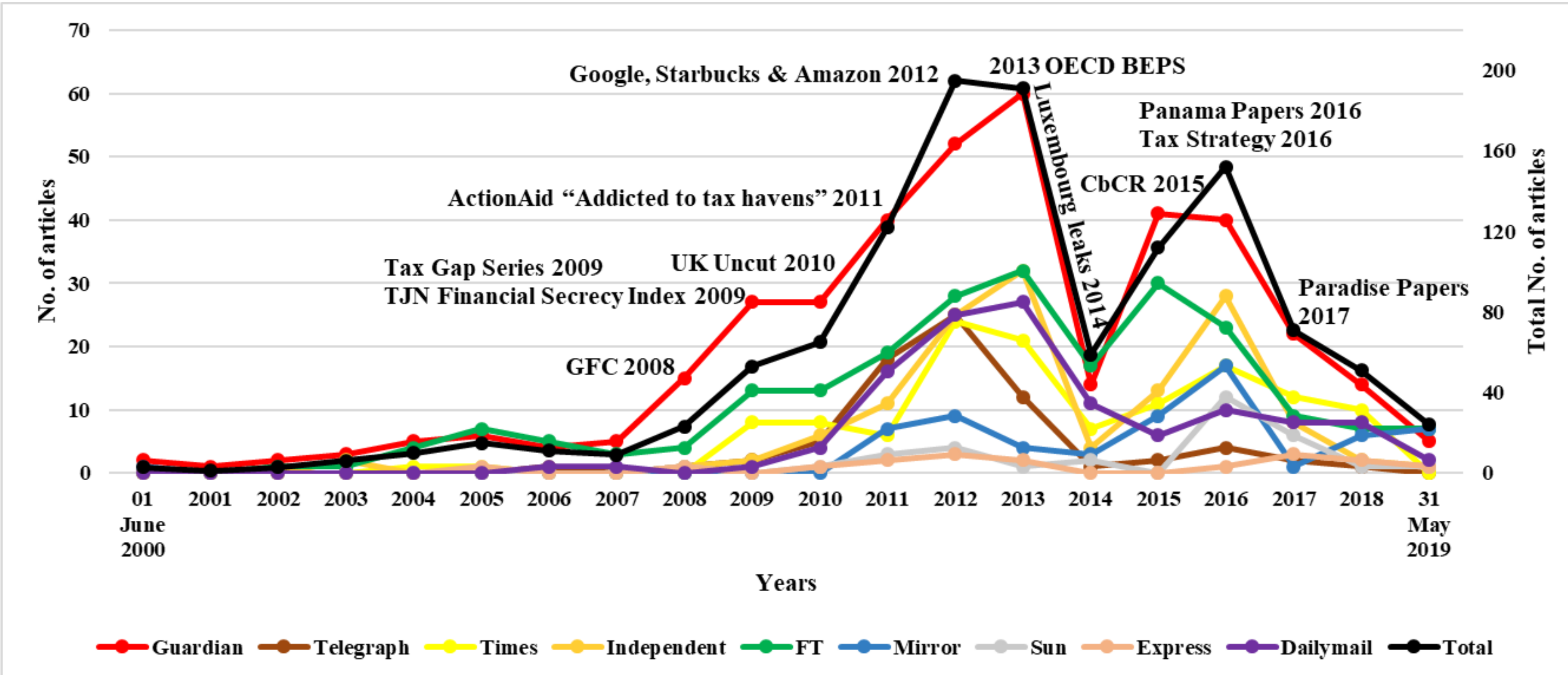

Figure 3.2: Number of articles on corporate tax avoidance over time across different newspapers

3.4.3 Across the different newspaper types: Tabloids, broadsheets and business press

As show in Figure 3.3 (see also Appendix 2.D), the broadsheet newspapers (*The Guardian*, *The Times*, *The Independent*, and *The Telegraph*) published the highest proportion of articles on corporate tax avoidance 61%, followed by the business press (*The Financial Times*) 19%, the mid-market tabloids (*Express* and *Daily Mail*) 12%, and the redtop tabloids (*Mirror* and *Sun*) 8%.

Corporate tax avoidance manifests itself as a “complex area of accounting practice” (Dallyn, 2017, p.336). Therefore, the broadsheet newspapers which feature “extensive political and economic” topics (Carvalho and Burgess, 2005, p.1460), provided the most coverage for corporate tax avoidance 61% (720 articles). In a similar vein, *The Financial Times* (business press) which is directed to the “business community” (Grafström and Windell, 2011, p.224) reported the second highest coverage of corporate tax avoidance 19% (223 articles). By contrast, redtop tabloids which are perceived to “include more entertainment and celebrity content” (Blinder and Allen, 2016, p.9) published the least proportion of articles on corporate tax avoidance 8% (96 articles). Meanwhile, the mid-market tabloids that “aim for a mix of entertainment news found in [redtop] tabloids with traditional reporting found in the quality [broadsheet] press” (Blinder and Allen, 2016, p.9) published 137 articles on corporate tax avoidance (12%), i.e., a proportion in between the broadsheet and the business press (61% and 19% respectively) and the redtop tabloids (8%).

Interesting, my sample of newspaper outlets not only reflects different newspaper types (tabloids, broadsheets and business press), but also represents a diverse “political outlook” (Birks, 2017, p.300). Therefore, I will now turn my attention to examining the change in the newspapers coverage of corporate tax avoidance in accordance to their political leanings, i.e., left, centre, right and business press.

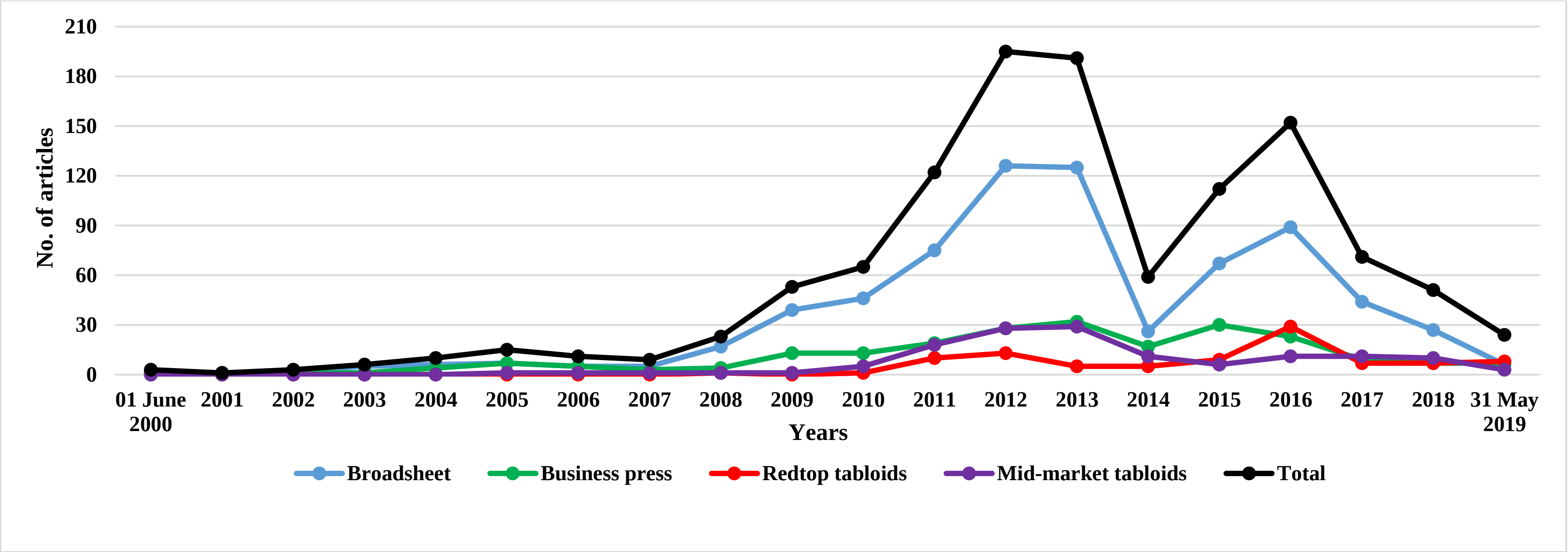

Figure 3.3: Number of articles on corporate tax avoidance over time across different newspapers types

3.4.4 Across the different newspaper political leanings: Left, centre, right and business press

In line with Smith (2017)[62] I group the newspapers according to their political leanings as left (*The Guardian and Mirror*), centre (*The Independent*), and right (*The Telegraph, The Times, The Sun, The Express, and The Daily Mail*). Further, accounting for the distinctive nature of *The Financial Times* being "an elite business newspaper" (Lee and Riffe, 2019, p.694), I acknowledge it separately as business press. In drawing my inferences beyond the change in the coverage of corporate tax avoidance across the different newspapers political leanings, I concluded that following the establishment of UK Uncut (from 27th of October 2010 onwards), right leaning newspapers reported more extensively on corporate tax avoidance in 2012 around the timing of the National Audit Office (NAO) examination into the settlements of the tax disputes between HMRC and leading multinationals (i.e., Vodafone and Goldman Sachs), and the Public Accounts Committee (PAC) investigation into the tax matters of Google, Amazon and Starbucks. Meanwhile, left leaning newspapers published more articles on corporate tax avoidance around the timing of HMRC's announcements of new tax policy measures, such as CbCR (HMRC, 2017) and tax strategy regulation (HMRC, 2016a) in 2015 and 2016, respectively.

As show in Figure 3.4 (see also Appendix 2.E) the coverage by right leaning newspapers peaked to 81 articles on 2012. By contrast, in 2015 and 2016 left leaning newspapers provided the highest coverage for corporate tax avoidance in comparison to newspapers with different political orientations, i.e., 50 articles and 57 articles, respectively. In line with Bramall (2018, p.48), I attribute the hype in right leaning newspapers reporting on corporate tax avoidance to "the right-wing press […] favour[ing] stories about the incompetence of HMRC, and the ineffectiveness of this government department". For instance, on the 13 of June 2012 following the NAO report concluding that the tax settlements of disputes between HMRC and multinational companies, including Goldman Sachs "were at least reasonable, and [that] the overall outcome for the Exchequer was therefore good" (NAO, 2012, p.9), *The Daily Mail* reported that "the taxman may have broken the law by signing a 'sweetheart deal' to let Goldman Sachs off a £20million tax bill" resulting in "UK Uncut […] pursuing Goldman Sachs through the courts […]" (Martin and Barrow, 2012). Similarly, in the aftermath of the tax shaming of Google, Amazon and Starbucks and the response of Starbucks to "struck a deal with [HMRC] to pay £20million over the next two

[62] YouGov's data journalist (Smith, 2017).

years, whether or not it reports a profit" (Campbell, 2012), *The Daily Mail* criticised the UK tax system by stating that such deal is an "evidence of Britain running a 'voluntary' tax system where companies opt to pay what they like, rather than what they owe" (Campbell, 2012).

In contrast, the coverage of corporate tax avoidance by left leaning newspapers increased in 2015 (50 articles) and 2016 (57 articles); in comparison to right leaning newspapers, in light of HMRC's publication of two new tax policy measures enforcing multinational companies (1) to submit a Country-by-Country Report (CbCR) to HMRC starting 1st January 2016 (HMRC, 2017) in line with the OECD BEPS action plan, and (2) to publish their business tax strategy on their websites for financial years starting 15th September 2016 onwards (HMRC, 2016a). Thereby, on the 5th of October 2015 after the draft regulations for CbCR were put for consultation (HMRC, 2017), *The Guardian* quoted the Tax Justice Network acknowledging CbCR as "[…] the first serious global effort to combat widespread corporate tax cheating – and that in itself has been a huge step forward" (Bowers, 2015).

Finally, as the majority of newspapers in my sample (7 out of 9 newspapers) fall on either ends of the political spectrum (i.e., left as opposed to right), the centre leaning newspapers (*The Independent*) and the business press (*The Financial Times*) coverage on corporate tax avoidance remained relatively lower than the coverage of left leaning and right leaning newspapers over time.

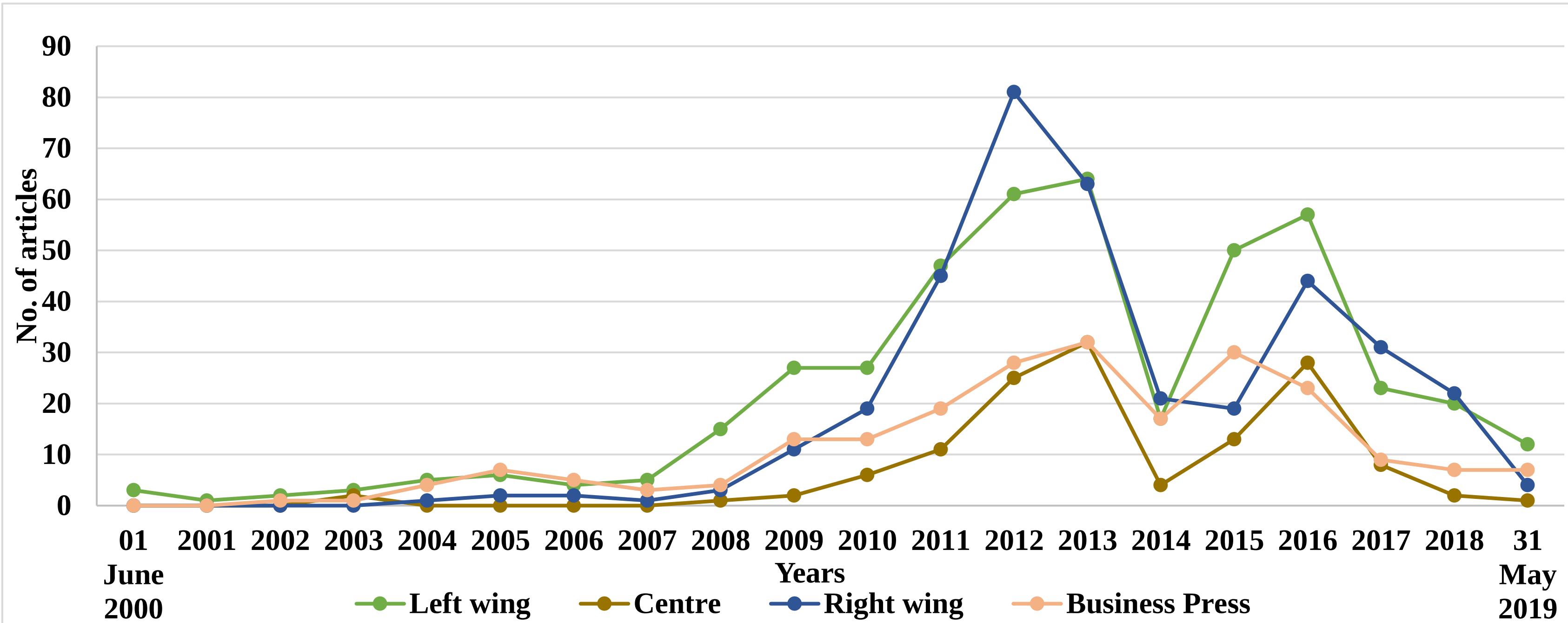

Figure 3.4: Number of articles on corporate tax avoidance over time across different newspapers political leanings

3.5 Summary of findings

My analysis of the UK newspapers reporting on corporate tax avoidance over a nineteen-year period (1st June 2000- 31st May 2019), highlights the growing salience of corporate tax avoidance on the UK newspapers agenda over time. The UK "dramatic austerity measures" (Lyall and Cowell, 2010; Pimlott et al., 2010; Holland et al., 2016, p.10) ignited with the eruption of the global financial crisis "provided a uniquely fertile environment for change directed at tax havens and multinational companies [tax avoidance practices]" (Forstater and Christensen, 2017, p.9). Accordingly, tax justice campaigning was "reinvigorated" by the establishment of UK Uncut tax activist group (27th of October 2010) which "mobilise[d] opposition to austerity by advocating a crackdown on [corporate] tax avoidance as an alternative to [budget] cuts" (Birks, 2017, p.296). The "thematization of tax avoidance in terms of austerity" (Birks, 2017, p.299), succeeded in promoting corporate tax avoidance to the forefront of the political agenda (Elbra, 2017), and in rendering corporate tax avoidance "significant traction" in UK newspapers (Elbra, 2018, p.69).

It is worth noting that in contrast to financial issues which escalated with the onset of the financial crisis (i.e., level of executive pay) then "moved off the media agenda in recent years, CTA [Corporate Tax Avoidance] has continued to acquire increasing levels of media attention" (Dallyn, 2017, p.338). Promoted by the emergence of UK Uncut in late October 2010, the UK newspapers coverage of corporate tax avoidance increased by seven folds, i.e., 145 articles published pre- the establishment of UK Uncut in comparison to 1,031 articles published post the establishment of UK Uncut (see Figure 3.1 in Section 3.4.1 and Appendix 2.B). In line with Elbra (2017), my findings confirm that UK Uncut re-established the efforts of NGOs (Oxfam, ActionAid, Christian Aid) and tax activists (TJN) in promoting corporate tax avoidance to the forefront of the political agenda and in pressurizing the government (i.e., HMRC) and international bodies (i.e., OECD) to take action. Therefore, accounting for the contested nature of events which occurred in the UK corporate tax environment within my period of analysis (1st of June 2000- 31st May 2019), I acknowledged the efforts of the OECD and HMRC, which particular focus on events catalysed by NGOs (Oxfam, ActionAid, Christian Aid), tax activists (TJN and UK Uncut) and media investigations (see Section 2.3 in Chapter 2 and Appendix 1.A).

My findings revealed that the financial crisis which deepened with the collapse of Lehman Brothers[63] in September 2008 (Pham, 2010, p.2), accompanied by *The Guardian* February 2009 "*Tax Gap Series*" investigation (Guardian, 2009d) and the publication of the first edition of TJN Financial Secrecy Index in October 2009 (Tax Justice Network, 2009b), catalysed the traction of corporate tax avoidance in UK newspapers, i.e., 53 articles published in 2009 in contrast to 23 articles published in 2008. Subsequently, the establishment of UK Uncut on 27th October 2010 (UK Uncut, 2018), revived the momentum of newspaper coverage to 65 articles in 2010 (54 of which published from 27th October 2010 till 31st December 2010) (see Appendix 2.C). Consequently, in 2011 in line with the efforts of Christian Aid and ActionAid in enforcing the importance of transparency in tackling multinational companies tax avoidance behaviour through three key publications, namely (1) *"Tax Justice Advocacy […]"* report (Christian Aid and SOMO, 2011), (2) *"Tax responsibility: […] making tax a corporate responsibility issue"* report (ActionAid, 2011b), and (3) *"Addicted to tax havens"* report (ActionAid, 2011a) , corporate tax avoidance continued to be a prominent issue on the UK newspapers agenda (122 articles published in 2011).

2012 and 2013 sparked the era of corporate tax shaming (Barford and Holt, 2013), resulting in two "breakthrough" years in the coverage of corporate tax avoidance (Dallyn, 2017, p.343) as the UK newspaper attention to corporate tax avoidance reached its peak with 195 articles and 191 articles published in 2012 and 2013, respectively. The substantial increase in media reporting on corporate tax avoidance was triggered by two factors, namely (1) the extensive tax shaming and campaigning directed at leading multinationals and (2) the OECD Base Erosion and Profit Shifting Project (BEPS). The key events in 2012 and 2013 were (1) the unprecedented shaming directed at Google, Amazon and Starbucks, followed by the Public Account Committee (PAC) investigation into their tax practices (Public Accounts Committee, 2012), (2) the National Audit Office (NAO) examination of the tax settlement of Vodafone and Goldman Sachs (NAO, 2012), (3) HSBC's "prolific use of tax havens" (Quinn and Ball, 2013), and (4) the UK Uncut protests directed at Starbucks (Diaz, 2012) and HSBC (Quinn and Ball, 2013).

[63] The US fourth-biggest investment bank (Pham, 2010, p.2).

In response to the heightened “societal concerns” (Radcliffe et al., 2018, p.45 footnote 2) in September 2013 the BEPS[64] Action Plan[65] got adopted by OECD and G20 countries (OECD, 2019) as a means to “restore confidence in the [tax] system and ensure that profits are taxed where economic activities take place and value is created” (OECD, 2019).

After 2012 and 2013 being “breakthrough years” in UK newspapers coverage on corporate tax (Dallyn, 2017, p.343), media attention devoted to corporate tax avoidance decreased in 2014 to 59 articles (in contrast to 191 articles in 2013 and 195 articles in 2012) despite the Luxembourg leakage in November 2014 (ICIJ, 2014). Subsequently, in 2015 and 2016 corporate tax avoidance gained back momentum in UK newspapers agenda with 112 articles and 152 articles published respectively due to two aspects. Firstly, HMRC new policy measures, i.e., CbCR (HMRC, 2017) and tax strategy (HMRC, 2016a). Secondly, NGOs efforts, including ActionAid (2015b) shedding light on the impact of corporate tax avoidance on the developing countries, and the shortcomings of the BEPS project. In addition to, Oxfam calling on politicians to put an end to financial secrecy and tax havens in May 2016 “Anti-Corruption Summit” (Oxfam, 2016), following the ICIJ Panama Papers leakage which exposed “information about more than 210,000 companies [operating] in 21 offshore jurisdictions” (ICIJ, 2017b).

From 2017 onwards, the UK newspapers coverage of corporate tax avoidance started to decline as the ICIJ Paradise Papers November 2017 leakage (ICIJ, 2017a) prioritized the tax avoidance of politician and celebrities rather than companies, i.e., “Paradise Papers leak reveal[led] secrets of the world elite's hidden wealth” (Garside, 2017).

Relative to the different coverage attributed to corporate tax avoidance across the different newspaper types, namely (1) broadsheets, (2) business press, (3) mid-market, and (4) redtop tabloids. Given that corporate tax avoidance manifests itself as “a complex area of accounting practice” (Dallyn, 2017, p.336), broadsheet newspapers (*The Guardian*, *The Times*, *The*

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[64] OECD's initial report on Base Erosion and Profit Shifting was issued on February 12, 2013 (OECD, 2013b) and the initial Action Plan report was issued on July 19, 2013 (OECD, 2013a).

[65] “The Action Plan identified 15 actions along three key pillars: introducing coherence in the domestic rules that affect cross-border activities, reinforcing substance requirements in the existing international standards, and improving transparency as well as certainty” (OECD, 2019).

Independent, and *The Telegraph*) with interest in "extensive political and economic" topics (Carvalho and Burgess, 2005, p.1460) published the highest proportion of articles on corporate tax avoidance 61% (720 out of 1176 articles) (see Appendix 2.D). By contrast, redtop tabloids (*Mirror* and *Sun*) which favour "more entertainment and celebrity content" (Blinder and Allen, 2016, p.9) published the least proportion of articles 8% (96 out of 1176 articles). Meanwhile, the business press (*The Financial Times*) which is directed to the "business community" (Grafström and Windell, 2011, p.224) published 19% of the articles (223 out of 1176 articles) and the mid-market tabloids (*Express* and *Daily Mail*) which "aim for a mix of entertainment news found in [redtop] tabloids with traditional reporting found in the quality [broadsheet] press" (Blinder and Allen, 2016, p.9) published 12% of the articles (137 out of 1176 articles).

Finally, when contrasting the coverage of the different newspapers outlets in line with their political leanings, i.e., left (*The Guardian and Mirror*), centre (*The independent*), right (*The Telegraph, The Times, The Sun, The Express, and The Daily Mail*) (Smith, 2017), and business press (*The Financial Times)*. My analysis revealed that right leaning newspapers coverage peaked in 2012 (81 articles) (see Appendix 2.E and Figure 3.4 in Section 3.4.4) around the timing of the National Audit Office (NAO) examination into the settlements of the tax disputes between HMRC and leading multinationals (e.g., Vodafone and Goldman Sachs) (NAO, 2012) and the Public Accounts Committee (PAC) investigation into the tax matters of Google, Amazon and Starbucks (Public Account Committee, 2012) in line with "the right-wing press […] favour[ing] stories about the incompetence of HMRC, and the ineffectiveness of this government department" (Bramall, 2018, p.48). Meanwhile, left leaning newspapers (in comparison to right leaning) published more articles on corporate tax avoidance in 2015 and 2016, i.e., 50 articles and 57 articles respectively, around the timing of HMRC's announcements of new tax policy measures, including CbCR (HMRC, 2017) and tax strategy regulation (HMRC, 2016a) in 2015 and 2016, respectively. As for the centre leaning newspapers (*The independent*) and the business press (*The Financial Times*), their coverage remained relatively lower than left leaning and right leaning newspapers over time, given that the majority of my newspapers (7 out of 9 newspapers) fall on either ends of the political spectrum (i.e., left as opposed to right).

3.6 Conclusion

The aim of this study is to examine the change in the salience of corporate tax avoidance on the UK newspapers-agenda over time (1st June 2000- 31st May 2019). To fulfil my study's objective, I analysed the change in nine UK newspapers coverage of corporate tax avoidance, namely (1) *The Guardian*, (2) *The Times*, (3) *The Telegraph*, (4) *The Independent*, (5) *The Mirror*, (6) *The Sun*, (7) *The Express*, (8) *The Daily Mail*, and (9) *The Financial Times*. My nineteen-year sample period and diverse set of newspapers provided us with an interesting range of newspapers articles to examine. My timeline reflected a range of key events pertaining to corporate tax avoidance in the UK public sphere. In addition, my sample of newspapers is representative of different newspapers types, including broadsheets (*Guardian*, *Times*, *Telegraph*, and *Independent*), tabloids (redtop, i.e., *Mirror* and *Sun*, and mid-market, i.e., *Express* and *Daily Mail*), and business press (*Financial Times*), as well as different newspapers political leanings, e.g., left leaning (*Guardian* and *Mirror*), centre (*Independent*), right leaning (*Times*, *Telegraph*, *Sun*, *Express* and *Daily Mail*) and business press (*Financial Times*).

My findings revealed that the prominence of corporate tax avoidance in the agenda of UK newspapers has grown significantly following the establishment of UK Uncut in late 2010 (145 articles published pre- the establishment of UK Uncut in comparison to 1,031 articles published post the establishment of UK Uncut). Further, my findings suggest that the salience of corporate tax avoidance on UK newspapers agenda, resulting in "breakthrough" (Dallyn, 2017, 343) coverage in 2012 (195 articles) and 2013 (191 articles) across the different newspaper outlets, was due to a series of key events. Interestingly, the growing salience in the media corporate tax debate has been led by the broadsheet newspapers (720 articles out of 1,176) and has varied in accordance with the political agenda of the different newspapers. The right-leaning coverage peaking in 2012 (81 articles) in times of events highlighting "the incompetence or the ineffectiveness of HMRC (Bramall, 2018, p.48) (i.e., NAO investigation into the tax settlements of tax disputes between HMRC and multinational companies), in contrast to left-leaning coverage increasing in 2015 and 2016 (50 articles and 57 articles respectively) in times of events acknowledging HMRC efforts, such as HMRC CbCR tax measure in line with the BEPS action plan (HMRC, 2017) and HMRC tax strategy regulation (HMRC, 2016a).

My study makes three empirical contributions to the literature in relation to the growing salience of corporate tax avoidance on UK newspapers agenda. Firstly, in line with Dallyn (2017, p.338), my research highlights that in contrast to financial issues which escalated in the aftermath of the financial crisis (i.e., level of executive pay) then "moved off the media agenda in recent years, CTA [Corporate Tax Avoidance] has continued to acquire increasing levels of media attention". Secondly, my study extends the work of Birks (2017, p.299) which acknowledges "UK Uncut's thematization of tax avoidance in terms of austerity" in promoting corporate tax avoidance to the forefront of the political agenda, by drawing attention to the role of other NGOs (Oxfam, ActionAid, Christian Aid) and tax activists (TJN) in corporate tax avoidance campaigning. Finally, I shed light on the role of UK media (newspapers) in "shaping" public opinion (McCombs and Shaw, 1972; Brown and Deegan, 1998, p.25), relative to the importance of corporate tax avoidance. Thus, in line with Radcliffe et al. (2018, p.46), I view the "extensive media questioning of the taxpaying behaviour of major corporations" as having ignited the growing public interest in corporate tax avoidance. This shifted the debate on corporate tax practices from being an issue discussed by technical tax experts to a "high-profile [public] issue" (Dallyn, 2017, p.336).

The media also propagated public calls for tax transparency, which in return pressurised some multinational companies to justify their tax practices via publishing voluntary tax disclosures, such as Vodafone, which is the focus of the second empirical study presented in Chapter 4.

Chapter 4 Vodafone's voluntary tax reporting

4.1 Introduction

Several companies, including Vodafone, have been named and shamed by the media and by various pressure groups for engaging in tax avoidance practices. For example, *The BBC* published an article titled *"[...] The rise of 'tax shaming'"* to condemn leading multinationals, such as Google, Amazon, and Starbucks, for their tax avoidance behaviour (Barford and Holt, 2013). Further, UK Uncut protesters blockaded Vodafone stores across the UK following news on Vodafone paying "little or no corporation tax" in the UK (Rawlinson, 2014). In this respect, the media constitutes an important medium for the construction of public opinion (Chen and Meindl, 1991). According to Djankov et al. (2003, p.342) "the role of […] private and competitive media is held to be so important for the checks-and-balances system of modern [societies] that they have come to be called "the fourth estate," along with the executive, the legislature, and the courts" (Kanagaretnam et al., 2018, p.882). This suggests that the media plays a crucial role in shaping public perceptions of companies and thus their legitimacy (Chen and Meindl, 1991; Fomburn, 1996; Rao, 1998).

Legitimacy is based on the notion of a social contract which entails organizations ensuring that they operate within the norms and values of their respective society (Deegan, 2002). Accordingly, any discrepancy between how society perceives a company should act, i.e., pays its fair share of corporation tax, and how a company has actually acted, i.e., engaged in tax avoidance, threatens the company's legitimacy (Lanis and Richardson, 2012). Although companies could view their tax avoidance strategies as a legal means to tax planning, the recent hype in both media scrutiny and pressure groups campaigns against companies' tax avoidance practices "challenged the social acceptability or legitimacy of tax avoidance" (Holland et al., 2016, p.2). Consequently, in the UK, the recent media shaming and direct action against leading multinational corporations (MNCs) alleged to have avoided paying their corporation tax (Holland et al., 2016), raised public interest in questioning the taxpaying behaviour of major corporations (Radcliffe et al., 2018) from a legitimacy and a corporate social responsibility perspective (Holland et al., 2016).

Consequently, despite compliance with tax laws being a legal issue, a distinguishing aspect in the current scrutiny over MNCs' tax behaviour is the involvement of a broader audience, i.e., various social actors, including NGOs, pressure groups/ tax activists, media, particularly the wider public (Ashley and Shaheen, 2011; Holland et al., 2016; Houlder, 2016). In this study, I view civil society manifested in NGOs and pressure groups as "central in igniting the legitimacy" threat around corporate tax avoidance practices (Anesa et al., 2019, p.35) through campaigning against leading MNCs alleged tax strategies, e.g., UK Uncut protests against Vodafone (Morris, 2010; Rawlinson, 2014) and Starbucks (BBC, 2012c; Diaz, 2012; McVeigh et al., 2012), and through publishing reports condemning such alleged practices, e.g., ActionAid's (2011a) report *"Addicted to tax havens".* In particular, the media played a vital role in spreading information to reinforce the legitimacy aspect of corporate tax behaviour (Anesa et al., 2019). This has resulted in a legitimacy threat for scrutinized companies.

Corporate actions which raise public concern pose a legitimacy threat (Deegan et al., 2002; Sikka, 2010) and can hinder a company's ability to earn profits in the long term (Sikka, 2010). It may result in consumer boycotts, penalties, less appeal for current and potential employees, and higher costs in attracting financial capital (Fombrun et al., 2000). Consequently, to counteract such potential threats some companies seek to manage public scrutiny and reputational damage through publishing corporate disclosures that demonstrate ethical and moral behaviour (Phillips, 2003; Sikka, 2010). Therefore, MNCs may respond to their tax shaming and public outcry by using their corporate communication as strategic resources to shape the perceptions of their respective audience (Sikka, 2010; Mills et al., 2012; Dyreng et al., 2016).

What is more, NGOs and pressure groups called on governments to enforce public disclosure of corporate tax information relative to the amount of corporation tax paid across the different countries of operations (Christians, 2012). For instance, Oxfam in its report entitled *"Tax havens: Releasing the hidden billions for poverty eradication"*, addressed the need for companies to publish information on their tax strategies through calling for "minimum standards of transparency and disclosure by companies" (Mayne and Kimmis, 2000, p.22). Also, ActionAid, Oxfam and Christian Aid in a recent publication addressing responsible corporate tax behaviour viewed "[a] tax-responsible corporate group [as one that] will seek to publish, in an open data format information that enables stakeholders in every jurisdiction where it has a subsidiary, branch or tax residence to see how its taxable income, profits and gains are calculated and internationally distributed; […]" (ActionAid et al. 2015, p.19).

Accordingly, on the one hand, NGOs and tax activists are utilizing the media as a platform to attract public attention to the irresponsible and illegitimate tax practices of MNCs by portraying corporate tax avoidance as a socially irresponsible act (Christensen and Murphy, 2004), which hinders the government's ability to fund public services, such as health and education, and which deprives developing countries from funds needed to fight poverty and inequality. On the other hand, they are pressurising policy makers to call for public disclosure of MNCs' tax strategies (Christians, 2012). Thus, the extensive media shaming triggered public interest for detailed corporate tax disclosures as a means to curb the "tax secrecy and inevitably prompt [further] regulatory and tax authority oversight" (Alexander, 2013, p.543).

The prior voluntary disclosure literature has shown that many companies are continuously redesigning their corporate communication strategies: (1) to restore their legitimacy by providing voluntary disclosures about their activities, policies, and performance (e.g., Ogden and Clarke, 2005; Hrasky, 2011; Hahn and Lülfs, 2014; Holland et al., 2016), and (2) to promote their responsiveness to the transparency demands of their various stakeholder groups (Williams, 2005). Consequently, within the context of corporation tax, MNCs engaging in voluntarily disclosing information on their tax behaviour in light of the recent hype in media shaming over their tax practices, can be viewed as a strategic tool to not only repair their legitimacy, but to also satisfy increased public demands for corporate tax transparency (Hahn et al., 2015) and, in turn, increase their credibility with the tax authorities. In that sense, tax transparency as opposed to tax "secrecy and opacity" (Sikka, 2018, p.9) suggests that there is nothing to hide because it prompts the ability of society to gain insights into a company's tax affairs.

The research question, which underpins this study, is whether voluntary tax reporting results in actual increased transparency or whether it merely provides the impression of transparency, while allowing companies the discretion of keeping specific aspects of their tax activities hidden. My research answers the question by examining Vodafone's tax reports over a seven-year period

(2013-2019) by categorising disclosures made therein into substantive legitimation strategies (promoting actual transparency), and symbolic legitimation strategies (giving the impression of transparency).

Previous studies examining corporate narratives, i.e., annual reports, CSR reports, have adopted either a manual content analysis approach, a computer-aided content analysis approach, or a mixture of both approaches (Brennan et al., 2009). In this study, I adopt a manual content analysis approach where I firstly, code keywords in Vodafone's tax reports (keyword analysis). Secondly, I attribute those keywords to the legitimation theme they infer (attribution analysis). Thirdly, I categorise the legitimation themes into substantive legitimation strategies (engaging in actual transparency practices), and symbolic legitimation strategies (signalling the impression of transparency). Finally, I capture the volumetric significance of the legitimation themes to conclude whether there is a dominance of substantive or symbolic tax disclosures.

My findings indicate that Vodafone's tax reports predominantly serve as a substantive means of legitimation, i.e., they constitute an actual means of achieving corporate tax transparency. I find that the substantive strategies increased elevenfold from 2013 to 2019, with the largest increase occurring in 2016. I attribute such increase in Vodafone's substantive reporting to the extensive increase in its CbCR disclosures from 2016 onwards. I view the expansion in CbCR disclosures to be triggered by the Finance Act 2015 which required MNCs to submit a country-by-country report to HMRC for accounting periods starting on or after January 2016 (HMRC, 2017).

In comparison, the symbolic strategies increased fourfold from 2013 to 2019 with the largest increase in 2015. In 2015, Vodafone introduced additional symbolic strategies, i.e., supporting initiatives that promote public trust, and defining key tax terms. Further, it increased its reporting on other symbolic strategies, such as contributions and investments made in the UK and across countries of operations, competitiveness of the tax regimes, and public misunderstanding. I attribute the increase in symbolic reporting to a range of events that occurred in 2014 a period within which "[p]ublic anger […] reach[ed] boiling point" (Harman, 2015). Among the events which happened in 2014 were the launch of ActionAid UK "Town against tax dodging" campaign (Adams, 2014), the publication of Christian Aid *"Tax for the common good"* report to promote tax justice (Christian Aid, 2014, p.4), and the exposure of Vodafone's tax avoidance strategies through its subsidiary in Luxembourg (Bowers, 2014) within the Luxembourg tax file leakage (ICIJ, 2014).

4.1.1 Motivation

Public interest in the taxpaying behaviour of major MNCs (Radcliffe et al., 2018) has grown significantly in the UK in light of the extensive media scrutiny on alleged corporate tax strategies, particularly in the aftermath of the financial crisis (Dhaliwal et al., 2016; Holland et al., 2016). Corporation taxes have wider social implications because they play a fundamental role in the funding of public services, such as education, health care, etc. (Lanis and Richardson, 2012). Hence, the "public increasingly wants corporate taxation to serve as a mechanism for ensuring that business contributes to society" (Desai and Dharmapala, 2018, p.247). Accordingly, "media revelations about the tax behaviour of several high profile MNCs have […] antagonized the general taxpaying public" (Radcliffe et al., 2018, p.45).

In turn, such media exposure of leading MNCs' tax avoidance practices along with NGOs and tax activists extensive campaigning against irresponsible tax behaviour, strengthened the role of pressure groups and the media, vis a vis legal institution, in deterring corporate tax behaviour (Kanagaretnam et al., 2018). Consequently, the involvement of the media in constructing public opinion around corporate tax practices (Chen and Meindl, 1991) in line with NGOs and pressure groups potential in triggering change to corporate tax behaviour (Kneip, 2013), shed light on the evolving landscape of the UK corporate tax environment. In this respect, I view the responses of scrutinized companies to their media shaming by means of utilizing their corporate communication as a strategic tool to cease their existence as legitimate entities and to manage the perceptions of their relevant public (Neu et al., 1998; O'Donovan, 1999; Bansal and Roth, 2000; O'Dwyer, 2002), to be motivated by the desire to calm the public outrage and respond to media and NGO pressure, rather than being merely a matter of adhering to UK tax law (Christensen and Murphy, 2004; Mills et al., 2012; Dyreng et al., 2016).

Despite prior research on tax avoidance, little is known about the scrutinized companies' responses to influence public opinion relative to their tax avoidance schemes (Dyreng et al., 2016). Further, according to Gallemore et al. (2014) and Austin and Wilson (2015), there is little empirical evidence of the influence of reputational damage on corporates' subsequent tax behaviour. For example, Baudot et al. (2020) examined the relationship between corporate reputation and corporate tax behaviour for a sample of multinational companies and concluded that there is no clear pattern on the relationship between both; suggesting that corporate tax avoidance practices do not produce substantial reputational consequences that would induce a change in a corporate's tax behaviour.

Also, as highlighted by Bruce (2011) and Hasseldine et al. (2012), providing corporate tax disclosures in an understandable format constitute an extremely challenging practice, for both preparers (companies) as well as for users (relevant public audience). For example, Sisson and Brown (2017) examined Starbucks UK's tax avoidance crisis and concluded that Starbucks acted in an authentic and honest manner to manage its corporate reputation by admitting responsibility and proposing to pay taxes owed. However, Starbucks' failure to act transparently at the beginning of its tax crisis via proactively providing full disclosures on its tax arrangements (Bowen, 2016) deferred its avert for its tax crisis (Sisson and Brown, 2017). As such Sisson and Brown's (2017) findings highlight the importance of transparency manifested in providing tax disclosures to the public.

Therefore, Vodafone constitutes an interesting case study. With the publication of a series of tax reports entitled *"Tax and our total contribution to public finances"* from June 2013 onwards, Vodafone succeeded in transforming public opinion from public shaming and protest actions against its tax practices to becoming a leading example in corporate tax transparency reporting and increasing its credibility with the UK tax authorities.

In sum, the following quote from a recent article for Christian Aid NGO on the success of its tax campaigning, precisely summarises the case of Vodafone.

> "[…], when together, we were campaigning for Vodafone be more transparent about the tax they were paying […]. Six years on, in April 2018, Vodafone published their 2016/17 annual report on a *'country-by-country'* basis. This is precisely what we asked them to do all those years ago".

> "This is bold step by Vodafone. By publishing their recent report on a 'country-by-country' basis, Vodafone will be providing critical information that will increase understanding of their tax affairs. It should not only embolden other companies to follow their lead but should increase the pressure on the UK government to take the step of asking all UK registered companies to do the same" (Harman, 2018).

4.1.2 Contribution

My research contributes to the literature on corporate legitimacy through developing knowledge on corporate responses to public criticism of their illegitimate/irresponsible tax practices. The stream of studies that analysed scrutinized companies' responses to public scrutiny of their tax avoidance behaviour either focused on examining tax disclosures in corporate annual reports and CSR reports (Holland et al., 2016) or on examining a certain type of tax disclosure, i.e., subsidiary disclosures (Dyreng et al., 2016). To my knowledge, this is the first study to empirically examine voluntary tax reports as a medium of corporate legitimation by analysing different themes within Vodafone's tax disclosures (i.e., CbCR, reporting on public misunderstanding, reporting on the complexity of the financial affairs of MNCs, addressing tax in emerging markets, etc.).

Accordingly, the results of my analysis provide crucial insights into the characteristics of tax reports, i.e., whether they constitute a substantive means of legitimation (i.e., engaging in actual transparency practices), or a symbolic means of legitimation (i.e., signalling the impression of transparency). I also acknowledge the institutional pressures beyond companies engaging in voluntary tax reporting, i.e., (1) coercive isomorphism (DiMaggio and Powell, 1983); responding to pressure groups calls for transparent tax reporting, (2) mimetic isomorphism (DiMaggio and Powell, 1983); modelling themselves on another leading companies in light of the absences of "coherent standard" for tax transparency (Common Vision, 2015, p.38), and (3) normative isomorphism (DiMaggio and Powell, 1983); setting the standards, e.g., "accepted norms" (de Villiers and Alexander, 2014, p.206) of voluntary tax reporting for other companies to follow.

4.1.3 Structure of the chapter

The remainder of this chapter is organized as follows. Section 4.2 provides the background to Vodafone's adoption of voluntary tax reporting from 2013 onwards by outlining the key tax events from 2000 until 2019. Section 4.3 outlines the theoretical framework by discussing the concepts of tax avoidance and tax transparency (Section 4.3.1), and by explaining legitimation restoration (Section 4.3.2) by drawing on the concepts of organisational legitimacy, the role of audiences in granting organizational legitimacy, and the institutionalisation of voluntary corporate reporting mechanisms as a means of legitimation. Section 4.4 outlines the analytical framework by means of applying the substantive and symbolic legitimation strategies to the tax reporting context. This is followed by a discussion of the data; Vodafone's tax reports, and method of analysis (content analysis) in Section 4.5. The findings are outlined in Section 4.6 and discussed in Section 4.7. Finally, Section 4.8 concludes the chapter.

4.2 Context

4.2.1 Background to the Vodafone case

This section focuses on events specifically relating to Vodafone's tax practices 2013-2019 and responses by key social actors in the UK tax environment (see Table 4.1 for a summary). See Section 2.3 in Chapter 2 and Appendix 1.A for a comprehensive summary of events occurring within the UK corporate tax environment 1997-2018.

In the recent media hype of MNCs' tax avoidance practices, Vodafone has been in the headlines of UK national newspapers, including *The Telegraph*, *The Guardian*, and *The Independent*, for paying no corporation taxes in the UK (Rushton, 2012b; Garside, 2013; Spanier, 2014). As noted by Whalley and Curwen (2014) MNCs among which Vodafone managed to structure their businesses to benefit from differences in international tax regimes. The controversy over Vodafone's tax behaviour escalated in April 2007 when John Connors, a high ranking HMRC civil servant, was appointed as Vodafone's group tax director (Brooks, 2007; Olson, 2010). Connors' surprise move shocked HMRC's senior tax officials because Vodafone was involved in a longstanding dispute with the tax authority (Brooks, 2007), which Connors was negotiating on its behalf before moving to Vodafone (Olson, 2010). Richard Murphy of the Tax Justice Network was quoted in *The Forbes* magazine saying that "Vodafone managed to poach the guy they were negotiating with, and then they got [this settlement] for less" (Olson, 2010).

Vodafone's dispute with HMRC began in 2000 when it acquired the German mobile operator Mannesmann (Syal, 2011) by diverting the proceeds of its acquisition to a subsidiary in

Luxemburg (Houlder, 2010). It got settled through a payment of £1.25 billion to the UK tax authority (Houlder, 2010; Louise, 2010) in 2010, with *The Financial Times* referring to it as "one of Britain's biggest legal battles over international tax planning" (Houlder, 2010). The settlement was presented as a "sweetheart" deal between Vodafone and HMRC (Grice, 2013), as it allowed Vodafone to forgo a potential tax bill of £6 billion (Duke, 2012).

Before the settlement came into effect, Vodafone was scrutinized for using "legal challenges" to reduce its tax bill by *The Guardian Tax Gap Series* which ran in February 2009 and named major British companies over their tax avoidance schemes (Guardian, 2009b). Further, Members of Parliament (MPs) have complained that such settlement is in favour of Vodafone, and the National Audit Office (NAO) called for investigations into the matter (BBC, 2012a). In accordance with the examination conducted in June 2012 by former High Court tax judge Sir Andrew Park to look into tax settlement disputes of large MNCs among which Vodafone's, the NAO concluded that Vodafone's deal is "reasonable and the overall outcome for the Exchequer was good" (NAO, 2012), i.e., Vodafone has not avoided a possible tax payment of £6 billion.

In August 2010 Christian Aid launched its "Trace the Tax" campaign calling on four leading FTSE 100 companies, including (1) Vodafone, (2) Unilever, (3) TUI Travel, and (4) InterContinental Hotels Group (Christian Aid, 2011, p.36), to support calls for greater transparency as a means to tackling tax dodging. In particular, Christian Aid campaigned for the companies to "support publicly a new accounting standard on country-by-country reporting" (Christian Aid, 2011, p.36). In return, by end of March 2011 all four companies agreed to meet with Christian Aid (Christian Aid, 2011, p.37).

Consequently, raising public concern over how MNCs manage to pay less tax than many ordinary citizens in an era of a stagnant economy and continuous government budget cuts (Trotman, 2013). Thus, in October 2010, when the UK government announced the steepest reduction in public spending in 60 years referring to it as the "dramatic austerity measure" (Lyall and Cowell, 2010; Pimlott et al., 2010), a new pressure group was founded, UK Uncut, which began its protests by reporting on Vodafone's failure to pay £6 billion of taxes given its tax deal with HMRC (Dallyn, 2017). Later, *The BBC* (2010) and *The Guardian* reported that Vodafone shops are being boycotted and that protestors are forcing the stores to shut (Morris, 2010). Also, in June 2011, *The Guardian* reported about a tax demonstration held by UK Uncut at Vodafone's annual shareholder meeting (Garside, 2011).

In June 2012, Vodafone's Group Chief Executive Vittorio Colao gave an interview to *The Sunday Telegraph* to clarify Vodafone's situation (Rushton, 2012a). Colao highlighted the complexity of Vodafone's tax arrangements and the need for the UK public to acknowledge Vodafone's other contributions to HMRC. Further, he criticised the government for developing "fantastic rules" to get as much money from telecom companies by auctioning mobile spectrum. He also called on the UK government to decide whether it wants "all the money up front", i.e., through mobile spectrum fees, and, if that is the case, to 'back off' companies like Vodafone when writing the investments off against their corporation tax bills. A year later in June 2013, Vodafone published it is first tax report titled *"Tax and our contribution to public finances"* for the financial year ending 31 March 2012 (Tax Report, 2013).

After the publication of its tax report, Vodafone was acknowledged by the media for disclosing detailed information on its tax activities, getting ahead of other companies the media had identified as tax avoiders, and promoting tax transparency. For instance, *The Telegraph* referred to Vodafone's tax publication as "[…] a detailed breakdown of its contribution to the British economy and around the world" (Williams, 2013). Also, it praised Vodafone for "[…] going further than other tax avoiders who have also pointed to the contributions outside corporation tax" (Williams, 2013). Also, *The Financial Times* viewed Vodafone's tax reporting as a means for promoting its tax transparency *"Vodafone, target of protesters, endorses tax transparency"* (Houlder, 2013).

In November 2014, *The Telegraph* reported on British companies, including Vodafone, being acknowledged for their tax transparency in a report issued by the Transparency International organization (Dakers, 2014), which is a global coalition that was founded in 1993 to fight corruption and to promote openness and transparency (Transparency International, 2018a; 2018b). The report evaluates the disclosure policies of MNCs on a scale from 0 to 10[66] across three

[66] Scale 0-10 where 0 is least transparent and 10 is most transparent (Transparency International, 2014, p.3).

categories, namely (1) anti-corruption procedures, (2) organizational transparency, and (3) country-by-country reporting (Transparency International, 2014, p.2). Vodafone was in the lead of the recognized companies for disclosing detailed information across the three categories by being the only company out of 124 companies to score above 50% in all of the three assessed reporting categories (Dakers, 2014; Transparency International, 2014, p.4). However, the Luxembourg leakages exposed Vodafone as exploiting opportunities to reduce its tax payments through its subsidiary in Luxembourg (Bowers, 2014).

Later, in October 2017, the Fair Tax (2019b) (not-for-profit community benefit society) praised Vodafone along with three other companies, including Legal & General, Prudential, and SSE (which has been awarded the Fair Tax mark), for reporting beyond legislative requirements and hence setting a "benchmark" for other corporates in terms of transparency (Fair Tax, 2017, p.4). Also, in November 2017, Vodafone has been awarded the PwC *"Building Public Trust in Corporate Reporting Award for Tax Reporting in the FTSE 350"* for its detailed country-by-country reporting (CbCR) disclosures and its transparent disclosures on its tax risk management policy and approach to tax (PwC, 2017).

What is more, following the sixth publication of Vodafone's tax report in March 2018 (Tax Report, 2018), Christian Aid shed light on how tax campaigning against MNCs' unfair tax practices succeeded in triggering change in MNCs' tax behaviour. That is to say, in a publication in May 2018 titled *"Tax Campaign Wins"* (Harman, 2018), Christian Aid acknowledged the example of Vodafone by stating that "[t]his is bold step by Vodafone. By publishing their recent report on a 'country-by-country' basis, Vodafone will be providing critical information that will increase understanding of their tax affairs. […]. This kind of transparency will make it harder for big global companies to dodge the tax they owe on profits made in the countries where they operate" (Harman, 2018).

Drawing on the above discussion, Vodafone constitutes an interesting case to analyse from a legitimacy theory perspective. The public evaluates an organization's legitimacy via media disclosures, particularly newspapers ones (Dowling and Pfeffer, 1975; Pfeffer and Salancik, 1978; Deephouse, 1996). Thus, Vodafone's extensive tax shaming by leading newspapers threatened its legitimacy. In response, Vodafone took the lead and disclosed detailed information on its tax practice to calm public outrage and restore its legitimacy by means of promoting its tax transparency. Thus, is noteworthy, as Vodafone "sets the benchmark" for companies which subsequently make disclosures to be appraised against.

Table 4.1: Timeline of main events surrounding Vodafone's tax practices

Date	Event
- 2000	Start of Vodafone's dispute with **HMRC** (Syal, 2011).
April 2007	Appointment of John Connors, a former head tax official of **HMRC**, as Vodafone's group tax director (Brooks, 2007; Olson, 2010).
February 2009	**The Guardian Tax Gap Series** shamed Vodafone among other British companies over its alleged tax practices (Guardian, 2009b).
July 2010	Settlement of Vodafone's dispute with **HMRC** (Syal, 2011).
August 2010	**Christian Aid** (2011) launched its "Trace the Tax" campaign to ask four companies, including Vodafone, to support calls for tax transparency
October 2010	Foundation of **UK Uncut**, which directed their first campaigning action against Vodafone (Dallyn, 2017).
	BBC (2010) reported about Vodafone shops being boycotted in tax protests.
November 2010	**The Guardian** stated that "Protesters force Vodafone stores to shut" (Morris, 2010).
December 2010	**The Guardian** "UK Uncut targets Topshop and Vodafone over tax arrangements" (McVeigh, 2010).
March 2011	Vodafone agreed to meet with **Christian Aid** in response to their "Trace the Tax" campaign (Christian Aid, 2011).
June 2011	**The Guardian** reported about a tax demonstration held by UK Uncut at Vodafone's annual shareholders' meeting (Garside, 2011).
June 2012	**The Telegraph** "Vodafone paid zero UK corporation tax last year" (Rushton, 2012b).
	NAO examination looked into tax settlement disputes of large multinationals among which Vodafone's (NAO, 2012).
	Vodafone's Chief Executive Vittorio Colao interview with **The Sunday Telegraph** to clarify Vodafone's situation (Rushton, 2012a).
June 2013	**The Guardian** "Vodafone pays no UK corporation tax for second year running" (Garside, 2013).
	Publication of Vodafone's first tax report "Tax and our total contribution to public finances FY 2011-12".
	The Telegraph Vodafone's tax report "detailed breakdown of its contribution" and a step "further than other tax avoiders" (Williams, 2013).
December 2013	**The Financial Times** "Vodafone, target of protesters, endorses tax transparency" (Houlder, 2013).
June 2014	**The Independent** "Vodafone courts new tax row with transfer to Luxembourg haven" (Spanier, 2014).
	Publication of Vodafone's second tax report "Tax and our total economic contribution to public finances FY 2012-13".
November 2014	**The Guardian** article on Luxembourg leakages exposing Vodafone's tax strategies through its subsidiary in Luxembourg (Bowers, 2014).
	The Telegraph reported on British companies (including Vodafone) acknowledged for transparency (Dakers, 2014).
January 2015	Publication of Vodafone's third tax report "Tax and our total contribution to public finances FY 2013-14".
February 2016	Publication of Vodafone's fourth tax report "Tax and our total contribution to public finances FY 2014-15".
February 2017	Publication of Vodafone's fifth tax report "Taxation and our total economic contribution to public finances FY 2015-16".
July 2017	**Oxfam** briefing paper "Making tax Vanish" acknowledged Vodafone and others for being transparency (Oxfam, 2017).
October 2017	**The Fair Tax** praised Vodafone among others for setting a "benchmark" for other corporates in terms of transparency (Fair Tax, 2017, p.4).
November 2017	Vodafone awarded the **PwC** "Building Public Trust in Corporate Reporting Award for Tax Reporting in the FTSE 350" (PwC, 2017).
March 2018	Publication of Vodafone's sixth tax report "Taxation and our total economic contribution to public finances FY 2016-17".
May 2018	**Christian Aid** publication "Tax Campaign Wins" acknowledging Vodafone's tax publication (Harman, 2018).
March 2019	Publication of Vodafone's seventh tax report "Taxation and our total economic contribution to public finances FY 2017-18"

Key: *Key social actors are shown in bold*

4.3 Theoretical framework

4.3.1 Tax avoidance and tax transparency

While taxes levied on corporate profits have always constituted an issue of debate as highlighted by Andreoni et al. (1998, p. 818) "the problem of tax compliance is as old as the taxes themselves". This debate has traditionally been confined to tax professional bodies, accountants, and business community (Holland et al., 2016), given the complexity of the accounting practices involved in taxes (Dallyn, 2017). Thereby, a notable aspect in the recent extensive interest in corporate tax avoidance is the involvement of a broader audience, i.e., various stakeholder groups, particularly society (Ashley and Shaheen, 2011; Hasseldine et al., 2012; Holland et al., 2016; Houlder, 2016), rendering corporate tax to be a "predominant accounting topic in contemporary politics" (Dallyn, 2017, p.336).

Consequently, a challenging feature embodied in the corporate tax avoidance area is the absence of "universally accepted definitions of, or constructs for, tax avoidance […]" (Hanlon and Heitzman, 2010, p.137). Within the tax literature there is little consensus on the meaning of tax avoidance, evident by the various definitions, i.e., "[…] not within the spirit of the law" (Lanis and Richardson, 2015, p.75), "[…] allowed by the law" (Ylönen and Laine, 2015, p.5), "[…] continuum of tax planning strategies […]" (Hanlon and Heitzman, 2010, p.137; Hoi et al., 2013, p.2026), etc., and constructs, e.g., tax aggressiveness, tax avoidance, etc., adopted by different researchers to interpret what tax avoidance actually means.

On the other hand, within the "corporate tax environment" manifested in the various social actors (as discussed in Section 2.2 in Chapter 2), including tax advisors, governments, parliamentary committees, NGOs, pressure groups, media, corporate taxpayers, etc., (Hasseldine et al., 2012; Dyreng et al., 2016; Holland et al., 2016; Mulligan and Oats, 2016; Dallyn, 2017), various terminologies are emerging, such as "fair share", "tax dodging", "tax aggressiveness" (Mulligan and Oats, 2016, p.63) and different perspectives are utilized, such as administrative perspective, advisory perceptive, social responsibility perceptive, etc. (Hasseldine et al., 2012), to describe corporate tax avoidance behaviour in an attempt to differentiate between acceptable and unacceptable corporate tax practices (Hasseldine and Morris, 2018).

In sum, as stipulated by Hanlon and Heitzman (2010, p.137) tax avoidance means "different things to different people"; "depending upon which group of interested parties [i.e., tax advisors, pressure groups, academics, etc.] is seeking to provide the meaning" (Hasseldine and Morris, 2018, p.433). Hence, I will now turn to firstly shedding light on a number of definitions adopted by recent studies which acknowledged the wider public when analysing corporate tax avoidance in the UK context, i.e., same context of my study. Secondly, explaining the different perspectives adopted by the different social actors relative to tax avoidance, particularly (1) HMRC, (2) Parliament, (3) tax advisors, (4) NGOs and tax activists (pressure groups), (5) intergovernmental organizations, (6) the media, and (7) the public. See Appendix 3.A for a summary of the different views adopted by different social actors on tax avoidance (discussed in Section 4.3.1.2) and tax transparency (discussed in Section 4.3.1.4).

It is worth nothing that in this Chapter transparency is viewed from a verifiability lens manifested in information disclosure (Albu and Flyverbom, 2019). This view is aligned with the demand from different social actors for a clearer insight into corporates' tax practices via detailed tax disclosures (refer to Sections 4.3.1.3 & 4.3.1.4). Meanwhile, in Chapter 5 I engage with the concept of transparency in more depth (discussed in Section 5.3.2) by providing another view to transparency, namely performativity approach (Albu and Flyverbom, 2019) which challenges the verifiability approach adopted in this Chapter. Refer to Section 5.3.2.1 and Section 5.3.2.2 for an extended discussion of both approaches, i.e., verifiability and performativity, respectively.

4.3.1.1 Academics' views on tax avoidance

The recent studies that account for the involvement of the wider public, particularly media and pressure groups, when examining tax avoidance within the UK, include Dyreng et al. (2016), Holland et al. (2016) and Dallyn (2017). Dyreng et al. (2016) investigate how public pressure triggered by ActionAid International (e.g., an activist group), in 2010 over the non-compliance of UK companies listed on FTSE 100 to disclose the locations of their subsidiaries, lead to change in their corporate tax avoidance behaviour defined in terms of three aspects, namely (1) subsidiary disclosures, (2) Effective Tax Rate (ETR[67]), and (3) use of tax havens, where a higher level of

[67] ETR defined as the book ETR less the statutory tax rate (Dyreng et al., 2016, p.157).

subsidiary disclosures, a higher ETR, and a lower use of tax havens pertain to lower involvement in tax avoidance practices.

Meanwhile, Holland et al. (2016) examine the increase and inconsistency in the tax related disclosures[68] of seven UK MNCs, including (1) Diageo, (2) HSBC, (3) Tesco, (4) Vodafone, (5) Barclays, (6) Lloyds, and (7) RBS, to their tax shaming by the media, i.e., *The Guardian* (2009d) two weeks Tax Gap Series, and by UK Uncut pressure group. Accordingly, Holland et al. (2016, p.2) shed light on the legitimacy aspect of tax avoidance through positing that "although by definition tax avoidance constitutes a legal means of planning, various groups within society are challenging the social acceptability or legitimacy of tax avoidance". Thus, highlighting the different perspectives and interpretations of tax avoidance.

Finally, Dallyn (2017) highlights the role of Tax Justice Network (TJN) a tax activist group in contributing to the political salience of corporate tax avoidance through making it a critical issue among the UK's wider public. In line with Brock and Russell (2015, p.11), Dallyn (2017, p.337) highlights that pressure groups and media address a specific form of tax avoidance that "may be legal but not within the spirit of the law because it involves tax reductions which are not intended by lawmakers". Accordingly, Dallyn (2017, p.337) views tax avoidance as "the grey area between full and active compliance and evasion" where tax compliance entails that a multinational company should "comply with law in all the countries in which it operates, make full disclosure to relevant authorities, and seek to pay the right amount of tax". In contract to tax evasion which is "a criminal offense that can be contrasted with tax compliance" (Palan, 2010, p.9; Dallyn, 2017, p.337). As such tax evasion being a criminal matter, it entails two key conditions, namely "[1] failure to satisfy a tax liability that has crystallized and [2] an intention, based on an event that has occurred [i.e., causing rise to a tax liability], to be deceitful, fraudulent and/or corrupt with respect to that event" (Hasseldine and Morris, 2013, p.5).

My study draws on notions of tax avoidance from these three studies: Dyreng et al. (2016), Holland et al. (2016) and Dallyn (2017), which I summarize as follows. Firstly, I include Dallyn's (2017,

[68] The tax related disclosures in both annual reports and CSR reports over an 11-year period 2004-2005 to 2014-2015 (Holland et al..2016).

p.337) definition of tax avoidance as "the grey area between full and active compliance and evasion" because it views tax avoidance through a broad lens and thus acknowledges the absence of a unified definition of tax avoidance (Hanlon and Heitzman, 2010). Also, Dallyn's (2017) definition draws a boundary between tax avoidance and tax evasion by noting that tax evasion is a criminal matter. As such, I follow Hasseldine and Morris' (2013) argument for distinguishing between tax avoidance and tax evasion when assessing corporate tax-related behaviour from a CSR lens. Secondly, I perceive the media to constitute a crucial social actor in the "corporate tax environment". On the one hand, it shapes public perceptions on debatable social constructs, such as corporate tax avoidance, and provides a platform for pressure groups to shame tax avoiding companies. Hence, it raises public awareness on illegitimate corporate tax practices. On the other hand, it pressurises the scrutinized companies to justify themselves to the public through either their corporate communication or corporate behaviour.

In other words, although the various social actors within the corporate tax environment, including governments, parliament, NGOs, tax activists, etc., may hold different perceptions on MNCs' tax avoidance behaviour, i.e., legal vs illegal, illegitimate, unfair, etc., which I will discuss in the following section. "These perceptions are filtered through the media lens to a kind of common impression" (Aerts and Cormier, 2009, p.3). Hence, what constitutes appropriate corporate tax behaviour when broadcast by media, resides in the general public's minds as the legitimate tax practices according to which they would legitimize or de-legitimize companies' tax activities (Fanelli and Misangyi, 2006).

4.3.1.2 Social actors' views on tax avoidance

I will now shed light on the different perceptions held by the various corporate stakeholders in relation to corporate tax avoidance, particularly (1) HMRC, (2) Parliament, (3) tax advisors, (4) NGOs and tax activists (pressure groups), (5) intergovernmental organizations, (6) the media, and (7) the Public.

Firstly, HMRC is "UK's tax, payments and customs authority" (HMRC, 2018) responsible for the administration of the tax system. Accordingly, it defines tax avoidance from an administrative perspective as "activities that involve bending the rules of the tax system to gain a tax advantage that Parliament never intended" (HMRC, 2016b). Although there is not always consensus as to what Parliament intended (Picciotto, 2007), or how "old" rules should adapt to new circumstances that Parliament did not envisage, e.g., the development of the internet.

Such dissension is reflected in the Parliament's recent publication on the 10th of October 2018 on tax avoidance which highlights that "[…] there is no statutory definition of what tax avoidance consists of" (Seely, 2018, p.3). Further, when attempting to distinguish between tax planning and tax avoidance through stating that "[…], though aggressive or abusive avoidance, as opposed to simple tax planning, will seek to comply with the letter of the law, but to subvert its purpose" (Seely, 2018, p.3). The Parliament proceeded by quoting the Treasury Minister David Gauke observation on the difficulty of distinguishing between tax avoidance and tax evasion as "[…] there will be occasions when the difference is a little blurred" (Seely, 2018, p.3).

From an assurance perspective, tax advisers, particularly big 4 accounting firms, e.g., EY, PwC, Deloitte, and KPMG, which have recently been shamed for developing tax schemes that facilitate tax avoidance (Sikka and Hampton, 2005), and for helping MNCs in constructing and managing subsidiaries in tax havens (Jones et al., 2018) which in return deprive society from revenues needed for the provision of public services (Sikka, 2016), address tax from what they call a "responsible tax approach" (Deloitte, 2015; Morgan, 2017) reflected in their definition of tax avoidance in terms, such as 'unfair', 'ethical' and 'moral'.

For instance, Deloitte (2015) presents tax avoidance as "[…] tax strategies of big business […] leading to *unfair* outcomes". Also, KPMG along with viewing tax avoidance through a legal lens where "Evasion is a criminal offence [that] involves deliberately breaking the law and requires some kind of concealment. By contrast avoidance is not illegal" (Morgan, 2017). It sheds light on tax avoidance from a moral perspective through proposing that "another way of looking at the issue could be through an *ethical and moral* lens. It could be argued there is a clear difference as one involves breaking the law [evasion] and the other does not [avoidance]" (Morgan, 2017).

Also, it is worth noting that the role of accounting firms does not confine to providing tax advisory services to MNCs, but it extends to advocating with administrative bodies, i.e., HMRC, on tax policy (Jones et al., 2018).

Another social actor within the corporate tax environment is NGOs and tax activists. NGOs such as Oxfam views tax avoidance from the perspective of tax justice where "[…] tax avoidance will continue to deprive governments rich and poor of revenue needed to provide essential services and tackle poverty" (Kramers, 2017). Similarly, ActionAid stipulates that "developing countries are known to lose huge sums to tax avoidance, including by British companies, […]" (O'Sullivan, 2014). Further, the Fair Tax Mark spots on the idea of tax fairness where "[…] aggressive avoidance […] distort our economy and destroy the opportunity for businesses to compete fairly" (Fair Tax, 2016, p.2).

Tax activists, such as TJN and UK Uncut, address the moral perspective of tax avoidance (Holland et al., 2016). For instance, TJN (2018c) highlights that the traditional view on tax avoidance being legal as opposed to tax evasion which is deemed to be illegal, is what gives rise to tax avoidance. Accordingly, it proposes that morally loaded terms, such as 'tax cheating', 'tax dodging' or 'escaping tax', to be more appropriate when addressing tax avoidance matters (Tax Justice Network, 2018c). In a similar vein, UK Uncut (2018) argues that tackling tax dodgers is an alternative to the brutal cuts in public services.

OECD constitutes an international development organization and thus views tax from an across-countries perspective, i.e., a global view, where "tax avoidance and tax evasion threaten government revenues" (OECD, 2018b). The increasing media reports of tax planning schemes by international companies, and the global economic downturn led the G20 countries to demand action (Brauner, 2014): work on this was started by the OECD, the BEPS project in 2013. Further, within its Base Erosion and Profit Shifting (BEPS) framework which it introduced in September 2013 to tackle tax avoidance, it views tax avoidance as "[…] tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations" (OECD, 2018c, p.4).

Finally, the media plays a critical role within the corporate tax environment through providing a platform for the various social actors to voice their different perspectives on tax avoidance. In particular, NGOs and tax activists have managed to "[keep] [the] media engaged" (Anesa et al., 2019, p.29) with projecting corporation tax from a corporate social responsibility perspective where low tax payments are presented as evidence of illegitimate or irresponsible tax behaviour (Holland et al., 2016). Accordingly, the "media revelations about the tax behaviour of several high profile [MNCs] have […] antagonized the general taxpaying public" (Radcliffe et al., 2018, p.45) and promoted their view of tax avoidance as an "unethical conduct" (Anesa et al., 2019, p.29), i.e., not in line with the social norms of the society.

Examples of newspaper articles that addressed tax avoidance through quoting other social actors, include *The BBC "Google, Amazon, Starbucks: The rise of 'tax shaming'"* (Barford and Holt, 2013), *The Financial Times "UK Uncut to stage tax avoidance protests"* (Houlder, 2014), and *The Guardian "OECD hopes tax reforms will end era of aggressive avoidance"* (Bowers, 2015).

Consequently, in the absence of a unified view on tax avoidance as reflected in the above discussion, calls for tax transparency has been divergent as well. In the following section, I provide an overview on the importance of transparency within corporate reporting and then discuss the different social groups perceptions on corporate tax transparency.

4.3.1.3 Tax Transparency

Transparency resides in making "the 'inside' of an organization become more visible" (Gray, 1992, p.415). It has always been a desirable characteristic of corporate financial reporting (Barth and Schipper, 2008). However, within a global economy where there are calls for greater transparency, being transparent became an essential aspect of corporate social and sustainability reporting as well (Kaptein and Van Tulder, 2003; Fernandez-Feijoo et al., 2014). Hence, transparency is now seen as a "central corporate value" (Van Riel, 2000; Nielsen and Madsen, 2009, p.848), which impacts on the economic, social, and environmental behaviour of an organization (Waddock, 2004; Kang and Hustvedt, 2014).

Accordingly, by being transparent, organizations engage in making known to their various stakeholders both inside (i.e., employees) and outside (i.e., government, society, pressure groups, etc.) the organization what they are doing (Gray, 1992). That is to say, organizations attempt to become more open about their behaviour (Quaak et al., 2007) through disclosing information on their environmental and social practices, as well as on their economic and financial performance. Thereby, according to Kaptein (2003) a transparent organization is "one that provides information in such a way that the stakeholders involved can obtain a proper insight into the issues [i.e., tax practices] that are relevant for them" (Dubbink et al., 2008, p.391). In that sense, transparency releases the tension between the organization and its stakeholders (Gray, 1992). It leads to a more open and effective organization that reports transparently not only to its stakeholders, but also to the society as a whole (Van Riel, 2000).

As a result, many companies are continuously redesigning their corporate communication strategies to promote their responsiveness to the transparency demands of their various stakeholder groups (Williams, 2005) through voluntarily disclosing on their tax practices. Consequently, within the context of tax avoidance, MNCs disclosing information on their tax behaviour in light of the recent hype of their tax shaming (Barford and Holt, 2013), can be viewed as a strategic tool to not only repair their legitimacy, but to also satisfy increased public demands for corporate tax transparency (Hahn et al., 2015) and, in return, increase their credibility with the tax authorities.

In that sense, tax transparency as opposed to tax "secrecy and opacity" (Sikka, 2018, p.9) suggests that there is nothing to hide because it prompts the ability of society to gain insights into a company's tax affairs. Accordingly, it results in a range of advantages which Sikka (2018) summarizes as follows: (1) empowering the public to question tax strategies utilized by companies, (2) encouraging the media to critically scrutinize tax avoidant companies, (3) alerting tax authorities to tax avoiders, (4) discouraging companies from engaging in aggressive tax avoidance schemes, and (5) allowing customers to boycott companies that engage in tax avoidance behaviour. Further, tax transparency puts pressure on the company and on the legislator/HMRC to change tax practices and tax laws/rules that facilitate tax avoidance practices. Hence, increased tax transparency is seen as a means to tackle tax avoidance.

Thereby, as I have previously discussed the different perceptions held by different social actors when defining corporate tax avoidance, I will now turn to discuss their different views on corporate tax transparency as well.

4.3.1.4 Social actors' perspectives on tax transparency

Different social actors interpret corporate tax transparency differently. Within this section I will address the views of the following social actors, namely (1) HMRC, (2) Parliament, (3) tax advisors, (4) NGOs and tax activists (pressure groups), (5) intergovernmental organizations, (6) the media and (7) the public, on tax transparency. Appendix 3.A contrasts/ summarizes their views on tax avoidance and tax transparency.

Firstly, HMRC as the administrative body of the UK tax system, it views its new legislation which requires large businesses to publish their annual tax strategy for financial years starting 15th September 2016 onwards (HMRC, 2016a), as a means to better transparency around companies' approach towards tax particularly to HMRC, shareholders and consumers (HMRC, 2015b). HMRC tax strategy regulation requires large businesses to report on their tax practices in relation to four key areas, namely (1) tax risk management and governance arrangements, (2) tax planning, (3) acceptable level of risk, and (4) approach towards dealing with HMRC (HMRC, 2015b).

Secondly, the UK Parliament through its Public Accounts Committee (PAC) launched a Global Tax Transparency Summit in December 2016 to bring together different Members of Parliaments (MPs) from various countries to discuss means to promote tax transparency and in return prevent tax avoidance (Parliament, 2016a). The MPs came to conclude that tax transparency resides on support for "public 'country-by-country reporting' to show, for each tax jurisdiction in which MNCs do business, their revenue; their profit before income tax; the income tax paid and accrued; total employment; capital; retained earnings, and tangible assets" (Parliament, 2016b).

Thirdly, tax advisers, in particular Big 4 accounting firms, i.e., Deloitte, EY, PwC and KPMG, view tax transparency from different lenses. Also, the requirement for companies to publish a tax strategy document is another area where advisors can offer their expertise to clients. For instance, Deloitte within its responsible tax series, defines tax transparency broadly as a three-step process that requires; (1) understanding the organization's various stakeholders, (2) designing tax communication strategies which satisfy the breadth of their needs, and (3) gathering the information required to deliver those strategies (Deloitte, 2014, p.2).

By contrast, EY and PwC in their publications on tax transparency, provide a more concise view on a corporate's tax transparency. EY defines it as "[…] the communication of an organization's approach to tax planning and compliance as well as the amount of tax it pays in order that stakeholders have confidence that a fair share of tax is being paid" (EY, 2013, p.3). Also, PwC defines it in terms of a company's reporting on three main areas, including (1) tax strategy and risk management, (2) tax number and performance, and (3) total tax contribution and the wider tax impact (PwC, 2016, p.11).

Finally, KPMG in a recent article addressing the future of tax transparency within its global responsible tax initiative, sheds light on transparency from a regulatory perceptive where tax transparency is viewed as a means which "allows tax authorities easier access to the information they need to assess business activity […], enabling governments to adjust laws when they are not obtaining the intended results" (McCormick, 2018).

The fourth group of social actors consists of NGOs, e.g., Oxfam, Action Aid and Fair Tax Mark, and tax activists, such as UK Uncut and Tax Justice Network. Oxfam views MNCs reporting on the amounts of profits made and the taxes paid in every country of operation as a means to promote tax transparency and identify abusive tax activities (Oxfam, 2017, p.4). Similarly, ActionAid in a joint publication with Oxfam and Christian Aid views tax transparency in terms of publishing "information that enables stakeholders in every jurisdiction where it has a subsidiary, branch or tax residence to see how its taxable income, profits and gains are calculated and internationally distributed; and to understand all significant determinants of the tax charge on those profits" (ActionAid et al., 2015, p.19).

Further, Fair Tax (2019b) (not-for-profit community benefit society), launched a Fair Tax Mark scheme in the UK, which is accredited to businesses that pay "the right amount of tax in the right place at the right time and apply the gold standard of tax transparency" (Fair Tax, 2018a). The Fair

Tax Mark criteria for corporate tax transparency includes transparency about; (1) company structure and ownership, (2) company's accounts, (3) tax paid, (4) tax policy that commits to good practice, and (5) public CbCR (Oxfam, 2017; Fair Tax, 2018b). Also, Tax Justice Network (TJN) views disclosure rules along with its Financial Secrecy Index (FSI) as a means to corporate tax transparency (Harari, 2018; Tax Justice Network, 2018d).

The OECD as an intergovernmental organization views its County-by-County Reporting (CbCR) requirement under the Base Erosion and Profit Shifting (BEPS) program to enhance corporates' transparency over their tax practices and their operations by providing the tax administrators with relevant information to assess a company's engagement in tax avoidance behaviour (OECD, 2013c).

Finally, the media plays a similar role to the one it plays within the tax avoidance context through providing a platform for the various corporate social actors to not only address their different views on tax avoidance, but to also project their different perceptions on tax transparency. Thus, the media is involved in constructing public opinion (Chen and Meindl, 1991) around corporate tax avoidance as well as corporate tax transparency. Consequently, the unprecedented media shaming on MNCs tax practices, fostered the public demand for corporate tax transparency (Davies, 2015) through providing detailed corporate tax disclosures as a means to curb the "tax secrecy and inevitably prompt [further] regulatory and tax authority oversight" (Alexander, 2013, p.543).

Some of the recent newspaper headlines on tax transparency, include *The Guardian* (2018) *"End financial secrecy in UK's overseas territories: Organisations and individuals committed to transparency and fighting poverty call on the UK government to clamp down on tax havens". The Financial Times "Liberal Democrats [UK opposition party] want multinationals to publish tax returns"* (Mance, 2018), and *The BBC* (2018) *"Ministers back down on tax haven company registers".*

Accordingly, the uncertainty in defining corporate tax transparency results in a lack of a "coherent standard" for tax transparency (Common Vision, 2015, p.38). Nevertheless, there is a consensus on the demand for a clearer insight into companies' tax practices through detailed reporting on their tax activities. “Increased or mandatory tax disclosure […] [is perceived to] encourage a more sincere and accountable public debate about […] [corporate tax behaviour]” (Benshalom, 2014, p.116). Further, according to recent surveys (2019 & 2020) by the Institute of Business Ethics[69], the British public has ranked corporate tax avoidance amongst the issues concerning them most in current business activities[70] (IBE, 2019b; 2020).

In this respect, aligned with the consensus of different social actors on the demand for a clearer insight into companies’ tax practices via detailed tax disclosures, I view transparency from a verifiability lens. According to Albu and Flyverbom (2019, p.276) a verifiability approach to transparency “is built on a foundational definition of transparency as a matter of information disclosure”. In this way, transparency is manifested in “making more information available […] [as a means to] regulate behaviour and improve organizational and societal affairs through processes of verification” (Albu and Flyverbom, 2019, p.281). Nevertheless, in line with Gilleard (2012, p.37) I posit that the process of becoming “tax transparent […] is a difficult area for corporates because the press and lobby groups are generally looking for soundbites, and whatever […] [they] do disclose can be misinterpreted”.

Accordingly, I view the process of becoming a more transparent organization as an initially painful process (Gray, 1992). On the one hand, organizations are faced with lack of clarity relative to what information to disseminate and in which communication form (Christensen, 2002). On the other hand, given the increase in the possible ways of representing reality manifested in the various views adopted by different social actors on tax transparency (e.g., which detailed tax disclosures to publish), the notion of adopting a single perception of tax transparency is impossible (Christensen, 2002). Thus, in line with Christensen (2002, p.167), I view transparency as a “staging process that is continuously enhanced through interorganizational enactments” on increased tax disclosures (e.g., verifiability approach). Thereby, Vodafone’s attempt to become self-transparent on its tax behaviour through voluntarily publishing its tax reports in the absence of a “coherent

[69] “The Institute of Business Ethics was established in 1986 to encourage high standards of business behaviour based on ethical values” (IBE, 2019a).
[70] The top three business issues concerning the British public in 2019 & 2020, include tax avoidance, environmental responsibility, and executive pay (IBE, 2019b, p.1; 2020, p.1).

standard" for tax transparency (Common Vision, 2015, p.38), constitutes a first mover advantage in the context of corporate tax reporting.

4.3.2 Legitimacy restoration

Companies may use voluntary corporate reporting to restore their legitimacy after public controversies over their practices, policies, and procedures (e.g., Ogden and Clarke, 2005; Hrasky, 2011; Hahn and Lülfs, 2014; Holland et al., 2016). I discuss the concepts of organisational legitimacy, the role of audiences in granting organizational legitimacy, and the institutionalisation of voluntary corporate reporting mechanisms as a means of legitimation.

4.3.2.1 Organisational legitimacy

Through the lens of the legitimacy theory, corporations are viewed as social constructs whose existence resides on their acceptance by their respective society (Cannon, 1994; Reich, 1998; O'Dwyer 2002; O'Donovan, 2002). Accordingly, for an organization to be deemed as a legitimate entity, it needs to conform to the socially acceptable norms of the wider society in which it operates (Dowling and Pfeffer, 1975; Guthrie and Parker, 1989; Suchman, 1995; O'Dwyer, 2002). Consequently, organizations have utilized their corporate communication as a strategic means to cease their existence as legitimate entities and to manage their relevant public perceptions in the event of a legitimacy threat (Neu et al., 1998; O'Donovan, 1999; Bansal and Roth, 2000; O'Dwyer, 2002).

According to O'Donovan (2002) for an organization to effectively manage its legitimacy it needs to firstly, identify its relevant publics and their perceptions of the organization. Secondly, decide on the purpose of the organization's legitimation response (e.g., gaining, maintaining, or repairing) (Suchman, 1995) on the occurrence of legitimacy threat, i.e., pragmatic, moral, or cognitive (Suchman, 1995). Thirdly, choose the appropriate communication tactics, i.e., substantive management and/or symbolic management (Dowling and Pfeffer,1975; Ashforth and Gibbs, 1990; Lindblom, 1993) in accordance with its legitimation purpose.

My discussion on legitimacy theory will proceed by providing an overview of the theory and explaining each of O'Donovan's (2002) effective legitimation management phases.

Legitimacy theory is grounded on the existence of a 'social contract' between the corporation and its respective society (Shocker and Sethi, 1973; Gray et al., 1988; Patten, 1991; 1992; Woodward et al., 1996; O'Dwyer, 2002; Magness, 2006; Deegan and Unerman, 2011), where legitimacy is "a condition or a status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part" (Dowling and Pfeffer, 1975, p.122; Lindblom, 1993, p. 2). Accordingly, the right for an organization's existence is conferred upon it by society on the condition of the perceived congruence between its value system and that of its society (Dowling and Pfeffer, 1975; Lindblom, 1993; Deegan and Unerman, 2011). Thereby, "when a disparity, actual or potential, exists between the two value systems" (Dowling and Pfeffer, 1975, p.122; Lindblom, 1993, p.2), the right to the organization's existence is revoked as the organization is viewed to have breached the terms of its social contract, putting its legitimacy to question (Deegan, 2002; Magness, 2006).

Hence, from a legitimacy theory perspective, society plays a crucial role in the legitimation process of the organization via acknowledging whether or not the organization operates in line with its social contract. Consequently, legitimacy as defined by Suchman (1995, p.174) is based on social perceptions (Nasi et al., 1997; Deegan, 2014). In this way, "[l]egitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions". Consistent with Suchman's (1995) definition, legitimacy is a relative and dynamic concept, i.e., relative to the society in which the organization operates and dynamic in its change with the changes in society's perceptions (Nasi et al., 1997; Deegan, 2014). Further, a distinctive feature of Suchman's (1995) definition is the breadth of the organization's audience, e.g., various stakeholder groups, evaluating the organizational legitimacy (Deephouse and Suchman, 2008; Holland et al., 2016).

Thereby, in accordance with Gray et al. (1996, p.45), legitimacy theory stems from "a system-oriented view of the organization and society […] [which] permits us to focus on the role of information and disclosure in the relationship(s) between organizations, the State, individuals and groups" (Deegan, 2002, p.292; Deegan and Unerman, 2011, p.320). In that sense, the organization is deemed to be influenced by, and in turn have influence upon, its respective society (Deegan, 2002; Deegan and Unerman, 2011; Lanis and Richardson, 2012). Consequently, corporate disclosures are viewed as an important communicative means by which the organization can influence the perceptions of its society (Deegan, 2002; Deegan and Unerman, 2011; Lanis and Richardson, 2012), i.e., various stakeholder groups, including general public, media, civil society, NGOs, etc.

Suchman (1995, p.577) identifies three types of legitimacy, namely (1) pragmatic, (2) moral, and (3) cognitive, "all of which involve a generalized perception or assumption that organizational activities are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions". I focus on moral legitimacy which "is based on constituents' assessments of whether a practice is deemed the right thing to do" (O'Dwyer et al., 2011, p.36).

In my study, I am interested in analysing the moral legitimacy aspect of corporate tax avoidance. The wide media coverage of MNCs' tax avoidance practices and the media's portrayal of the various pressure groups movements, i.e., TJN, UK Uncut, ActionAid, criticising the "morality" of the shamed MNCs' tax strategies (Holland et al., 2016, p.11), represent an organizational threat in terms of moral legitimacy. The moral view of tax avoidance suggests that the public disapproval of MNCs reported to have engaged in tax avoidance schemes, constitutes a moral stance because paying tax is deemed the right thing to do and thus engaging in tax avoidance fails to promote societal welfare (O'Dwyer et al., 2011). That is to say, it shifts the tax burden from the tax avoiders, i.e., MNCs, to their respective society, i.e., wider public (Dowling, 2014).

Legitimacy is a "social construct" (Nasi et al., 1997, p.300; Deegan, 2014, p.249) that can be managed by the organization through its corporate communication (Dowling and Pfeffer, 1975; Pfeffer and Salanick, 1978; Ashforth and Gibbs, 1990; Elsbach and Sutton, 1992; Elsbach, 1994; Woodward et al., 1996; Buhr, 1998; O'Donovan, 2002). In that sense, incongruency between how society believes a corporation should act and how society perceives the corporation has actually acted (O'Donovan, 2002; Deegan, 2014), gives rise to a legitimacy gap (Sethi, 1977), which the corporation can manage through its corporate disclosure strategies.

Sethi (1977) suggests two major triggers for a legitimacy gap, namely (1) a change in societal expectations, and (2) the disclosure of previously unknown corporate information to its relevant public (Deegan, 2014). Firstly, within the legitimacy literature, various reasons have been discussed to cause a change in societal perceptions which O'Donovan (2002, p.348) summarizes as follows; (1) evolving social awareness (Elsbach and Sutton, 1992), (2) regulatory or institutional pressures (Deegan and Gordon, 1996), (3) media influences (Ader, 1995), (4) interest group pressures, (Tilt, 1994), and (5) corporate crises (Marcus and Goodman, 1991). Each of these causes could either occur separately or with one another resulting in a "flow-on effect" (O'Donovan, 2002, p.348).

For example, in the context of corporate tax avoidance, which is the focus of my study, extensive media coverage of MNCs' tax avoidance practices and various campaigning initiatives by pressure groups, i.e., TJN, UK Uncut, lead to an increase in the public's awareness of MNCs' tax avoidance schemes, bringing scrutinized companies legitimacy to question, i.e., raising a legitimacy gap (Sethi, 1977), and causing regulatory pressures, such as HMRC's tax strategy publication requirement (HMRC, 2015b), and OECD country-by-country reporting initiative (OECD, 2013c).

Secondly, Nasi, et al (1997, p.301) refers to the unknown information about a corporate practice to its wider public as "organizational shadows". Bowles (1991 cited in Deegan, 2014) views an organizational shadow as a constant potential threat to its organizational legitimacy. That is to say, when part of the organisational shadow is revealed, either accidentally or deliberately through for instance the activities of pressure groups or media disclosures, a legitimacy gap arises (Deegan, 2014). In light of the controversial media shaming on MNCs' tax avoidance practices, and the recent leakages of the Panama Papers (Harding, 2016) and the Paradise Papers (Garside, 2017), much of the MNCs' "organizational tax shadows", got revealed to the public bringing their legitimacy to question, e.g., causing a legitimacy gap (Sethi, 1977).

I focus on legitimacy restoration after a public controversy over corporate tax practices. This entails repairing or defending an organization's legitimacy which pertains to the organization's attempts to regain its legitimacy when it is "threatened or challenged" by its relevant public (Ashforth and Gibbs, 1990, p.183; Tilling and Tilt, 2010, p.61). Hence, the repairing phase of legitimation involves "reactive" legitimation strategies, as opposed to the gaining and maintaining phases which entail "proactive" legitimation strategies (O'Donovan, 2002, p.350). Most of the empirical research examining organization's legitimacy has been concerned with organizational responses to repair their legitimacy in the aftermath of a threatening event (O'Donovan, 2002; Tilling and Tilt, 2010) through utilizing their corporate disclosures as a strategic tool to manage the impressions of their respective society. As noted by Suchman (1995) legitimation management depends heavily on communication between the organization and its relevant public (O'Dwyer, 2002).

Once a corporate's legitimacy is threatened due to the occurrence of a legitimacy gap (Sethi, 1977), i.e., disparity between a corporate's value system and that of its society, a corporation will engage in a legitimation process targeted primarily to those groups who it perceives to be its relevant public (Lindblom, 1993; Buhr, 1998; Neu et al., 1998). As discussed earlier a systems-oriented view of the organization and society, highlights the role of information and disclosures in the relationship of the organization with its wider public (Gray et al., 1996; Deegan, 2002; Deegan and Unerman, 2011). However, legitimacy being an important "organizational resource" (Hearit, 1995, p.2; Tilling and Tilt, 2010, p.58), the organization needs to manage the perceptions of those stakeholders who could influence the organization access to such resource (legitimacy) (Tilling and Tilt, 2010), e.g., those who have the powerfulness (Bailey et al., 2000; Buhr, 2002; Deegan and Unerman, 2011) or necessary stakeholder attributes (Mitchell et al., 1997) to acknowledge or threaten the organization's legitimacy (Neu et al., 1998; O'Donovan, 2002).

4.3.2.2 Organizational audiences

When an organization's legitimacy is threatened it needs to legitimize its practices, policies and performance to relevant audiences, including stakeholders and the public.

Freeman (1984, p.46) defines stakeholders as "any group or individual who can affect or is affected by the achievement of the organization's objectives". Adopting such definition many individuals, groups or entities could be viewed as having a stake in the organization (Murtarelli, 2016), including shareholders, creditors, governments, employees, customers, local communities, media, activist groups, etc. (Deegan and Unerman, 2011). Thereby, the organization needs to prioritize its various stakeholder groups and respond to the ones who are deemed to be crucial for its operation. One way of prioritizing the organization's stakeholders is derived from their powerfulness (Bailey et al., 2000; Buhr, 2002; Deegan and Unerman, 2011). Meanwhile, another way of identifying an organization's salient stakeholders is through accounting for their power along with their legitimacy and urgency (Mitchell et al., 1997).

With that in mind, when an organization's legitimacy is threatened it needs to legitimize its existence to those stakeholders who are either powerful or who possess the necessary stakeholder attributes, i.e., power, legitimacy and urgency. Thereby, within the legitimacy perceptive, terms such as conferring public (O'Donovan, 2002), relevant public (Lindblom, 1993, Buhr, 1998; Neu et al., 1998), constituents (Bansal, 1995), relevant stakeholders (Hybels, 1995; Tilling and Tilt, 2010) and social actors (Pfeffer and Salancik, 1978; Ashforth and Gibbs, 1990; Deephouse, 1996) have been used to describe stakeholders who may be potentially influential in determining an organization's legitimacy (O'Donovan, 2002). I will now turn to discussing the two ways addressed within the literature by which the organization can prioritize its stakeholders being either powerfulness (Bailey et al., 2000; Buhr, 2002; Deegan and Unerman, 2011) or power, legitimacy and urgency (Mitchell et al., 1997).

Hybels (1995, p. 243) argues that an organization's relevant stakeholders are those who "influence the flow of resources crucial to the organisations' establishment, growth, and survival, either through direct control or by the communication of good will" (Tilling and Tilt, 2010, p.59). Accordingly, he (1995, p.244) identifies four critical organizational stakeholders who possess control over the resources needed by the organization as follows; the media, the public, the financial community, and the state (Tilling and Tilt, 2010, p.59).

The media plays a critical role in an organization's legitimation process (Chen and Meindl, 1991; Fombrun, 1996; Rao, 1998). From an agenda-setting perspective, there is a relationship between the degree of media attention on a topic, and the relative salience of that topic for the general public (Ader, 1995). Accordingly, the media is viewed to filter the various perceptions held by different stakeholders relative to an organization's practice to a "common impression" (Aerts and Cormier, 2009, p.3) that it broadcasts to "shape" the stakeholders' perceptions (Brown and Deegan, 1998, p.25). Thereby, increased media attention is viewed to trigger public dissatisfaction, increase regulatory pressures (Patten, 1992) or lower inflow of financial capital (Fombrun et al., 2000).

That is to say, impact on the three other critical stakeholder groups' views of the organization's legitimacy, including the public, the financial community, and the state (Tilling and Tilt, 2010).

The second critical stakeholder group in Hybels' (1995) relevant stakeholders is the public being customers, pressure groups, i.e., UK Uncut, TJN, and employees (Tilling and Tilt, 2010). Neu et al. (1998) suggest that among the reasons organizations seek to manage their legitimacy is ensuring continued support from labour and customers necessary for their viability (Pfeffer and Salancik, 1978; Singh et al., 1986). Hence, a legitimacy threat could result in consumer boycotts, pressure groups campaigns, and less appeal form current or potential employees (Fombrun et al., 2000). The financial community constitutes the third critical stakeholder group (Hybels, 1995), including investors and shareholders (Tilling and Tilt, 2010). Deegan and Rankin (1997) noted that shareholders view information about an organization's environmental and social practices to be material to their investment decisions. Accordingly, a threat to an organization's legitimacy needs to be justified to its financial community to ensure the inflow of financial capital to it (Fombrun et al., 2000).

Finally, in accordance with Hybels (1995) the state is viewed as the fourth critical stakeholder group manifested in the legislative and regulatory bodies (Tilling and Tilt, 2010). Neu et al. (1998, p. 265) highlight that "[…] forestalls regulatory activities by the state that might occur in the absence of legitimacy [...]" (Watts and Zimmerman; 1978; 1986) could trigger other distributive actions by other stakeholder groups, i.e., customer boycotts (Elsbach, 1994). Examples of such regulatory activities, include sanctions, withholding of grants, issuance of new legislative rules, imposition of tax, etc. (Tilling and Tilt, 2010), resulting in the deprival of the organization from the resources it needs for its survival.

According to Mitchell et al. (1997, p.864) power should be accounted for in congruence with legitimacy and urgency. Thereby, Mitchell et al. (1997) posit three stakeholder attributes, namely (1) power, (2) legitimacy, and (3) urgency, to consider when identifying the organization's relevant public, constituents, conferring public, etc. Power as defined by Pfeffer (1981, p.3) refers to "a relationship among social actors in which one social actor, A, can get another social actor, B, to do something that B would not otherwise have done" (Mitchell et al., 1997, p.865). Accordingly, power pertains “to the ability of those who possess power to bring about the outcomes they desire” (Salancik and Pfeffer, 1974, p.3; Mitchell et al., 1997, p.865). Etzioni (1964) posits three types of power as follows; (1) coercive power based on regulatory resources, (2) utilitarian power based on financial resources, and (3) normative/social power based on symbolic resources (Mitchell et al., 1997, p.865).

Legitimacy refers to the social acceptance of the stakeholder’s behaviour or act compared with the society’s constructed system of norms, values, and beliefs (Murtarelli, 2016). According to the system-oriented view of the organization, Wood (1991) proposes that the social system within which legitimacy is attained is a system with multiple levels of analysis, i.e., individual, organizational, and societal. Thereby, for the relevant public to possess the legitimacy stakeholder attribute, they need to have a legitimate claim on the firm [...] established through the existence of an exchange relationship” (Hill and Jones, 1992, p.133) rather than “a mere self-perception” (Mitchell et al., 1997, p.866). In other words, “a desirable social claim […] that may be defined and negotiated at the different levels of the social system” (Mitchell et al., 1997, p.866).

Finally, urgency pertains to the degree to which the stakeholder’s claims, require immediate attention from the organization (Mitchell et al., 1997; Murtarelli, 2016). Hence, Mitchell et al. (1997, p.867) posit the two following criteria for identifying urgency, namely (1) time sensitivity, and (2) criticality. Time sensitivity refers to the extent to which organizational delay in conforming to the stakeholder’s claims is unacceptable to stakeholder, and (2) criticality pertains to the importance of the claim to the stakeholder.

Adopting Mitchell et al. (1997) three stakeholders’ attributes, e.g., power, legitimacy and urgency, eight stakeholder groups could be identified according to whether they possess one attribute; (1) dormant- power, (2) discretionary- legitimacy, (3) demanding-urgency. Two attributes; (4) dominant- power and legitimacy, (5) dangerous- power and urgency, (6) dependent- legitimacy and urgency. Three attributes; (7) definitive- power, legitimacy and urgency. None of the attributes; (8) non-stakeholder.

Within the context of my study, the media extensively reporting on Vodafone's tax avoidance practices and providing a platform for other stakeholders, i.e., NGOs (Oxfam, ActionAid), tax activists (UK Uncut, Tax Justice Network), to shame Vodafone's tax schemes, it possesses the stakeholder *power* and *legitimate* rights and hence require immediate attention from Vodafone, i.e., *urgency*. In that sense, the media constitutes a "definitive" stakeholder for Vodafone as it satisfies the power, legitimacy, and urgency criteria of Mitchell et al. (1997).

That is to say, in my study, the media manifests itself "as an information intermediary with the power to influence public opinion" (Brennan et al., 2013, p.668). On the one hand, NGOs and tax activists managed to "[keep] [the] media engaged" (Anesa et al., 2019, p.29) with projecting corporation taxes from a moral and CSR perspective to the wider public. On the other hand, companies managed to utilize the media to transmit a message to their respective public about reporting on their tax practices as a means to fulfilling tax transparency.

Therefore, the media's role involves three functions, namely (1) agenda- setting, (2) priming, and (3) framing. Firstly, agenda setting involves raising public awareness of an issue (Ader, 1995), i.e., corporate tax practices and the responses of scrutinized companies. Secondly, priming pertains to setting the "benchmarks" for the public to judge that issue (Scheufele and Tewksbury, 2006), i.e., paying enough taxes (fair share) of corporation taxes and disclosing enough tax information (transparency). Finally, framing involves shaping the public perceptions on that issue (Scheufele and Tewksbury, 2006), i.e., (not) legitimating tax practice, and criticizing/appraising the responses of shamed companies.

4.3.2.3 Institutionalization as a means of legitimation

From an institutional theory perceptive, organizations are viewed to adopt similar practices and organizational forms in an attempt to conform to broader interorganizational pressures (Larringna-González, 2007; Deegan and Unerman, 2011). At an interorganizational level, pressures emerge from various corporate social actors, i.e., governments, tax activists, pressure groups, other organizations etc., that define corporate socially acceptable behaviour (DiMaggio and Powell, 1983; Oliver 1997). Consequently, different organizations tend to exhibit similar structures and practices to conform to their respective social actors' expectations on appropriate organizational behaviour (Deegan and Unerman, 2011).

Hence, a "homogeneity of organizational forms and practices" is observed (DiMaggio and Powell, 1983, p.148) where organizations which adhere to such homogeneity are considered to be legitimate, i.e., conforming to social and institutional pressures (Oliver, 1997). By contrast, organizations which deviate from such homogeneity, could bring their organizational legitimacy to question (Deegan and Unerman, 2011). DiMaggio and Powell (1983, p.149) posit that the term which "best captures such process of homogenization is 'isomorphism' being a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions".

Accordingly, Dillard et al. (2004, p.509) describe isomorphism as "the adoption of an institutional practice by an organization". Within the context of my study, voluntary tax reporting constitutes an institutional practice adopted by Vodafone being one unit in a population, in response to societal pressures for increased corporate tax transparency, which in return forces other units, i.e., other organizations, to resemble it, particularly that as argued by Aldrich (1979, p.265) "the major factors that organizations must take into account are other organizations" (DiMaggio and Powell, 1983, p.150).

DiMaggio and Powell (1983, p.150) propose three types of isomorphism as follows: (1) coercive isomorphism, (2) mimetic isomorphism, and (3) normative isomorphism. Firstly, coercive isomorphism is viewed to stem from "both formal and informal pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which the organizations function" (DiMaggio and Powell, 1983, p.150). In that sense, coercive isomorphism relates to pressure exerted by powerful stakeholders on an organization to adopt certain institutionalized practices (Deegan and Unerman, 2011). Secondly, mimetic isomorphism resides on the uncertainty associated with the organizational practice which in return drives an organization to model itself on another leading organizations (DiMaggio and Powell, 1983). Thirdly, normative isomorphism relates to "pressures arising from group norms to adopt particular institutionalized practices" (Deegan and Unerman, 2011, p.366).

Prior research on voluntary corporate reporting practices has adopted institutional theory to explain how organisations respond to changing social and institutional pressures and expectations (Deegan and Unerman, 2011). For example, Laine (2009) conducted a longitudinal study to examine the environmental disclosures by a leading Finnish chemical company in its annual reports and found that the company adjusted its environmental disclosures to respond to varying institutional pressures (e.g., coercive and mimetic pressures) and thus maintain its organisational legitimacy (i.e., by conforming to social expectations). Similarly, de Villiers and Alexander (2014) examined the CSR disclosures of Australian and South African mining companies[71] and concluded that the CSR reporting structures and patterns are "remarkably similar" due to isomorphic pressures, including mimetic isomorphism, coercive isomorphism, and normative isomorphism (de Villiers and Alexander, 2014, p.209).

4.4 Analytical framework

4.4.1 Legitimation framework

According to one stream of literature on legitimacy, there are two broad means for legitimation, namely (1) substantive management, and (2) symbolic management. Substantive management entails real and actual change either in an organization's goals, structures, aims and practices or in a society's institutionalized practices (Ashforth and Gibbs, 1990). By contract, symbolic management involves portraying that the organization's acts are changing while in reality they are not. In other words, symbolic management involves "transferring the meanings of acts" (Richardson, 1985; Ashforth and Gibbs, 1990, p. 180), in an attempt to alter stakeholders' perceptions (Hahn and Lülfs, 2014).

Among the pioneering scholars who differentiated between substantive and symbolic management tactics to posit a range of legitimation strategies are; Dowling and Pfeffer (1975), Ashforth and Gibbs (1990), and Lindblom (1993). As discussed earlier, within the context of my study substantive legitimation strategies refer to Vodafone's tax disclosures on actual transparency practices. Meanwhile, symbolic legitimation strategies pertain to Vodafone's tax disclosures which signal the impression and sense of transparency without involving actual change.

[71] "[CSR disclosures in] annual report and website (including standalone report) […] of a matched sample of 18 Australian and 18 South African mining companies" (de Villiers and Alexander, 2014, p.198).

I will now turn to explaining the various legitimation strategies and their application in the context of corporate tax transparency reporting. My discussion will proceed by discussing; firstly, the substantive legitimation strategies and secondly the symbolic legitimation strategies.

4.4.1.1 Substantive legitimation strategies

Ashforth and Gibbs (1990) propose four substantive legitimation strategies, namely (1) role performance, (2) coercive isomorphism, (3) altering resource dependencies, and (4) altering socially institutionalized practices. In line with Dowling and Pfeffer (1975) actual change in an organization's mission strategy and Lindblom (1993) actual change strategy, a role performance strategy pertains to an organization's performance effort to meet its salient stakeholders' expectations on legitimate corporate behaviour (Ashforth and Gibbs, 1990) through conducting actual change in its methods, processes, goals or operations. Within the context of tax transparency an example of an organization's role performance effort would be disclosing its tax activities by countries of operations in response to the public demands for MNCs' tax affairs by jurisdiction (Sukhraj, 2016). Accordingly, publishing such information goes beyond the recommendations of the Organization for Economic Cooperation and Development (OECD) Country-by-Country Reporting (CbCR) initiative which requires sharing the information only among tax authorities (Sukhraj, 2016), and hence constitutes a role performance practice in tax transparency reporting.

The second substantive legitimation strategy according to Ashforth and Gibbs (1990) is coercive isomorphism (DiMaggio and Powell, 1983) which involves meeting the values and norms of the organization's perspective society, through highlighting the willingness and the ability of the corporation to meet its stakeholders' expectations (Meyer, 1979; Ashforth and Gibbs, 1990). With public demand for a clearer insight into companies' tax practices through transparent reporting on their tax activities (Davies, 2015), disclosing detailed tax information to enforce commitment to tax transparency represent a coercive isomorphism strategy in tax transparency reporting.

Instead of utilizing role performance or coercive isomorphism strategies, the company could engage in altering its resource dependencies through changing the "mix of- and the degree of resource dependence upon- its constituents", and thus the expectations to which it must respond (Strand, 1983; Ashforth and Gibbs, 1990, p.178). According to the Pfeffer and Salancik (1978), the altering resource dependencies strategy is an attempt by the corporation to create some degree of freedom (Ashforth and Gibbs, 1990).

A distinctive feature in the current debate on corporates' tax practices is the involvement of a broader audience, i.e., the media, NGOs, pressure groups, tax activists, parliamentary committees, etc., to criticize MNCs' tax practices (Holland et al., 2016; Mulligan and Oats, 2016; Dallyn, 2017). Thereby, a company reporting on its engagement with tax campaigners, such as Tax Justice Network (TJN), and NGOs, such as Oxfam, constitute a substantive tax transparency legitimation strategy through altering its resource dependencies.

Finally, the company may choose to alter the socially institutionalized practices through bringing socially accepted practices, laws, rules or traditions into conformity with its goals and practices (Ashforth and Gibbs, 1990). Such response entails extensive lobbying and negotiations with the government and legislative authorities (Ashforth and Gibbs, 1990). In that sense, companies reporting about their political engagement with governments to discuss changes or developments in tax policy constitute an altering of the socially institutionalized practices strategy in the tax reporting context.

4.4.1.2 Symbolic legitimation strategies

As discussed earlier symbolic management involves portraying a change in the organization's acts without conducting actual change (Richardson, 1985; Ashforth and Gibbs, 1990). Among the symbolic legitimation strategies available for organizations to defend their legitimacy are: (1) associating with symbols, (2) espousing socially acceptable goals, (3) ceremonial conformity or altering perceptions, (4) manipulating perceptions, (5) altering social norms or changing external expectations, (6) denial and concealment, (7) offering accounts, and (8) offering apologies.

According to Dowling and Pfeffer (1975) the associating with symbols strategy involves identifying the organization with symbols, values or enterprises which possess strong social legitimacy. In the study of Jones et al. (2018) on the impact of Big 4 accountancy firms, i.e., Deloitte, EY, KPMG and PwC, on the extent and complexity of MNCs' tax haven activity. The findings revealed a strong and positive correlation between MNCs having a Big 4 accounting firm and engaging in tax avoidance practices.

Also, recently *The Financial Times* reported on a KPMG “responsible tax” event held on the 19th of September 2018 being boycott by tax campaigners and academics due to their concerns over KPMG’s role in helping MNCs reduce their tax bills (Marriage, 2018). Accordingly, MNCs having Big 4 auditing firms are considered to be associated with illegitimate symbols. Thereby, a company reporting about a change in its tax advisor from a Big 4 accounting firm to a non-big 4 one, promotes its tax transparency through associating itself with legitimate symbols in the tax context. However, in practice most of the largest MNCs in the UK are expected to have a Big 4 auditor.

Espousing socially acceptable goals strategy (Ashforth and Gibbs, 1990) requires an organization to promote socially acceptable goals that change public perceptions on the scrutinized corporate behaviour while in reality pursing less acceptable ones. According to Savage et al. (2000) a company’s disclosures on ethical policies without referring to the implementation of compliance measures, represent an example of an espousing socially acceptable goals strategy. Within the context of my study advocating socially acceptable goals applies to tax disclosures on adopting an ethical tax policy or a transparent tax strategy without reference to frameworks of compliance.

Ceremonial conformity (Meyer and Rowan, 1977; 1978) or altering perceptions (Lindblom, 1993) refers to adopting visible and salient practices consistent with social expectations (Ashforth and Gibbs, 1990) to alter public perceptions without conducting actual change (Lindblom, 1993), i.e., leaving the scrutinized practice of the company intact (Ashforth and Gibbs, 1990). In other words, “providing the appearance of action without the substance” (Pfeffer, 1981, Savage et al., 2000, p.49). Within tax reporting, companies could utilize a ceremonial conformity strategy (Meyer and Rowan, 1977; 1978) through altering public perceptions (Lindblom, 1993) on the legitimacy and transparency of their tax behaviour by reporting on their commitment to abide by the tax rules and pay the appropriate taxes as they fall due.

Lindblom (1993) manipulating perceptions strategy resides in deflecting stakeholders’ attention from the illegitimate corporate practice through highlighting fulfilment of social expectations in other areas. Corporate tax disclosures highlighting other types of taxes and payments made by MNCs; for example, business rates, where there are less complex rules, with less uncertainty or avoidance, reflects a manipulating perceptions strategy through promoting tax transparency on other aspects of contributions made to public finances and deflecting attention from the debate over corporation tax.

Altering social norms (Dowling and Pfeffer, 1975) or changing external perceptions (Lindblom, 1993) strategy, seeks to adjust societal expectations (Lindblom, 1993) through redefining the meaning of social legitimacy to be in conformity with the organization's present practices and values (Dowling and Pfeffer, 1975). Within the context of tax reporting, corporate disclosures educating the public about the meaning of corporation tax constitute an altering social norms or changing external expectations strategy where the company appears to be transparent about paying the appropriate amount of corporation tax through adjusting society's expectations on the meaning of corporation tax.

Denial and concealment (Ashforth and Gibbs, 1990, p.180) involves denying the illegitimate organization's act through "suppressing information" related to it. In October 2011, ActionAid an international non-governmental organization, published a report on FTSE 100 companies titled *"Addicted to Tax Havens"* to shed light on how the use of tax havens is embedded in the structures of nearly all, i.e., 98 out of 100, UK largest MNCs (ActionAid, 2011a). Thereby, corporate tax disclosures denying the use of tax havens through "suppressing/ [hiding] information" (Ashforth and Gibbs, 1990, p.180) on the structure of its corporate subsidiaries constitute a denial and concealment strategy in the tax reporting context that could hinder a corporate's legitimacy and tax transparency.

Within the offering accounts strategy (Ashforth and Gibbs, 1990, p.181), accounts are defined as explanations intended to "detach" the organization from the scrutinized practice through either "excusing" or "justifying" the practice. Excusing the practice involves "denying or minimizing" the company's responsibility for it (Ashforth and Gibbs, 1990, p.181). By contract, justifying the practice involves reducing its negative consequences through for example rationalizing it, i.e., "everybody else is going it" (Welles, 1988; Ashforth and Gibbs, 1990, p. 181).

In that sense, tax disclosures “detaching” (Ashforth and Gibbs, 1990, p.181) the company from engaging in tax avoidance practices by means of minimizing the negative implications of its tax behaviour represent an excusing strategy. Meanwhile, tax disclosures promoting the existence of similar tax rules in different countries constitute a justifying strategy where the shamed company would justify its tax avoidance practice by attaching it to tax practices that are not only adopted in country of domicile, but also in other countries of operations.

Rather than choosing to “excuse” or “justify” the illegitimate behaviour, an organization could choose to admit at least partial responsibility for it through offering an apology (Schlenker,1980; Ashforth and Gibbs, 1990). In a tax reporting context, an apology strategy resides in admitting the company’s engagement in tax avoidance practices and apologizing for it to signal the sense of responsibility and hence promote the corporate’s creditability.

Table 4.2 summarises the substantive and symbolic legitimation strategies discussed and their application to the tax reporting context.

Table 4.2: Substantive and symbolic legitimation strategies in a tax reporting context		
Legitimation strategy	**Explanation**	**Application to the tax context**
Substantive	**Becoming more transparent**	
1. **Role performance** (Ashforth & Gibbs, 1990) **Conduct actual change** (Lindblom, 1993)	• Conduct actual change in an organization's goals, practices, etc., to meet performance expectations of salient stakeholders.	• Reporting on tax practices by country level.
2. Coercive isomorphism (Ashforth & Gibbs, 1990)	• Conform to the values and expectations of its stakeholders (DiMaggio & Powell,1983).	• Publishing detailed tax disclosures.
3. Alter resource dependencies (Ashforth & Gibbs, 1990)	• Alter its dependence on its constituents, and thus their expectations (Strand, 1983).	• Engaging with various stakeholders.
4. Alter socially institutionalized practices (Ashforth & Gibbs, 1990)	• Change socially institutionalized practices, laws, etc., to conform to its ends or means.	• Utilizing tax lobbying and policy engagement activities.
Symbolic	**Creating the impression of transparency**	
1. Associate with symbols (Dowling & Pfeffer, 1975)	• Attempt to become identified with social legitimate symbols, values, or institutions.	• Associating the company with a legitimate tax advisor.
2. Espousing socially acceptable goals (Ashforth & Gibbs, 1990)	• Espouse socially acceptable goals while actually pursuing less acceptable ones.	• Adopting an ethical tax strategy without referring to actual compliance measures.
3. Ceremonial conformity (Meyer & Rowan, 1977; 1978) **Alter perceptions** (Lindblom, 1993)	• Alter the perceptions of the public through adopting visible and salient practices without changing actual practices.	• Claiming abiding by the tax rules and paying appropriate corporation tax.
4. Manipulate perceptions (Lindblom, 1993)	• Deflect attention from the illegitimate practice by fulfilling public's expectations in other areas	• Highlighting other types of tax payments and contributions.
5. Alter social norms (Dowling & Pfeffer, 1975) **Change external expectations** (Lindblom, 1993)	• Seek adjustments in societal expectations through altering the definition of social legitimacy to conform to current organization's practices.	• Redefining the meaning of corporation tax.
6. Denial and Concealment (Ashforth & Gibbs, 1990)	• Suppress information regarding activities likely to undermine legitimacy.	• Denying operating in tax havens
7. Offering Accounts (Ashforth & Gibbs, 1990)	• Attempt to either "excuse" or "justify" the illegitimate practice.	• Excusing engaging in tax avoidance. • Justifying the practice in an international context.
8. Offering Apologies (Schlenker, 1980)	• Admit responsibility for a negative event and include some expression of remorse.	• Admitting engaging in tax avoidance practices and offering an apology.

Sources: (Dowling and Pfeffer, 1975; Meyer and Rowan, 1977; 1978; Schlenker, 1980; DiMaggio and Powell, 1983; Strand, 1983; Ashforth and Gibbs, 1990; Lindblom 1993).

4.5 Data and method of analysis

4.5.1 Data: Stand-alone tax reports

Companies use a variety of corporate communication means, i.e., corporate reports, corporate websites, media outlets, etc. (Wilmshurst and Frost, 2000) "to manage an organisation's relationship with its various stakeholder groups upon which it is dependent" (Hooghiemstra, 2000, p.57). Among those corporate communication mediums, corporate reports, in particular annual reports constitute "the principal means for corporate communications" (Wiseman, 1982, p.55; Wilmshurst and Frost, 2000, p.16). Nevertheless, the evolving trend in the publication of integrated and stand-alone Corporate Social Responsibility (CSR) reports, fostered the development of accounting studies which noted the importance of CSR reporting as a corporate communication means through the lens of legitimacy theory (Deegan, 2002; Cho et al., 2015). Similarly, I view the new reporting phenomenon in corporate reports, i.e., integrated and stand-alone tax reports, as an interesting corporate reporting medium to analyse from a legitimacy theory perspective.

Corporate annual reports have for long been viewed as "regularly, editorially controlled" (Campbell and Rahman, 2010, p.57) and "formal public documents produced by public companies in response to the mandatory corporate reporting requirements" (Stanton and Stanton, 2000, p.478). However, with the amplification of the voluntary social and environmental disclosures incorporated within corporate annual reports, they got acknowledged as a "public relations vehicle/ document" (Hooghiemstra, 2000, p.57; Stanton and Stanton, 2000, p.479) which is utilized by companies to manage the perceptions of their relevant publics (Neu et al., 1998; O'Donovan, 1999; Bansal and Roth, 2000; O'Dwyer, 2002) either as a response to public pressure and increased media attention or as a proactive attempt to promote the corporate image and reputation (Hooghiemstra, 2000).

Consequently, the rise in corporates' environmental and social scandals and the increase in media shaming over unethical corporate practices, developed public interest in corporate responsible behaviour and fostered public calls for greater transparency in corporate reporting (Dando and Swift, 2003; Chen and Bouvain, 2009). In return, CSR reporting has evolved from being disclosed in corporate annual reports to a stand-alone publication (Buhr, 2002; Milne and Gray, 2007; Cho et al., 2015; Michelon et al., 2015), which is aimed at influencing the perceptions of the relevant corporate stakeholder groups through emphasizing on the appropriateness of the corporate environmental and social practices (Gray et al., 1995; Clarkson et al., 2011; Mahoney et al., 2013).

The growing trend in the publication of stand-alone CSR reports also known as "'sustainability reports', 'environmental reports' or 'citizenship reports'" (Mahoney et al., 2013; p.351; Thorne et al., 2014, p.687), as a means to "represent a clear engagement of corporations with the increasingly critical issues of environmental and social responsibility, as well as businesses sustainability" (Gray and Herremans, 2011; Michelon et al., 2015) attracted the attention of various researchers to examine through the lens of legitimacy theory as to whether these publication constitute an attempt of substantive or symbolic management (Michelon et al., 2015).

In a similar vein, I view Vodafone's publication of its first tax report titled *"Tax and our total contribution to public finances"* in 2013, in response to the hype of public shaming over corporate tax avoidance practices (Barford and Holt, 2013) and to public calls for corporate tax transparency (Davies, 2015), as an interesting new corporate communication medium to analyse from a legitimacy theory perspective. On the one hand, Vodafone's tax reporting espouses a similar trend to CSR reporting in that in the first three years of its publication 2013, 2014 and 2015, Vodafone disclosed its tax reports in two forms; (1) stand-alone tax reports, and (2) integrated within sustainability reports. However, from 2016 onwards Vodafone expanded its tax publication to a well-established stand-alone report which is reflected in the 292 % increase in the number of report pages from 13 pages in 2015 to 51 pages in 2016 (as shown in Table 4.3).

On the other hand, in the absence of a "coherent standard" on corporate tax transparency (Common Vision, 2015, p.38), Vodafone's tax reporting constitutes an institutionalized practice which serves as a benchmark, i.e., "accepted norms" (de Villiers and Alexander, 2014, p.206) for companies who subsequently make disclosures to be appraised against. In this respect, I view Vodafone's tax reporting as a first-mover advantage through which Vodafone dominates the tax reporting environment rather than adjusts to it (Freeman, 1982; DiMaggio and Powell, 1983, p.149). Further, to my knowledge, this study is the first to explore tax reports as a new medium for corporate legitimation through examining whether Vodafone's tax disclosures constitute a substantive means of legitimation, i.e., engaging in actual transparency practices, or a symbolic means of legitimation, i.e., signalling the impression of transparency.

My data consists of seven tax reports covering the years 2013 (first year of the report publication) to 2019 (most recent publication). It is worth noting that over these seven years, the number of pages in the tax reports have significantly increased by 878% from 9 pages in 2013 to 88 pages in 2019. Similarly, the number of words within the reports have increased by 640% from 4,410 words in 2013 to 32,622 words in 2019. Such considerable increase in the report content captured by the year-by-year percentage increase and the overall percentage increase in the number of pages and words (see Table 4.3), highlights the importance of the narrative on corporate tax, which I will analyse by adopting a content analysis approach.

Table 4.3: Increase in Vodafone's annual tax report 2013-19

No.	Publication Date	Tax Report title & Financial Year	Integrated in Sustainability Report	No. of pages	% change	No. of words	% change
1	June 2013	Tax and our total contribution to public finances 2011-12	× 2012-2013	9	-	4,410	-
2	June 2014	Tax and our total economic contribution to public finances 2012-13	× 2013-2014	11	22%	5,983	36%
3	January 2015	Tax and our total contribution to public finances 2013-14	× 2014-2015	13	18%	8,390	40%
4	February 2016	Tax and our total contribution to public finances 2014-15	-	51	292%	22,679	170%
5	February 2017	Taxation and our total economic contribution to public finances 2015-16	-	64	25%	25,987	15%
6	March 2018	Taxation and our total economic contribution to public finances 2016-17	-	82	28%	31,008	19%
7	March 2019	Taxation and our total economic contribution to public finances FY 2017-18	-	88	7%	32,622	5%
					878%		**640%**

Note: % are rounded to the nearest whole number. % change calculated on an annual basis and an overall basis.

4.5.2 Method of analysis: Content analysis

Content analysis is widely used in accounting research (Jones and Shoemaker, 1994), particularly in the analysis of disclosure strategies (Milne and Adler, 1999). It is viewed as "a way of systematising the normal, everyday understanding of texts" (Groeben and Rustemeyer 1994, p.310; Beck et al., 2010, p.207). Accordingly, Krippendorff (2004, p.18) defines content analysis as "a research technique for making replicable and valid inferences from texts (or other meaningful matter) [i.e., images, symbols, etc.] to the contexts of their use". Within the literature, two broad approaches of content analysis are identified, namely (1) mechanistic or form-oriented approach, and (2) interpretative or meaning-oriented approach (Smith and Taffler, 2000, p.627; Beck et al., 2010, p.208).

Form-oriented content analysis focuses on "volumetric and/or frequency" captures (Beck et al., 2010, p.208; Campbell and Rahman, 2010, p.60). Thus, as stipulated by Smith and Taffler (2000, p.627) it is an "objective analysis which involves routine counting of words or concrete references". By contrast, meaning-oriented content analysis focuses on interpreting "the underlying themes in the texts under investigation" (Smith and Taffler, 2000, p.627). Hence, it involves a "subjective user judgement of the messages conveyed in the narratives" (Clatworthy and Jones, 2003, p.176). In this regard, form-oriented content analysis addresses the manifest content, i.e., "surface" of the text in contrast to meaning-oriented content analysis which digs for the "deeper meaning[s]" portrayed in the text, i.e., latent content (Berelson,1952; Merkl-Davies et al., 2012, p.6).

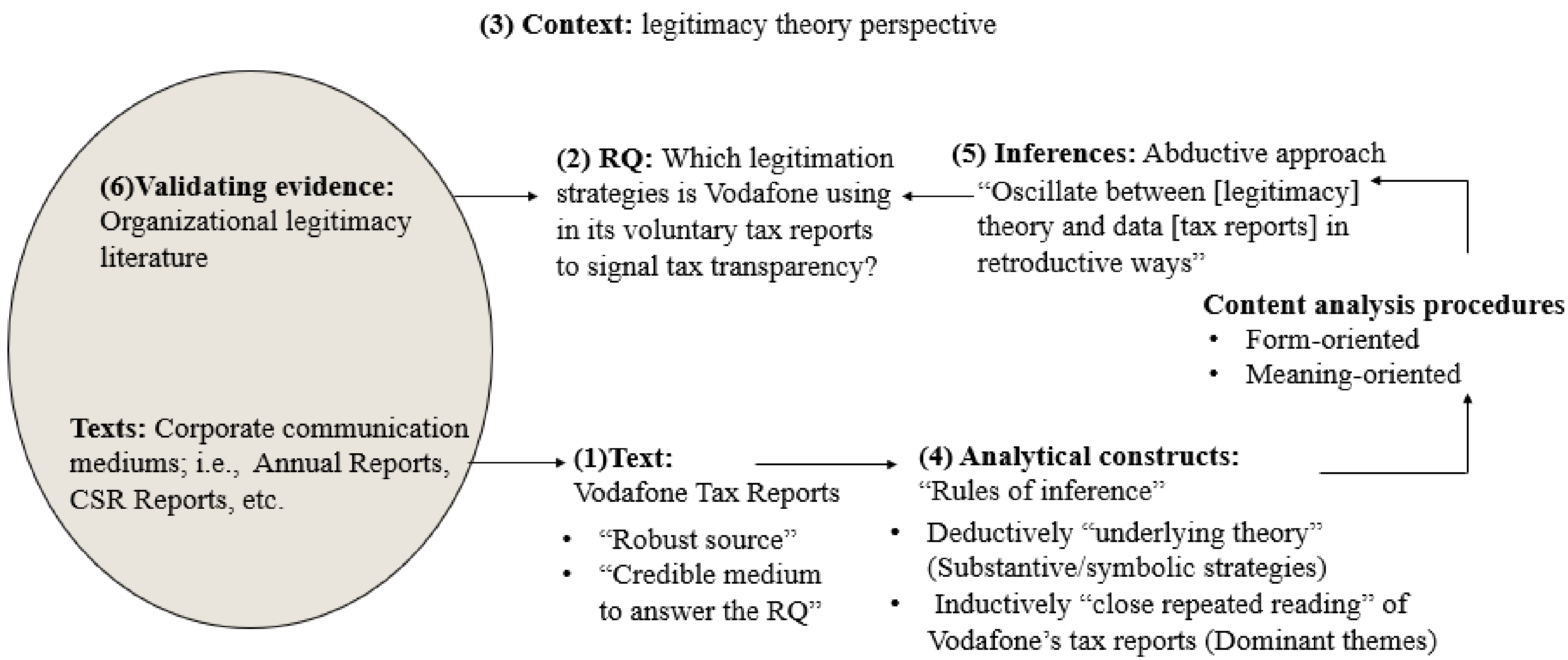
Consequently, according to Merkl-Davies et al. (2012) form-oriented (mechanistic) content analysis involves a deductive research approach. Whereas, meaning-oriented (interpretative) content analysis involves an inductive research approach. Within a deductive approach, "content categories" (Merkl-Davies et al., 2012, p.5) used for "volumetric and/or frequency" counts (Beck et al., 2010, p.208; Campbell and Rahman, 2010, p.60), are established from "underlying theory" (Merkl-Davies et al., 2012, p.5). By contrast, within an inductive approach, "dominant themes emerging and receding [within text] over time" (Laine, 2009, p.1035) are derived from "a close repeated reading of the texts" (Merkl-Davies et al., 2012, p.13) "with constant attention to similarities and dissimilarities between years" (Laine, 2009, p.1035).

In that sense, Krippendorff (2004, p.179) views content analysis as "fundamentally abductive" (i.e., a mixture of both deductive and inductive inferences), where "content analysts […] draw inferences about phenomena that are not directly observable, and they are often equally resourceful in using a mixture of statistical knowledge, theory, experience, and intuition to answer their research questions from available texts" (Krippendorff, 2004, p.38). In line with Krippendorff, (2004), my research adopts an abductive approach. On the one hand, I deductively infer the substantive and symbolic management strategies from legitimacy theory. On the other hand, I inductively develop the dominant themes, i.e., examples of these legitimation strategies grouped as substantive and symbolic, from close repetitive reading of Vodafone tax reports. Hence, my research abductively draws inferences by means of "oscillating between theory and data analysis in retroductive ways" (Wodak and Meyer, 2009, p.19; Merkl-Davies et al., 2012, p.13).

From the preceding discussion, content analysis could be viewed as a research method which abductively infers meanings from narratives (i.e., tax reports) analysed within a certain context (i.e., organizational legitimacy) by using analytical constructs; i.e., "rules of inference" (Krippendorff, 2004, p.35), which are either derived deductively from underlying theory (Merkl-Davies et al., 2012, p.5) (i.e., substantive and symbolic legitimation strategies driven from legitimacy theory) or inductively from close reading of the texts (Merkl-Davies et al., 2012, p.13) (i.e., examples/themes of those legitimation strategies within Vodafone tax reports). Nevertheless, "there is no [such] simple right way to do content analysis" (Weber, 1990, p.13; Harris, 2001, p.193). Consequently, a criticism that is attributed to many content analysis studies, is the provision of insufficient information on how the content analysis has been carried out (Beattie and Thomson, 2007; Striukova et al., 2008; Bouton et al., 2011). Therefore, within the following section I explain in detail how I conducted my content analysis by adopting Krippendorff's (2004, p. 29-30) content analysis framework.

4.5.2.1 Framework for content analysis

Krippendorff (2004, p.29-30) posits a framework for content analysis which incorporates six conceptual aspects, namely (1) text, (2) research question(s), (3) context, (4) analytical constructs, (5) inferences, and (6) evidence validation. See Figure 4.1 for a summary of my content analysis framework.



Key: According to Krippendorff (2004, p.30), the grey shading highlights "The many world of others" (i.e., texts examined within prior studies through the lens of corporate legitimacy).

Figure 4.1: Framework for my content analysis

Adopted form Krippendorff (2004, p.29 & 30).
Sources: (Ogden and Clarke, 2005, p.318; Laine, 2009, p.1035; Wodak and Meyer, 2009, p.19; Merkl-Davies et al., 2012, p. 5&13; Hahn and Lülfs, 2014).

“An essential stage in the content analysis” (Unerman, 2000, p.669), is the identification of the “body of text”, i.e., narratives/ documents, to be examined (Krippendorff, 2004, p.29). On the one hand, the text needs to constitute a “robust source” (Ogden and Clarke, 2005, p.318) for the researcher to conduct the analysis. Within my research, the robustness of the data pertains to three aspects; (1) “completeness of the data” (Unerman, 2000, p.671), i.e., incorporating Vodafone’s tax reports since its first publication in 2013 to its most recent publication in 2019, (2) consistency of the data reflected in the longitudinal dimension (Beck et al., 2010, p.212), i.e., accounting for the tax reports of seven consecutive years 2013-2019, and (3) usage of secondary data which is generated without any contribution from the researcher (Harris, 2001), “[forcing] the researcher to think more closely about the theoretical aims and substantive issues of the study” (Hakim 1982, p.16; Harris, 2001, 193).

On the other hand, data needs to provide a credible medium to fulfil the research aim (Hahn and Lülfs, 2014), i.e., answer the research question, which is the second conceptual aspect of Krippendorff’s (2004) content analysis framework. In this research, I address the following question: which legitimation strategies is Vodafone using in its voluntary tax reports to signal tax transparency? As discussed earlier, Vodafone’s new reporting initiative, i.e., tax reporting, espousing a similar trend to CSR reporting, represents a noteworthy corporate communication medium to analyse from a legitimacy theory perspective, i.e., whether Vodafone’s tax disclosures constitute a substantive legitimation strategy (engaging in actual transparency practices), or a symbolic legitimation strategy (signalling the impression of transparency).

Accordingly, examining Vodafone’s tax reporting from the lens of legitimacy theory constitutes the context of my study being the third conceptual element in Krippendorff’s (2004) content analysis framework. Krippendorff (2004, p.24) defines a study’s context as “the world in which the texts make sense and can answer the analyst’s research questions”. Within my research, I view Vodafone’s tax reports (i.e., texts) from the organizational legitimacy world to answer my research question on whether such tax disclosures pertain to a substantive or a symbolic means of legitimation. In return, the substantive and symbolic legitimation strategies serve as the analytical constructs of my study, the fourth conceptual dimension of Krippendorff’s (2004) content analysis framework. In that sense, the analytical constructs are meant to "operationalize what the [researcher] knows about the context [of the study]" (Krippendorff, 2004, p.30).

As noted earlier, these analytical constructs could be drawn deductively from "underlying theory" or inductively from "close […] reading" of Vodafone's tax reports (Merkl-Davies et al., 2012, p. 5&13). Drawing on organizational legitimacy literature, I deductively identified two broad categories (analytical constructs) for legitimation, namely (1) substantive management, and (2) symbolic management. Within each of these categories, I identified twelve sub-categories (analytical constructs); four of which relate to the substantive management and eight relate to the symbolic management as shown in Table 4.4. For further details on these categories and sub-categories refer to the analytical framework Section 4.4 and the summary Table 4.2 on the application of substantive and symbolic legitimation strategies in a tax reporting context.

By contrast, I inductively derived the "dominant themes emerging and receding [within Vodafone's tax reports] over time" (Laine, 2009, p.1035) from "a close repeated reading of the [tax reports]" (Merkl-Davies et al., 2012, p.13) "with constant attention to similarities and dissimilarities between years [2013-2019]" (Laine, 2009, p.1035). In order to draw inferences on the legitimation category and sub-category to which each theme relates as shown in Table 4.4, I abductively "oscillat[ed] between theory and data [tax reports] in retroductive ways" (Wodak and Meyer, 2009, p.19; Merkl-Davies et al., 2012, p.13). Then, I conducted volumetric counts for those legitimation themes to infer their significance (Gray et al., 1995; Deegan and Rankin, 1996; Neu et al., 1998; Unerman, 2000; Krippendorff, 2004).

Consequently, my inferences manifested in attributing each theme to its legitimation category and sub-category then capturing its volumetric significance, represent the fifth conceptual dimension of Krippendorff's (2004) content analysis framework where inferences constitute the "answer [to] the research question" (Krippendorff, 2004, p.30).

Finally, the last conceptual dimension in Krippendorff's (2004) content analysis framework resides on the validation of the evidence (inferences/findings) driven from the content analysis process. Hence, the content analysis process needs to be "'validatable in principle' [...] to prevent analysts from pursuing research questions that allow no empirical validation or that yield results with no backing except by the authority of the researcher" (Krippendorff, 2004, p.39). In this respect, my study renders its validation from the organizational legitimacy literature addressing the use of various corporate communication mediums, i.e., corporate reports, corporate websites, media outlets, etc. (Wilmshurst and Frost, 2000), as strategic means to promote the legitimate existence of an organization and manage its relevant public perceptions in the event of a legitimacy threat (Neu et al., 1998; O'Donovan, 1999; Bansal and Roth, 2000; O'Dwyer, 2002).

Within my content analysis framework adopted from Krippendorff (2004), I engaged in a set of content analysis procedures to identify and code the legitimation themes (meaning-oriented) in Vodafone's tax reports and capture their volumetric significance (form-oriented). Hence, I now turn my attention to explaining my content analysis procedures.

Table 4.4: Analytical constructs		
Categories	**Sub-categories**	**Themes/ strategies**
1. Substantive	**1.1. Role performance** (Ashforth & Gibbs, 1990) **Conduct actual change** (Lindblom, 1993)	**1.1.A**. Country by Country Reporting
	1.2. Coercive isomorphism (Ashforth & Gibbs, 1990)	**1.2.A.** Addressing its commitment to transparency
	1.3. Alter resource dependencies (Ashforth & Gibbs, 1990)	**1.3.A.** Engaging with civil society, NGOs, & corporate tax activists
	1.4. Alter socially institutionalized practices (Ashforth & Gibbs, 1990)	**1.4.A.** Engaging with governments and industry-wide associations (Du and Vieira, 2012)
2. Symbolic	**2.1. Associate with symbols** (Dowling & Pfeffer, 1975)	**2.1.A.** Changing of tax advisor **2.1.B.** Picturing itself as a leading example in tax reporting **2.1.C.** Supporting initiatives that promote public trust
	2.2. Espousing socially acceptable goals (Ashforth & Gibbs, 1990)	**2.2.A.** Embedding tax practices in corporate's values (Du and Vieira, 2012) by reporting on its tax policy, principles and conduct **2.2.B.** Addressing tax and emerging markets
	2.3. Ceremonial conformity (Meyer & Rowan, 1977; 1978) **Alter perceptions** (Lindblom, 1993)	**2.3.A.** Presenting factual arguments (Du and Vieira, 2012) through reporting on contributions and investments made in the UK and across countries of operations **2.3.B.** Acting in the interest of its shareholders, other stakeholders and society at large **2.3.C.** Using two-sided persuasion (Du and Vieira, 2012); i.e., government's perspective and Vodafone's perspective **2.3.D.** Abiding by the tax rules
	2.4. Manipulate perceptions (Lindblom, 1993)	**2.4.A.** Highlighting factors beyond tax environment for setting up business operations **2.4.B**. Reporting on other types of taxes and payments
	2.5. Alter social norms (Dowling & Pfeffer, 1975) **Change external expectations** (Lindblom, 1993)	**2.5.A**. Reinforcing the meaning of corporation tax **2.5.B.** Addressing the competitiveness of the tax regimes **2.5.C.** Reporting on the unclarity of the tax law **2.5.D.** Defining key tax terms; i.e., tax havens **2.5.E**. Reporting on public misunderstanding/debate/scrutiny **2.5.F.** Highlighting government measures that prevent double taxation and restrict illegal tax behaviour **2.5.G.** Reporting on the complexity of the financial affairs of multinationals
	2.6. Denial and Concealment (Ashforth & Gibbs, 1990)	**-**
	2.7. Offering Accounts (Ashforth & Gibbs, 1990)	**2.7.A.** Justifying the tax practice by the existence of similar tax practices in other jurisdictions
	2.8. Offering Apologies (Schlenker, 1980)	**-**

4.5.2.2 Content analysis procedures

Previous studies analysing the content of corporate narratives/reports, have adopted either a manual content analysis approach, a computer-aided content analysis approach, or a mixture of both approaches (Brennan et al., 2009). Within this study I adopt a manual content analysis approach to examine the legitimation strategies used in Vodafone's tax reports. "Accounting narratives [i.e., Vodafone's tax reports] offer a very rich and complex set of inscriptions and represent a distinct genre of [corporate] communications" (Rutherford, 2005; 2013; Beattie, 2014, p.127). In return, the corporate legitimation strategies incorporated within those narratives "are subtle and sophisticated, and therefore complex, and warrant manual content analysis" (Brennan et al., 2009, p.801).

Although, manually analysing corporate narratives, is "labour intensive and time-consuming" (Brennan et al., 2009, p.801), it allows the evaluation of words/phrases/sentences/paragraphs within their contexts (Clatworthy and Jones, 2003). Hence, manual content analysis prompts "the researcher [to] code keywords and statements directly from the content of the text [narrative] analysed" (Brennan et al., 2009, p.801). In this regard, "given the virtually inexhaustible list of possible keywords, manual coding is arguably more reliable" (Wallace, 1992; Brennan et al., 2009, p.801) as opposed to a computer-aided approach which "generally requires lists of keywords to be assembled in advance, and is not as adept at classifying keywords depending on context" (Brennan et al., 2009, p.801).

Accordingly, following Clatworthy and Jones (2003) who manually code the content of the chairman's statements in the annual reports of 100 UK companies[72] to contrast their reporting on good and bad news in respect to their performance. In this study, I manually code keywords in Vodafone's tax reports to examine whether keywords in their context (sentence/page [discussed in detail later]) relate to a legitimation theme which constitutes a substantive legitimation strategy (engaging in actual transparency practices), or a symbolic legitimation strategy (signalling the impression of transparency). Then, I proceed by capturing the volumetric significance of those themes.

[72] "The tops 50 and bottom 50 listed UK companies ranked by percentage change in profit before taxation" (Clatworthy and Jones, 2003, p. 171).

In their study, Clatworthy and Jones (2003) engage in a two-stage coding procedure where they firstly, conduct keyword analysis to code the news in chairman's statements as either (1) good, or (2) bad/neutral. Secondly, attribute the news (coded as good or bad) to either internal factors (management) or external factors (environment) where good news (attributed to management or the environment) are categorized as positive and bad news (attributed to management or the environment) are categorized as negative. In a similar vein, I engage in the following two coding procedures:

1. Keyword analysis: to identify the keywords used in Vodafone's tax reports and code them by the legitimation theme they infer (i.e., 1.1.A. Country by Country Reporting, 1.2.A. Addressing its commitment to transparency, etc.). For further details on the keywords used to identify each legitimation theme, see Appendix 3.B and Appendix 3.C which address the keywords used in identifying the substantive legitimation themes and symbolic legitimation themes, respectively.

2. Attribution analysis: to attribute each legitimation theme to its legitimation category and respective sub-category (i.e., legitimation theme: 1.1.A. Country by Country Reporting, category: 1. Substantive and sub-category: 1.1. Role performance/ Conduct actual change). Appendix 3.D and Appendix 3.E provide an illustrative example for each legitimation theme and shows the attribution of each theme to its category and sub-category.

In this respect, keywords form the coding/recording unit in my manual content analysis coding procedures. However, according to Krippendorff (2004) coding /recording units represent one type of four different unit types used in content analysis. Further, Merkl-Davies et al. (2012, p.21) argue that various studies "use these [four types] inconsistently, leading to some confusion and, at times, conflicting use of terminology". Therefore, before I proceed to identify how I capture the volumetric significance of the legitimation themes, I will define the four units of analysis, namely (1) sampling units, (2) recording/coding units, (3) context units, (4) enumeration units (Krippendorff, 2004, p.), and discuss their application to my study.

First, sampling units constitute "units that are distinguished for selective inclusion in an analysis" (Krippendorff, 2004, p.98), which in my study is the corporate communication medium examined, i.e., Vodafone tax reports. Second, recording/coding units represent "units that are distinguished for separate description, transcription, recording, or coding" (Krippendorff, 2004, p.99). Accordingly, Holsti (1969, p.116) define coding/recording units as "the specific segment of content that is characterized by placing it in a given category" (Krippendorff, 2004, p.100). In line with Ogden and Clarke (2005, p.319), I view coding/recording units as "indicators of […] thematic content" manifested in keywords indicating the legitimation theme in my study.

Third, context units convey the "textual matter that set limits on the information to be considered in the description of recording units" (Krippendorff, 2004, p.101). In other words, context units set the boundaries "largest informational segment" within which the recording/coding units are identified (Ogden and Clarke, 2005, p.319). Consequently, in my study context units are identified by either (1) sentences and/ or (2) pages (page segment). Sentences represent the context unit for legitimation themes where the recording/coding keywords are identified in sentences within the tax reports. By contrast pages constitute the context unit for legitimation themes where the recording/coding keywords are identified in page(s) in the tax reports. For some of the legitimation themes where their coding keywords came in both sentences throughout the report as well as pages of the report, their context units are both sentences and pages.

For example, the legitimation theme '1.2.A. Addressing its commitment to transparency' where the recording/coding keywords (i.e., transparency, transparent, disclosure(s), unambiguous, unambiguity, etc.) are addressed in various sentences in different parts of Vodafone tax reports the context units are sentences. In contrast to, the legitimation theme '1.1.A. Country by Country Reporting' where the recording/coding keywords (i.e., Our [total/ economic] contribution, country by country) are addressed in pages of Vodafone tax reports and thus the context units are pages. Further, for the legitimation theme, '1.3.A. Engaging with civil society, NGOs, & corporate tax activists' the context units are both sentences and pages because the keywords (i.e., met a number of stakeholders, engages its stakeholders and the public, etc.) are captured in a sentence context, while the keyword (i.e., list of stakeholders) is captured in a page context. (For further details on the keywords used and context unit for each legitimation theme, see Appendix 3.B and Appendix 3.C which address the keywords in context (sentences and/or pages) used in identifying the substantive legitimation themes and symbolic legitimation themes, respectively).

Finally, enumeration units (Holsti, 1969), i.e., units of measurement (Krippendorff, 2004, p.102) refer to the “units used to measure [quantify] each relevant disclosure” (Unerman, 2000, p.674), i.e., each legitimation theme in my study. The main assumption behind quantifying disclosures is that their volume is viewed to emphasize on their significance (Gray et al., 1995; Deegan and Rankin, 1996; Neu et al., 1998; Unerman, 2000; Krippendorff, 2004; Beck et al., 2010).

Within the literature, various quantification methods are used to quantify disclosures ranging from counting the number of pages/ proportions of pages to counting the number of words (Unerman, 2000). Consequently, “no ‘best practice’ [quantifying] method has emerged” (Hooks and van Staden, 2011, p.203). For instance, Milne and Adler (1999) who posit that the understanding of the meanings conveyed by the disclosures (i.e., legitimation themes), “is best achieved by considering the disclosure [legitimation theme] within its context unit in particular sentences (Unerman, 2000, p.675), view that capturing volume of each legitimation theme by the number of its sentences is a reliable means to disclosure quantification. By contrast, Unerman (2000) views that capturing disclosures’ significance by the number of pages/ proportions of pages to highlight the total space given to the disclosure theme in the report and hence signal its relative importance as the space in corporate reports is limited (Hooks and van Staden, 2011).

Within my study, as discussed earlier I have two context units sentences and/or pages. Consequently, to have a unified measurement for all the legitimation themes, I can neither capture the volume of themes by sentences as suggested by Milne and Adler (1999) nor by pages as recommended by Unerman (2000). Consequently, I adopt the number of words within context as my enumeration unit. In this respect, I measure the volume of the legitimation theme in great detail (Zeghal and Ahmed, 1990; Deegan and Gordon, 1996). Also, I capture the number of words in tables which constitute a huge aspect in the Country-by-Country Reporting theme. Further, I unify the measurement for all the themes (number of words within context), and hence allow for comparing the changes in the volume of all the themes (regardless their context) both individually as well as in aggregation to other themes within the same category, i.e., substantive legitimation category and symbolic legitimation category.

4.6 Findings

Table 4.5.1: Change in Vodafone's substantive tax reporting 2013-19									
Legitimation Strategy	**Context Units Sentences/pages**	**Enumeration Units No. of words within context units % change in No. of words year by year**							**Overall % change in No. of words**
		June 2013	**June 2014**	**January 2015**	**February 2016**	**February 2017**	**March 2018**	**March 2019**	
1. Substantive									
1.1. Role performance/ conduct actual change									
1.1.A. Country by Country Reporting	Pages	1,572	1,860	1,889	12,496	14,723	16,775	18,265	
			(18%)	(2%)	(562%)	(18%)	(14%)	(9%)	1062%
1.2. Coercive isomorphism									
1.2.A. Addressing its commitment to transparency	Sentences	77	127	261	360	551	622	669	
			(65%)	(106%)	(38%)	(53%)	(13%)	(8%)	769%
1.3. Alter resource dependencies									
1.3.A. Engaging with civil society, NGOs, & corporate tax activists	Sentences	0	0	36	84	63	115	144	
	Pages	0	0	0	0	0	154	153	
				36	84	63	269	297	
					(133%)	(-25%)	(327%)	(10%)	725%
1.4. Alter socially institutionalized practices									
1.4.A. Engaging with governments and industry-wide associations	Sentences	76	76	118	112	109	189	134	
			(0%)	(55%)	(-5%)	(-3%)	(73%)	(-29%)	76%
	Total substantive	**1,725**	**2,063**	**2,304**	**13,052**	**15,446**	**17,855**	**19,365**	**1023%**
			(20%)	**(12%)**	**(466%)**	**(18%)**	**(16%)**	**(8%)**	

Note: % are rounded to the nearest whole number. % change calculated on an annual basis and an overall basis.

Table 4.5.2: Change in Vodafone's symbolic tax reporting 2013-19									
Legitimation Strategy	**Context Units Sentences/pages**	**Enumeration Units No. of words within context units % change in No. of words year by year**							**Overall % change in No. of words**
2. Symbolic		**June 2013**	**June 2014**	**January 2015**	**February 2016**	**February 2017**	**March 2018**	**March 2019**	
2.1. Associate with symbols									
2.1.A. Changing of tax advisor		EY	EY	EY	EY	BDO	BDO	BDO	
2.1.B. Picturing itself as a leading	Sentences	0	64	20	79	120	125	351	
example in tax reporting				(-69%)	(295%)	(52%)	(4%)	(181%)	448%
2.1.C. Supporting initiatives that promote	Sentences	0	0	40	43	115	194	45	
public trust					(8%)	(167%)	(69%)	(-77%)	12%
2.2. Espousing socially acceptable goals									
2.2.A. Embedding tax practices in	Sentences	17	17	17	0	65	116	51	
corporate's values by reporting on its tax	Pages	308	308	308	330	568	562	556	
policy, principles and conduct		325	325	325	330	633	678	607	
			(0%)	(0%)	(2%)	(92%)	7%	(-10%)	87%
2.2.B. Addressing tax and emerging	Pages	0	0	0	663	555	1795	1,860	
markets						(-16%)	(223%)	(4%)	181%
2.3. Ceremonial conformity/Alter perceptions									
2.3.A. Presenting factual arguments	Sentences (UK)	0	112	150	260	227	201	208	
through reporting on contributions and				(34%)	(73%)	(-13%)	(-11%)	(3%)	86%
investments made in the UK and across	Sentences	139	136	369	327	446	417	331	
countries of operations	(Worldwide)		(-2%)	(171%)	(-11%)	(36%)	(-7%)	(-21%)	138%
		139	248	519	587	673	618	539	
			(78%)	(109%)	(13%)	(15%)	(-8%)	(-13%)	288%
2.3.B. Acting in the interest of its	Sentences	95	95	96	116	131	218	337	
shareholders, other stakeholders and			(0%)	(1%)	(21%)	(13%)	(66%)	(55%)	255%
society at large									
2.3.C. Using two-sided persuasion; i.e.,	Pages (Pay little	0	461	501	533	692	665	664	
government's perspective and	UK tax)			(9%)	(6%)	(30%)	(-4%)	(0%)	(44%)
Vodafone's perspective	Pages (HMRC	446	449	458	458	453	464	464	
	&CFC)		(1%)	(2%)	(0%)	(-1%)	(2%)	(0%)	(4%)
		446	910	959	991	1145	1129	1128	
			(104%)	(5%)	(3%)	(16%)	(-1%)	(0%)	153%
2.3.D. Abiding by the tax rules	Sentences	167	205	277	380	439	561	555	
			(23%)	(35%)	(37%)	(16%)	(28%)	(-1%)	232%

Table 4.5.2: Change in Vodafone's symbolic tax reporting 2013-19 (cont.)									
Legitimation Strategy (cont.)	**Context Units Sentences/pages**	**Enumeration Units No. of words within context units % change in No. of words year by year**							**Overall % change in No. of words**
2. Symbolic		**June 2013**	**June 2014**	**January 2015**	**February 2016**	**February 2017**	**March 2018**	**March 2019**	
2.4. Manipulate perceptions									
2.4.A. Highlighting factors beyond tax environment for setting up business operations	Page "segment"	100	100 (0%)	109 (9%)	174 (60%)	193 (11%)	201 (4%)	198 (-1%)	98%
2.4.B. Reporting on other types of taxes and payments	Sentences Pages	95 210 305	95 210 305 (0%)	103 263 366 (20%)	31 304 335 (-8%)	10 352 362 8%	10 364 374 3%	13 368 381 (2%)	25%
2.5. Alter social norms/ Change external expectations									
2.5.A. Reinforcing the meaning of corporation tax	Pages	645	644 (0%)	836 (30%)	1077 (29%)	942 (-13%)	1041 (11%)	1271 22%	97%
2.5.B. Addressing the competitiveness of the tax regimes	Sentences	131	161 (23%)	502 (212%)	438 (-13%)	418 (-5%)	448 (7%)	493 10%	276%
2.5.C. Reporting on the unclarity of the tax law	Sentences	73	81 (11%)	118 (46%)	157 (33%)	177 (13%)	134 (-24%)	128 (-4%)	75%
2.5.D. Defining key tax terms, i.e., tax havens	Sentences Pages	0 0	0 0	111 0 111	111 702 813 (632%)	112 729 841 (3%)	113 776 889 (6%)	112 947 1059 (19%)	854%
2.5.E. Reporting on public misunderstanding/debate/scrutiny	Sentences	17	23 (35%)	136 (491%)	53 (-61%)	291 (449%)	367 (26%)	254 (-31%)	1394%
2.5.F. Highlighting government measures that prevent double taxation and restrict illegal tax behaviour	Sentences	84	84 (0%)	122 (45%)	119 (-2%)	120 (1%)	115 (-4%)	113 (-2%)	35%
2.5.G. Reporting on the complexity of the financial affairs of multinationals	Sentences	111	111 (0%)	174 (57%)	200 (15%)	177 (-12%)	135 (-24%)	184 (36%)	66%
2.7. Offering accounts*									
2.7.A. Justifying the tax practice by the existence of similar tax practices in other jurisdictions	Sentences	35	113 (223%)	297 (163%)	410 (38%)	339 (-17%)	319 (-6%)	315 (-1%)	800%
	Total symbolic	**2,673**	**3,469 (30%)**	**5,007 (44%)**	**6,965 (39%)**	**7,671 (10%)**	**9,341 (22%)**	**10689 (14%)**	**300%**

Notes: % are rounded to the nearest whole number. % change calculated on an annual basis and an overall basis.

* No evidence of the symbolic legitimation strategies 2.6. Denial and concealment and 2.8. Offering apologies was found.

I examined Vodafone's tax reports over a seven-year period (2013-2019) through the lens of the legitimacy theory, which draws on the utilization of corporate communication as a legitimation mechanism to manage the perceptions of the organization's relevant public (Neu et al., 1998; O'Donovan, 1999; Bansal and Roth, 2000; O'Dwyer, 2002) by making use of a range of substantive and/or symbolic legitimation strategies (Dowling and Pfeffer,1975; Ashforth and Gibbs, 1990; Lindblom, 1993). I analysed whether the legitimation tactics utilized by Vodafone in the aftermath of its tax shaming by pressure groups and NGOs, i.e., UK Uncut, Oxfam, ActionAid, and leading newspapers, i.e., *The Telegraph*, *The Guardian*, *The Independent*, constitute substantive legitimation (reporting on actual tax transparency practices) or symbolic legitimation (signalling the impression of tax transparency).

My findings indicate that Vodafone's tax reports, first published in June 2013, serve as a substantive means of legitimation, i.e., they constitute an actual means of corporate tax transparency, with the substantive strategies having increased elevenfold from 2013 to 2019, with the largest increase in 2016. I attribute such increase to the hype on Vodafone's (1.1.A) CbCR disclosures from 2016 onwards. I view the extensive CbCR to be triggered by the Finance Act 2015 which required MNCs to submit a country-by-country report to HMRC for accounting periods starting January 2016 (HMRC, 2017).

By contrast, the symbolic strategies increased fourfold from 2013 to 2019, with the largest increase in 2015, due to Vodafone's introduction of additional symbolic strategies, namely (2.1.C) supporting initiatives that promote public trust, and (2.5.D) defining key tax terms, i.e., tax havens. In line with Vodafone's extensive reporting on (2.3.A) contributions and investments made in the UK and across countries of operations, (2.5.B) competitiveness of the tax regimes, and (2.5.E) public misunderstanding/debate/scrutiny. I attribute such changes in symbolic reporting to a range of events that occurred in 2014 a period within which "Public anger […] reach[ed] boiling point" (Harman, 2015). Among the events which happened in 2014 were the launch of ActionAid UK "Town against tax dodging" campaign (Adams, 2014), the publication of Christian Aid *"Tax for the common good"* report to promote tax justice (Christian Aid, 2014, p.4), and the exposure of Vodafone's tax strategies through its subsidiary in Luxembourg (Bowers, 2014) within the Luxembourg tax file leakage (ICIJ, 2014).

In establishing my inferences beyond the changes in the significance of legitimation strategies grouped as substantive and symbolic, I identified a range of dominant legitimation themes from the "close repetitive reading" (Merkl-Davies et al., 2012, p.13) of Vodafone tax reports for which I captured the volumetric significance and to which I turn my attention now.

4.6.1 Change in Vodafone's substantive tax reporting 2013-19

Among the legitimation tactics which Vodafone adopted in its substantive tax reporting are: (1.1.A) country-by-country reporting, (1.2.A) addressing its commitment to transparency, (1.3.A) engaging with civil society, NGOs and corporate tax activists, and (1.4.A) engaging with government and industry wide associations. See Table 4.5.1.

The Country-by-Country Reporting (CbCR) has been stipulated by various corporate social actors as the main aspect to identifying tax avoidance and hence promote corporate tax transparency. For instance, Oxfam (2017, p.4) highlighted that "lack of transparency over what profits are made and what taxes are paid by MNCs in every country in which they operate makes it hard to identify abusive tax practices". Also, there have been public demands for the public disclosure of MNCs' tax affairs by jurisdiction (Sukhraj, 2016). Accordingly, Vodafone providing a narrative around its CbCR from its first tax publication in June 2013 onwards constitutes a role performance strategy (Ashforth and Gibbs, 1990) in tax transparency reporting because it pertains to conducting an actual change in Vodafone's tax reporting to meet the extensive calls of its salient stakeholders on providing detailed disclosures on a country-by-country basis. Further, the significant increase in Vodafone's CbCR by 562% in its fourth tax publication in February 2016, in the aftermath of the Finance act 2015 (HMRC, 2017), is worth noting.

Initially, within its first three tax publications (2013, 2014 and 2015), Vodafone reported on its contribution country-by-country by disclosing information on five main aspects, namely (1) direct revenue contribution through taxation, (2) direct revenue contribution through non-taxation, (3) indirect revenue contribution, (4) capital investment, and (5) capital employment (Tax Report, 2013, p.6-7; 2014, p.8-9; 2015, p.10-11).

> "The following table sets out the data for five of the most relevant indicators of Vodafone's total overall contribution to the public finances and wider economies [of the countries] within which we operate" (Tax Report, 2013, p.5; 2014, p.7; 2015, p.9)

However, from its fourth tax publication (February 2016) onwards, Vodafone extended the countries for which it disclosed information on the previous five aspects as follows;

> "The countries included here extend beyond those in which we have an operating licence as a mobile and/or fixed-line telecoms provider to include three further categories:
> • countries in which we maintain an active corporate function servicing the Group as a whole but where we do not operate as a communications provider;
> • countries in which we have a legal entity focused on marketing, sales and client support for large corporate and multinational customers but do not operate as a communications provider; and
> • countries in which we have legacy legal entities that were inherited as part of an acquisition in the past and that do not play an active role in the Group's overall structure or are otherwise dormant." (Tax Report, 2016, p.20)

Also, it provided a narrative on each country's activities, financial information, and legal entities.

> "For each country, we now include a narrative summary setting out the context of our activities in that location together with the relevant financial data. That summary includes a list of the Vodafone legal entities present in the country plus an overview of the purpose of those entities." (Tax Report, 2016, p.20)

Further, in its February 2017 publication, Vodafone extended the five aspects discussed earlier to include two more, namely revenues and profit before tax.

> "[…] Revenue and profit before tax (PBT) figures for each of Vodafone's businesses." (Tax Report, 2017, p.55)

Then, in its February 2018 publication, Vodafone split its direct revenue contribution through taxation aspect to direct tax and corporation tax (Tax Report, 2018, p.43).

What is more, in its 2019 tax report, in line with publishing its voluntary CbCR disclosures, Vodafone published it OECD CbC report as submitted to HMRC.

> "This year, however, for the first time, and as a result of our determination to share relevant information with our stakeholders, we have included our OECD country-by-country (CbC) report, as submitted to HMRC in March 2018." (Tax Report, 2019, p.3)

I view this increase in Vodafone's CbCR disclosures as a response to Section 122 of the UK Finance Act 2015 which discussed the issuance of regulations requiring multinational companies to provide HMRC with a CbC report in accordance with the OECD's CbCR guidelines (Finance Act, 2015, p.118-119), and which HMRC brought into effect for all accounting periods starting on or after 1st January 2016 (HMRC, 2017). Consequently, Vodafone took the lead in June 2013 and voluntary reported on its tax affairs by jurisdiction and then provided further detailed disclosures from its fourth tax publication in February 2016 onwards, thus setting an example in the context of CbCR for other companies to follow.

On the one hand, the OECD keeps on updating its guidelines published in September 2014 (OECD, 2014) to provide further clarity on the adoption of CbCR, i.e., last updated in September 2018 (OECD, 2018e). Hence, Vodafone's earlier publication could be viewed as an attempt to set the goalposts in relation to CbCR, i.e., establishing "accepted norms" (de Villiers and Alexander, 2014, p.206) in relation to CbCR. On the other hand, Vodafone went beyond the recommendations of the OECD's CbCR initiative, which requires sharing the information only among tax authorities (Sukhraj, 2016), and which is effective to be filed to HMRC for accounting periods starting from 1st January 2016 onwards (HMRC, 2017). Hence, given Vodafone's financial year starting 1st April and ending in 31st March, Vodafone would be obliged to provide its first CbC report to HMRC for its accounting period 1st April 2016 to 31st March 2017.

The second substantive legitimation strategy which Vodafone adopted is addressing its commitment to transparency, which represents a means of a coercive isomorphism (Meyer, 1979; Ashforth and Gibbs, 1990), i.e., conforming to the expectations of its salient stakeholders (DiMaggio and Powell, 1983), through meeting its relevant public's calls for corporate's tax transparency (Davies, 2015). Vodafone stated its commitment to transparency across all of its seven tax publications, resulting in an overall increase of 769% over the seven-year period.

> "[…] we [always seek to] operate under a policy of full transparency […]." (Tax Report, 2013, p.2; 2014, p.3; 2015, p.6; 2016, p.9; 2017, p.9; 2018, p.12; 2019, p.12)

Further, Vodafone's third tax publication in January 2015 incorporated the highest relative increase (to the preceding publication) of disclosures on transparency of 106%, which I attribute to the extensive campaigning of various NGOs and tax activities on corporate tax transparency. For instance, in August 2010 Christian Aid (2011) launched its “Trace the Tax” campaign to ask leading FTSE 100 corporations among which Vodafone to support calls for tax transparency. In response, by March 2011 Vodafone agreed to meet with Christian Aid (Christian Aid, 2011). Also, in July 2013 ActionAid launched its “Tax Power” campaign through which it addressed the need to increase the tax transparency of governments and MNCs (ActionAid, 2013, p.15). Further, in February 2014 the Fair Tax Mark got established “by Fair Tax Mark Ltd, a not-for-profit Community Benefit Society […]” (Fair Tax, 2019b), to encourage and recognise organisations that are “open and transparent about [their] tax affairs […]” (Fair Tax, 2019a).

Within the same tax publication in January 2015, Vodafone addressed its engagement with civil society, NGOs and corporate tax activities for the first time as a legitimation mechanism to alter its resource dependencies through cooperating with various social actors (Ashforth and Gibbs, 1990).

> “In preparing this report, we met a number of stakeholders with a specialist interest in tax transparency, including several international NGOs with active campaigns focused on this issue. We are grateful for their insights and suggestions.” (Tax Report 2015, p.1)

Further, in its sixth tax publication, Vodafone went beyond reporting on its engagement with civil society, NGOs and tax activities in general, to acknowledge Oxfam and ActionAid in particular, along with listing the names of all the other civil society organizations it engages with (captured by the 327% increase).

> “We welcome engagement with civil society groups, non-governmental organisations (NGOs) and corporate tax activists, many of whose insights have shaped this Report over the years. In particular, we are grateful to Oxfam and Action Aid for their detailed feedback and observations.” (Tax Report, 2018, p. 18)

> “Below is an illustrative list of the organizations we have engaged with in relation to taxation over the last year [i.e., Action Aid, Global Reporting Initiative (GRI), Oxfam, etc.].” (Tax Report, 2018, p.79)

Finally, Vodafone provided disclosures on its engagement with governments and industry wide associations in all seven iterations of its tax publications. Such disclosures represent substantive legitimation means to alter the socially institutionally practices through extensive lobbying and negotiations with the government and legislative authorities (Ashforth and Gibbs, 1990).

> "Vodafone regularly engages with governments – typically through public consultation processes or in our role as a member of an industry group – to provide our perspective on how best to balance the need for government revenues from taxation against the need to ensure sustainable investment." (Tax Report, 2013, p.3; 2014, p.4; 2015, p.6; 2016, p.13; 2017, p.14; 2018, p.18; 2019, p.17)

Further, in its sixth tax publication Vodafone provided more details on its aims beyond its engagement with the government and other associations as follows (73% relative increase) stating:

> "[…], in order to help to develop systems that support international trade, incentivise greater investment in infrastructure and services, foster economic growth, employment and prosperity and generate greater public trust in the international tax system." (Tax Report, 2018, p.19)

4.6.2 Change in Vodafone's symbolic tax reporting 2013-19

Among the symbolic legitimation strategies which Vodafone adopted as a means to signal its tax transparency are: (2.1) associating with symbols, (2.2) espousing socially acceptable goals, (2.3) ceremonial conformity/altering social perceptions, (2.4) manipulating perceptions, (2.5) altering social norms/ changing external expectations, and (2.7) offering accounts[73]. See Table 4.5.2.

As a means to associate itself with legitimate symbols and values (Dowling and Pfeffer, 1975), Vodafone changed its tax advisor from EY which audited its first four tax publications to BDO, which audited its fifth, sixth and seventh tax reports. Also, it portrayed itself as a leading example in tax reporting by highlighting that it had won the PwC Building Public Trust Award in its second tax publication.

> "In December 2013, Vodafone won the PwC Building Public Trust Award 2013 for best Tax Reporting in the FTSE 100." (Tax Report, 2014, p.3)

[73] No evidence of the symbolic legitimation strategies 2.6. Denial and concealment and 2.8. Offering apologies was found.

Also, from its fourth tax publication onwards Vodafone extensively (reflected by the 295% increase) emphasised its industry leadership in tax reporting.

> "In 2012, Vodafone became the first telecoms and technology company in the world to publish a report setting out, on a country-by-country basis, its total contribution to public finances in the countries in which it operated." (Tax Report, 2016, p.1)
>
> "We remain one of very few companies to do so and have updated this report annually since that year." (Tax Report, 2016, p.1)
>
> "This is the fourth [fifth/sixth/seventh] time that Vodafone has sought to report a detailed level of tax data in the absence of any formal requirement." (Tax Report, 2016, p.51; 2017, p.63; 2018, p.82; 2019, p.88)

I attribute such an increase in Vodafone's disclosures in relation to its lead in tax reporting to the media's continuous acknowledgement of Vodafone's tax publications as well as to NGOs' recognition of Vodafone's leadership in tax reporting. For instance, in June 2013 *The Telegraph* acknowledged Vodafone for "[…] going further than other tax avoiders who have also pointed to the contributions outside corporation tax" (Williams, 2013). Also, in December 2013 *The Financial Times* reported on Vodafone's tax publications as a means of promoting its tax transparency (Houlder, 2013). Further, in November 2014 *The Telegraph* shed light on Vodafone recognition for its transparency by the Transparency International organization (Dakers, 2014).

What is more, in June 2017 Oxfam condemned RB (Reckitt Benckiser)[74] in a briefing paper for its illegal tax practices, praising "Vodafone, AngloAmerican, Unilever and SABMiller […] for being more transparent than other MNCs by publishing detailed tax strategies and reporting some tax-related information on a regional or per-country basis" (Oxfam, 2017, p.15). Similarly, in October 2017 the Fair Tax organisation praised Vodafone along with three other companies, e.g., Legal & General, Prudential, and SSE, for reporting beyond legislative requirements and hence setting a "benchmark" for other corporates in terms of transparency (Fair Tax, 2017, p.4).

[74] RB (Reckitt Benckiser) is "a leading FTSE 100 MNC producing products for 'health, hygiene and home'" (Oxfam, 2017, p.2-3).

Interestingly, in its seventh report, Vodafone acknowledged its commitment to leading in tax reporting through disclosing its confidential OECD CbCR to the public, despite the OECD's recommendations to limiting the use of these disclosures to tax authorities.

> "The OECD does not require this information to be published and recommends that tax authorities limit their use of it to high-level risk assessments only. However, given the comprehensive nature of our public disclosures and the wider context of our Taxation and Total Economic Contribution Report, we have no hesitation in sharing this information publicly." (Tax Report, 2019, p.3)

Having portrayed itself as a leading example in tax reporting, Vodafone highlighted its support for initiatives that promote public trust, particularly in its fifth tax publication in February 2017 (reflected by the 167% increase).

> "Companies are most likely to succeed when the markets in which they operate benefit from […] a strong bond of trust between the governed and the governing." (Tax Report, 2017, p.4)

> "We therefore believe that increasing public understanding of, and trust in, the tax system is strongly in the interests of every business." (Tax Report, 2017, p.4)

I view such an increase in Vodafone's disclosures on the support for initiatives that enforce public trust to be triggered by the discontent of the public in the aftermath of the Panama Papers leakage in April 2016 which marked the "biggest leakage in history" (Gardside, 2016), and which, in return, drove Oxfam to call on politicians to discuss in the "Anti-Corruption Summit" in London on the 12^{th} of May 2016 means to ending financial secrecy, which allows both companies and wealthy individuals to refrain from paying their fair share of tax (Oxfam, 2016).

Consequently, within the same publication in February 2017, Vodafone disclosures on its tax policy, principles and conduct increased significantly by 92%, in comparison to the steady trend in the previous publications (0%, 0% and 2% respectively). Vodafone discussed its integrity in tax matters by emphasising its commitment to transparency and by paying all taxes due.

> "[…] Vodafone will act with integrity in all matters related to tax, including a policy of full transparency with all tax authorities and a commitment that we will always pay all taxes properly due under the law wherever we operate" (Tax Report, 2017, p.4).

Also, it provided further details on its tax principles, i.e., compliance, which it defined as follows:

> "Compliance: To ensure the integrity of all reported tax numbers and timely compliance with all relevant statutory tax obligations." (Tax Report, 2017, p.9)

Along with reporting on its tax policy and principles as a means to promote socially acceptable goals (Ashforth and Gibbs, 1990), i.e., tax compliance and payment of appropriate taxes, to change public perceptions on the scrutinized corporate behaviour, i.e., not paying a fair share of corporation tax, Vodafone also addressed its contribution to emerging markets to respond to NGOs' continued interest in the implication of taxes on the developing countries.

In October 2014, Oxfam launched its "Even it up" campaign to tackle extreme inequality worldwide in which it highlighted that "tax dodging by multinationals and wealthy individuals will continue to drain public budgets and undermine the ability of governments to tackle inequality" (Oxfam, 2014, p.22-23). Also, in October 2015 ActionAid called for the need to reform the international tax system in order to take its implication on the developing world into account (ActionAid, 2015b).

In response, Vodafone reported on its contribution to the developing economies from its fourth tax publication in February 2016 onwards under the heading "tax and emerging markets" to address its contribution mainly in Africa as well as in India.

> "Vodafone is a significant contributor to the development of a number of economies across Africa. As a major investor, taxpayer, employer and purchaser of local goods and services, we make a major contribution to the delivery of governments' policy objectives across the continent." (Tax Report, 2016, p.15; 2017, p.16)
>
> "Vodafone is the largest foreign direct investor in India with more than £11.1 [£13.1] billion invested since 2007." (Tax report, 2016, p.16; 2017, p.17)

Interestingly, in its sixth publication in March 2018, right after Oxfam published its briefing paper *"Reward work not wealth"* to address inequality and in which Oxfam focused on "South Africa, [being] one of the world's most unequal countries" (Oxfam, 2018, p.21), Vodafone provided further disclosures (captured by 223% increase) on its contribution to the African continent through disclosing on its South African subsidiary, i.e., Vodacom Group.

> “Vodacom remains the largest mobile operator in the South African market, providing both mobile and enterprise services to its customers. In 2016-17, the company invested €544 million to expand and upgrade the networks and services relied upon by its 46.7 million customers.” (Tax Report, 2018, p.21)

Vodafone continued to emphasise its contribution to India and acknowledged itself as the co-creator of the telecom ecosystem there.

> “A co-creator of the telecom ecosystem in India, Vodafone [telecommunications] plays a significant role in India’s socioeconomic development as one of the largest foreign direct investors in India. In the decade since we acquired the business that is now Vodafone India, [Over the last decade,] we have invested more than €18 billion in the country.” (Tax Report, 2018, p.23; 2019, p.22)

I identify the following legitimation strategies adopted by Vodafone in order to alter perceptions (Lindblom, 1993) or engage in ceremonial conformity (Meyer and Rowan, 1977; 1978) by means of adopting visible and salient practices without changing actual practices, i.e., (2.3.A) presenting factual arguments (to spot on the amount of contributions and investments made), (2.3.B) acting in the interests of its various stakeholders and society at large (to highlight its efforts in addressing the interests of its different stakeholders), (2.3.C) using two-sided persuasion (to explain the dilemma on its payment of low tax and dispute with HMRC), and (2.3.D) abiding by the tax rules (to claim the alignment of its tax practices with the tax laws).

In terms of presenting factual arguments (Du and Vieria, 2012), Vodafone extensively reported (captured by the 109% increase) on its contributions and investments made in the UK and across other countries of operations from its third tax report published in January 2015 onwards. I attribute this increase to the ActionAid UK campaign “Town against tax dodging” launched in November 2014 to address the problem of ‘tax dodging’ by large companies and its impact on the UK as well as on developing countries (Adams, 2014). For instance, in its January 2015 report Vodafone highlighted that

> “[…], over the last five years, Vodafone has invested (including spectrum) more than £18 billion across Europe, including more than £4 billion in the UK alone.” (Tax Report, 2015, p.2).
>
> “Vodafone pays all taxes due under the law in all our countries of operation: in 2013/14, these direct taxes paid amounted to more than £7 billion, an increase of over £2.8 billion on the total paid in 2012/13 […].” (Tax Report, 2015, p.2)

It is also worth noting that from its fourth tax publication onwards (February 2016), Vodafone inserted graphs and diagrams as a means to further highlight its contribution and investments worldwide.

When addressing its aim to act in the interests of its shareholders, other stakeholders and society at large, Vodafone's main focus was on balancing the interests of its different stakeholders.

> "It is entirely possible to achieve an effective balance between a company's responsibilities to society as a whole and its obligations to its shareholders; in fact, we believe that a commitment to the first is integral to the achievement of the second." (Tax Report, 2016, p.6)

Vodafone engaged in two-sided persuasion (Du and Vieira, 2012) to alter its relevant public's perceptions on two contested issues, namely (1) payment of little/ no UK corporation tax and (2) settlement of its Controlled Foreign Companies (CFC) problem with HMRC. Vodafone has been in the headlines of UK national newspapers for paying no corporation taxes in the UK. For instance, in June 2012 *The Telegraph* reported that *"Vodafone paid zero UK corporation tax last year"* (Rushton, 2012b). Similarly, in June 2013 *The Guardian* stated *that "Vodafone pays no UK corporation tax for second year running"* (Garside, 2013).

In return, from its second tax report (June 2014) onwards, Vodafone clarified its little/zero corporation tax in the UK by highlighting the government reliefs set against corporate profits (i.e., government's perspective) and the small proportion corporation tax constitutes relative to the total taxes it pays (i.e., Vodafone's perspective).

> "As the UK government wants more investment in UK infrastructure and jobs, it allows all businesses to claim relief for the cost of assets used in the business against their profits when determining their corporation tax bills." (Tax Report, 2014, p.3; 2015, p.5)
>
> "[…], UK corporation tax accounts for a small proportion of the total taxes paid by UK businesses." (Tax Report, 2014, p.3; 2015, p.5)

Likewise, Vodafone put forward the government perspective as well as its own perspective when addressing its (CFC) settlement with HMRC, which UK Uncut protested against right after its foundation in October 2010, framing it as Vodafone's failure to pay £6 billion of taxes (Dallyn, 2017).

> "The UK tax authorities argued that, had those financing activities been established and undertaken in the UK, they would have attracted tax in the UK, and that therefore tax should be payable under UK CFC provisions. Vodafone argued that, as a matter of European law, we were freely entitled to establish activities wherever we chose, and that as a matter of fact, these were neither artificial arrangements nor did they have any impact on Vodafone's UK tax liabilities." (Tax Report, 2013, p.4; 2014, p.5; 2015, p.8; 2016, p.47; 2017, p.13; 2018, p.17; 2019, p.88)

In terms of disclosing on its compliance with the tax rules, Vodafone consistently emphasised its commitment to abide by the tax laws.

> "[…] comply fully with all relevant legal and regulatory obligations, in line with [our broader social responsibilities and] our stakeholders' expectations." (Tax Report, 2013, p.2; 2014, p.3; 2015, p.6; 2016, p.9; 2017, p.9; 2018, p.12; 2019, p.12)

Relative to manipulating perceptions strategy, which is a symbolic legitimation strategy to deflect attention from the illegitimate corporate practices (Lindblom, 1993), i.e., not paying enough taxes, using tax havens, etc., Vodafone engaged in two legitimation tactics, namely (2.4.A) highlighting factors beyond the tax environment for setting up business operations, and (2.4.B) reporting on other types of taxes and payments.

Among the factors which Vodafone highlighted within all of its seven tax reports to impact on its decisions when selecting an appropriate location for conducting its business operations are:

> "[…] a wide range of factors beyond the local tax environment, including: the stability and predictability of the political, regulatory and social environment, […], the availability of relevant skills within the local labour force, […] labour costs, and the [overall] cost of operations, the effectiveness of transport links, the quality and reliability of communication networks, [and] the range and value of the real estate [market]." (Tax Report, 2013, p.2; 2014, p.2; 2015, p.3; 2016, p.8; 2017, p.8; 2018, p.9; 2019, p.9)

Further, from its fourth tax (2016) publication onwards (reflected by the 60% increase), Vodafone added that its decision to set up business operation is not driven by any artificial tax arrangements.

> "Our focus is on selecting locations that make the greatest business sense from an operational and strategic perspective. Again, our decisions are not determined by tax arrangements that would be essentially artificial in nature and would lead to locating activities in countries that may offer an attractive tax regime but would be impractical in other respects." (Tax Report, 2016, p.8)

When reporting on the different types of taxes it pays, Vodafone highlighted in its first two tax publications that corporation tax is one of almost 50 different types of taxes it pays. Yet, within its third tax publication, Vodafone stated that corporation tax is only one of 60 different types of taxation rather (captured by the 20% increase).

> "Businesses also pay a very wide variety of additional taxes: as the Appendix demonstrates, corporation tax is only one of almost 50 different types of taxation paid by Vodafone's operating businesses every year." (Tax Report, 2013, p.1; 2014, p.1)
>
> Businesses also pay a very wide variety of additional taxes: as the Appendix (see page 13) demonstrates, corporation tax is only one of 60 different types of taxation paid by Vodafone's operating businesses every year. (Tax Report, 2015, p.1)

Relative to altering social norms (Dowling and Pfeffer, 1975) or changing external expectations strategy (Lindblom, 1993), through altering the definition of social legitimacy, i.e., educating the public about corporation taxes, to conform to Vodafone's current tax practices. Vodafone adopted the following legitimation themes, namely (2.5.A) reinforcing the meaning of corporation tax, (2.5.B) addressing the competitiveness of the tax regimes, (2.5.C) reporting on the unclarity of the tax law, (2.5.D) defining key tax terms, (2.5.E) reporting on public misunderstanding/debate/ scrutiny, (2.5.F) highlighting government measures that prevent double taxation and restrict illegal tax behaviour, and (2.5.G) reporting on the complexity of the financial affairs of MNCs.

In order to reinforce the meaning of corporation tax, Vodafone consistently highlighted the following aspects in its tax reports.

> "[…], [1] corporation tax payments only account for a small proportion of businesses' total tax contribution to national governments. [2] Corporation tax is paid on profits, not on revenues. [3] Taxation is local. [4] Taxation is not the only route used by governments to raise revenue from businesses. [5] Large companies are an important source of investment and employment." (Tax Report, 2013, p.1-2; 2014, p.1-2; 2015, p.1-2)

In terms of addressing the competitiveness of the tax regimes, Vodafone extensively discussed this theme (reflected in the 212% increase) from its third tax publication in January 2015 onwards. I view such a significant rise as a response to Vodafone's tax shaming in November 2014 within the Luxembourg tax files leakage for exploiting tax opportunities to reduce its tax payments through its subsidiary in Luxembourg (i.e., tax haven) (Bowers, 2014).

Accordingly, when reporting on tax regimes' competitiveness from its third tax report (2015) onwards Vodafone added a new section to its tax report entitled "Vodafone, Luxembourg and 'tax havens'" where it focused on the following:

> "[…] many governments seek to develop tax regimes which provide some form of competitive advantage when seeking to attract inward investment from multinational companies that would otherwise flow towards other countries. As a consequence, variations have emerged between the tax regimes of different countries over the years, and some countries where specific aspects of the national tax regime offer significant advantages to businesses located there have found themselves dubbed as 'tax havens." (Tax Report, 2015, p.4; 2016, p.10)

Consequently, within the same report of January 2015, Vodafone's disclosures discussing the lack of clarity of the tax law also increased (reflected by the 46% increase)

> "[…] in many countries: whenever there are complex transactions, unclear tax regulations or substantial values involved, tax authorities generally seek to provide companies of all sizes with both formal and informal rulings and clearances in order to reduce uncertainty." (Tax Report, 2015, p.5; 2016, p.47)

Interestingly, Vodafone within the same report (January, 2015) for the first time defined tax havens by shedding light on two different definitions.

> "There are a number of different definitions of the term 'tax haven'. At its simplest, the term is relative: if the tax regime in Country A has a [significantly] lower headline or effective tax rate [ETR] than Country B, then through the eyes of the people of Country B, Country A could be considered to be a 'tax haven'. A more nuanced definition of the term 'tax haven' focuses on national tax policies which [that] have the effect of incentivising activities that are ring-fenced from the local economy, may be specific to individual companies rather than available to all market participants and may be largely artificial in nature and designed purely to minimise tax." (Tax Report, 2015, p.4; 2016, p.10; 2017, p.10; 2018, p.13)

What is more, starting from its fourth tax publication (February 2016), Vodafone introduced a glossary to define various tax terms, such as artificial arrangement, base erosion, double taxation, profit shifting, etc. (Tax Report, 2016, p.49; 2017, p.61; 2018, p.80; 2019, p.85-86).

Also, I view the increase in Vodafone's disclosures around public misunderstanding/ debate/ scrutiny captured by the significant increase in its third tax report of January 2015 and from its fifth tax report (2017) onwards[75] (491% increase and 449% increase, respectively) to have been mainly triggered by Vodafone's tax shaming in the Luxembourg leakage (Bowers, 2014).

> "While Luxembourg has been commonly described as a 'tax haven' by tax campaigners, this is a country in which Vodafone has a meaningful presence and which therefore plays a material role in any assessment of our overall contribution to public finances." (Tax Report, 2015, p.4)
>
> "There has also been considerable public, political and media debate on a separate issue related to Luxembourg: the disclosure and subsequent publication, in 2014, by media outlets of so-called 'LuxLeaks' confidential documents allegedly setting out details of the tax affairs of thousands of individuals and companies. As explained above, our tax arrangements in the country conform to the rules set out in the standard tax code and therefore we have not been a focus of the LuxLeaks debate." (Tax Report, 2017, p.11)

In terms of Vodafone's discussion of the following legitimation themes; governments measures that prevent double taxations and restrict illegal tax behaviour, and the complexity of the financial affairs of MNCs, both disclosures followed a fairly consistent trend (fluctuating due to the changing in the sentences' wording structure reflected by the square brackets'[ ]' below) with a slight increase in January 2015 to address the government pan-regional cooperation agreements and to further highlight the complexity of large businesses respectively.

> "[…], governments also [choose to] enter into pan-regional cooperation [and bilateral cooperation] agreements [that are intended] designed to enable companies to establish operations in different countries and [to] operate and trade across borders with as few impediments as possible." (Tax Report, 2015, p.3; 2016, p.8; 2017, p.8; 2018, p.9; 2019, p.9)
>
> "Larger businesses are more complex, which in turn means a greater level of complexity in applying the rules" (Tax Report, 2015, p.3).

Finally, as a means to offering accounts (Ashforth and Gibbs, 1990), i.e., justifying its tax behaviour, Vodafone justified its tax practices by shedding light on the application of similar tax practices of other companies and in other jurisdictions. Interestingly, this legitimation strategy increased in Vodafone's second tax publication, in which Vodafone for the first time defended its payment of little UK corporation tax, and in its third tax publication, where Vodafone responded to its shaming by Luxembourg leakages (Bowers, 2014).

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[75] Despite the decrease in the number of words addressing public scrutiny/debate in Vodafone's seventh report (2019) (captured by the 31% decrease), Vodafone mentioned the "LuxLeaks, Panama Papers and the Paradise Papers" in its tax disclosures (Tax Report, 2019, p.14).

> "Vodafone is [therefore] no different to [from] any other UK business, whatever its size: if a self-employed trader buys a new computer or a large UK business borrows money to build a new warehouse, exactly the same rules apply." (Tax Report, 2014, p.3; 2015, p.5; 2016, p.12)

> "In common with any other European Union member state, the Luxembourg tax regime is defined in legislation which is approved by elected members of the national parliament." (Tax Report, 2015, p.4)

4.7 Summary of findings

My analysis indicates that Vodafone's tax disclosures constitute an actual means of corporate tax transparency, with the substantive strategies increasing elevenfold from 2013 to 2019, with the largest increase in 2016. In comparison, the symbolic strategies increased fourfold from 2013 to 2019, with the largest increase in 2015.

The increase in Vodafone's substantive tax disclosures in 2016 was mainly triggered by Vodafone's CbCR. Despite disclosing on its tax practices by country of operation from its first tax publication in 2013, from 2016 onwards Vodafone extended the level of details it provided in its CbC disclosures, i.e., including a narrative on each country's activities, financial information, and legal entities (Tax Report, 2016, p.20), splitting its direct revenue contribution through taxation to direct tax and corporation tax (Tax Report, 2018, p.43), etc. Further, in line with extending the level of CbCR disclosures, Vodafone published its first OECD CbC report submitted to HMRC in March 2018 in its seventh tax report (Tax Report, 2019, p.3). I attribute the peak in the symbolic legitimation strategies in 2015 to Vodafone's introduction of additional symbolic strategies, such as supporting initiatives that promote public trust and defining key tax terms. In its 2015 tax report Vodafone also made extensive use of symbolic strategies adopted in previous tax reports, i.e., contributions and investments made in the UK and across countries of operations, competitiveness of the tax regimes, and public misunderstanding.

It is worth noting that the largest increases across most of Vodafone's tax legitimation strategies as well as the introduction of additional legitimation strategies occurred after news leakages, heightened media shaming or extensive campaigning by NGOs and/or tax activists. For instance, in relation to its substantive legitimation strategies, in its third tax publication (January 2015), Vodafone started to acknowledge the need to engage with NGOs and pressure groups. In addition, it increased its disclosures on commitment to transparency (e.g., experienced the highest relative increase 106%). Interestingly, changes in both of these tax reporting strategies followed the launch of ActionAid campaign against tax dodging in October 2014 (Adams, 2014), and the Luxembourg leakages accusing Vodafone for utilizing Luxembourg tax secrecy laws in November 2014 (Bowers, 2014). Further, the peak in addressing commitment to transparency strategy (January 2015), was reflected in the highest increase in Vodafone's CbCR reporting in the following tax publication (February 2016), where more disclosures on Vodafone's tax practices by countries of operation suggest that there is less tax secrecy, i.e., Vodafone indicates that it has nothing to hide, thus further promoting its tax transparency.

In a similar vein, the five symbolic legitimation strategies, which experienced the highest overall increase over the seven year period (2013-2019), include (2.5.E) reporting on public misunderstanding, debate and scrutiny (1,394%), (2.5.D) defining key terms; i.e., tax havens (854%), (2.7.A) justifying the tax practice by the existence of similar tax practices in other jurisdictions (800%), (2.1.B) portraying itself as a leading example in tax reporting (448%), and (2.3.A) presenting factual arguments through reporting on contributions and investments made in the UK and across countries of operations (288%). These were in response to media shaming, news leakages and pressure groups campaigning against alleged MNCs' tax behaviour.

Accordingly, in the aftermath of its tax shaming in November 2014 by the Luxembourg leakages for exploiting tax opportunities to reduce its tax payments through its subsidiary in Luxembourg (i.e., tax haven) (Bowers, 2014), Vodafone's disclosures on public scrutiny peaked (491%) in its January 2015 tax publication to defend its "[…] meaningful presence [in Luxembourg]" (Tax Report, 2015, p.4), as opposed to public misunderstanding of "Luxembourg […] [being] commonly described as a 'tax haven' by tax campaigners […]" (Tax Report, 2015, p.4). Further, within the same tax publication in January 2015, Vodafone introduced two competing definitions on tax havens; (1) a simple definition to address the public view of a tax haven being a matter of a country offering a lower tax rate than the tax rate in the country where public criticism is voiced, and (2) a more nuanced definition that addresses tax policies which are "specific to individual companies rather than available to all market participants, and [thus] may be largely artificial in nature and designed purely to minimise tax" (Tax Report, 2015, p.4; 2016, p.10, 2017, p.10; 2018, p.13; 2019, p.13).

Similarly, Vodafone's justification for its tax practice by highlighting the existence of similar tax practices in other jurisdictions increased the most (223%) in its second tax publication, in June 2014. Within the same year, Vodafone first defended its payment of little UK corporation tax. I attribute the change in these two strategies to; firstly, the extensive UK Uncut campaigning against Vodafone's tax behaviour, starting in October 2010 by condemning Vodafone for failing to pay £6 billion of taxes given its tax deal with HMRC (Dallyn, 2017), followed by forcing some of Vodafone stores to shut down in November 2010 (Morris, 2010), and a tax demonstration at Vodafone's annual shareholders' meeting in June 2011 (Garside, 2011). Secondly, the media headlines on Vodafone's payment of zero UK corporation tax, i.e., in June 2012 *The Telegraph* stated that *"Vodafone paid zero UK corporation tax last year"* (Rushton, 2012b), and in June 2013 *The Guardian* reported that *"Vodafone pays no UK corporation tax for second year running"* (Garside, 2013). In response, from its fourth tax report onwards (February 2016) Vodafone's disclosures in relation to its lead in tax reporting increased as a means to defend it legitimacy via acknowledging its "[…] detailed level of tax data in the absence of any formal requirement" (Tax Report, 2016, p.51; 2017, p.63; 2018, p.82; 2019, p.88).

It is also worth noting that the largest increase (109%) in Vodafone's disclosures on its contributions and investments in the UK and across other countries of operations happened in its third tax report (January 2015), following ActionAid UK's campaign "Town against tax dodging". The campaign was launched in November 2014 to address the problem of tax dodging by large companies and its negative impact on the UK as well as on developing countries (Adams, 2014).

4.8 Conclusion

The aim of this study is to understand whether corporate tax reporting constitutes a substantive legitimation strategy, i.e., an actual change aimed to increase corporate tax transparency, or a symbolic legitimation strategy, i.e., a mere signal which gives the impression of corporate tax transparency. To fulfil my study's objective, I conducted a case study of Vodafone tax reports *"Tax and our contribution to public finances"* over a seven-year period from 2013 to 2019. My findings revealed that there was a predominance of Vodafone's substantive tax disclosures. Hence, Vodafone's tax reports seem to constitute an actual means to tax transparency from a verifiability lens where transparency is dependent on information disclosure (Albu and Flyverbom, 2019).

Vodafone constitutes an interesting case to examine in light of the chain of events (highlighted in the background section 4.2.1) surrounding public scrutiny over its tax avoidance practices, followed by public recognition of its leadership in tax reporting, i.e., "[…] going further than other tax avoiders […]" (Williams, 2013), setting a "benchmark" for other companies in terms of transparency (Fair Tax, 2017, p.4), and "[…] embolden[ing] other companies to follow their lead [and] increase[ing] the pressure on the UK government to take the step of asking all UK registered companies to do the same" (Harman, 2018). In the absence of a "coherent standard" for tax transparency (Common Vision, 2015, p.38), Vodafone's tax disclosures can be viewed as constituting an institutionalized practice which serves as a benchmark for other companies to follow. This is in line with Freeman's (1982) view that "large organizations […] reach a point where they can dominate their environments rather than adjust to them" (DiMaggio and Powell, 1983, p.149). Vodafone's tax reporting can be regarded as constituting a first-mover advantage which enables Vodafone to dominate the tax reporting practices by setting the standards for other companies to follow.

Having examined Vodafone's voluntary tax reports following its public tax shaming and calls for tax transparency in Chapter 4, the third empirical study in Chapter 5 focuses on mandatory tax strategy reports published by a sample of FTSE 100 companies to fulfil HMRC's (2016a) tax strategy regulation and to construct good corporate citizenship in a time of public controversy over tax transparency.

Chapter 5 Mandatory corporate tax strategy reporting

5.1 Introduction

In the wake of unprecedented media exposures of tax avoidance by leading multinational companies (MNCs), such as Google, Amazon, and Starbucks (Barford and Holt, 2013), calls for corporate tax transparency have gained substantial momentum (Middleton and Muttonen, 2020a). Consequently, public pressure for increased corporate tax disclosures as a suggested corrective remedy to publicly deemed unacceptable corporate tax behaviour followed (Oats and Tuck, 2019). In return, tax authorities worldwide have put forward regulatory measures to fight corporate tax avoidance in order to incentivise ethical tax behaviour (Freedman and Vella, 2016) and foster tax transparency. Among the regulatory initiatives that have been introduced within the UK, is the tax strategy publication measure (HMRC, 2016a) which is the focus of this chapter.

In 2016, HMRC implemented new rules requiring large companies to publish their tax strategy in the public domain for financial years starting 15th September 2016 onwards (HMRC, 2016a). As such, all qualifying companies must publish a board approved tax strategy relating to four key tax dimensions, namely (1) approach to tax risks, (2) attitude to tax planning, (3) acceptable level of tax risk, and (4) approach towards dealing with HMRC (HMRC, 2016a). Also, they should explicitly note the paragraph of the legislation their tax strategy complies with, i.e., Paragraph 16 (2), Schedule 19, Finance Act 2016 (Finance Act, 2016). This is further discussed in Section 5.2.

In the context of public tax shaming around the tax practices of leading multinationals, publishing meaningful tax strategy reports constitutes “a tricky dilemma” for companies (Gilleard, 2012, p.37). Companies respond by defending their legitimacy via constructing good corporate citizenship. This entails more than merely meeting the tax strategy reporting legal requirements (Middleton and Muttonen, 2020b). In this respect, tax transparency policies do not necessarily increase the tax transparency of the company with the tax authority (Berg and Davidson, 2017)[76]. By contrast, they provide pressure groups and the media with an opportunity to misinterpret the information disclosed by companies (Gilleard, 2012; Berg and Davidson, 2017). Accordingly, assuming that companies are corporate citizens who espouse a political role (Matten and Crane,

[76] Berg and Davidson (2017) focus on corporate taxation in Australia.

2005), they will use their tax strategy reporting not only to construct compliance with HMRC tax strategy requirement (HMRC, 2016a), but also to portray themselves as leading exemplary companies with behaviour to follow. Demonstrating legitimacy through good corporate citizenship has two purposes, namely (1) to prevent future tax controversies from occurring (Luyckx and Janssens, 2016) and (2) to set precedents for other companies to emulate. Particularly the indeterminacy inherent in tax laws (Picciotto, 2015) allows companies room to construct what compliance with HMRC tax strategy regulation looks like by exercising their discretion over the selection (which information to disclose and which information to omit) and presentation of information (using infographics, tables, etc.).

Therefore, the aim of this chapter is twofold, namely (1) to study how companies establish the legitimacy of tax strategy narratives by constructing compliance with HMRC tax strategy regulation and (2) to examine how companies defend organisational legitimacy by portraying themselves as good corporate citizens in their tax strategy reporting. The two corresponding research questions are:

RQ1: How are UK companies constructing compliance with tax strategy regulation via tax strategy reporting?

RQ2: How are UK companies constructing corporate citizenship via tax strategy reporting?

Compliance with tax strategy regulation is analysed by focusing on the key themes incorporated within companies' tax strategy narratives. The construction of corporate citizenship is analysed by focusing on discursive legitimation strategies associated with corporate social responsibility (CSR). See Figure 5.1.

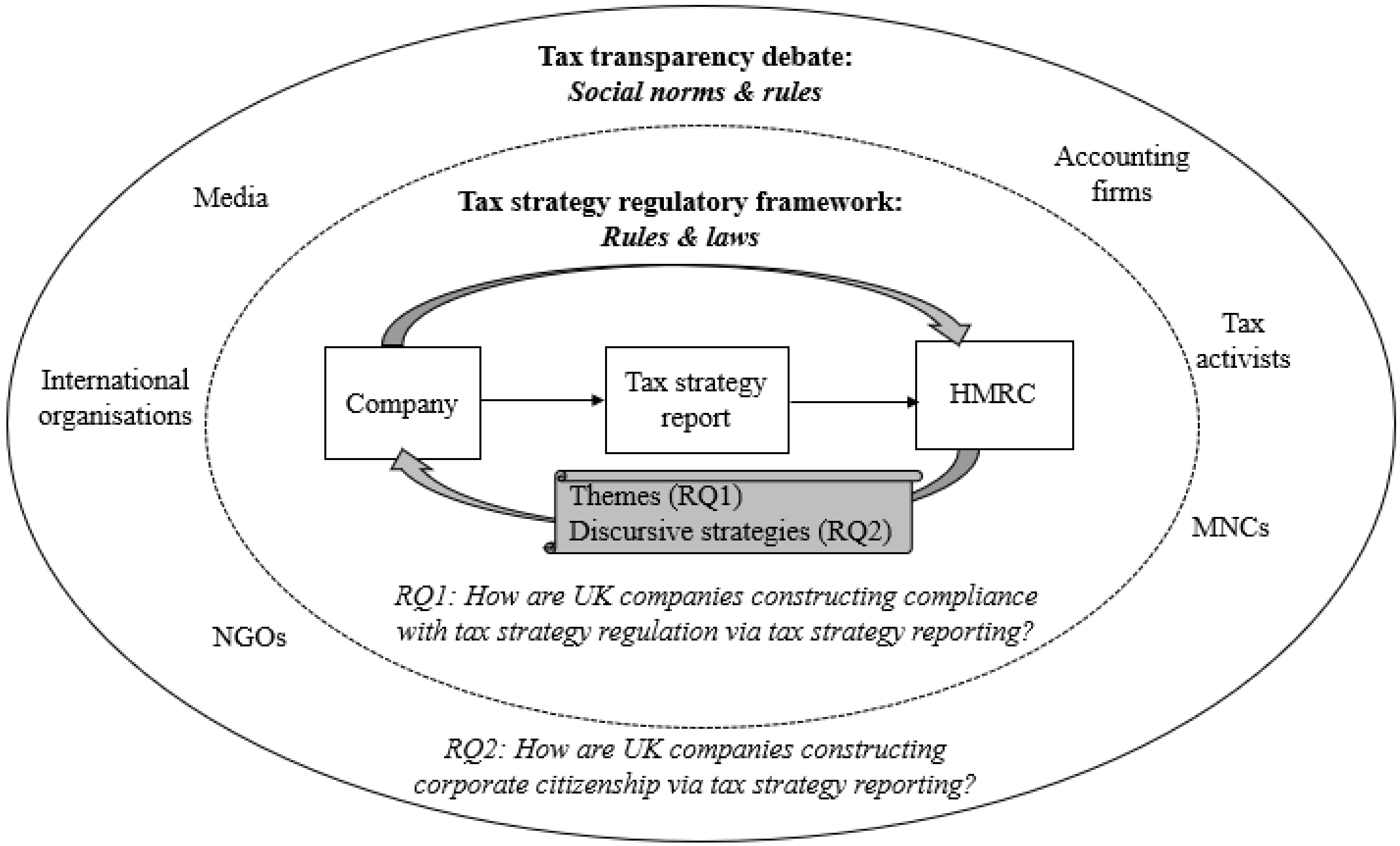

Figure 5.1: The purpose of tax strategy reporting

5.1.1 Motivation

Transparency is often viewed as the remedy for corporate maleficent behaviour (Schnackenberg and Tomlinson, 2016) given its ability to shed light on corporate practices that "[…] would otherwise be invisible" (Roberts, 2018, p.54). Nevertheless, from a performative lens to corporate transparency (Albu and Flyverbom, 2019), "[…] the 'politics of visibility' […] determines what is made transparent and what is not, […]" (Zyglidopoulos and Fleming, 2011, p.693). Accordingly, corporate tax strategy reports being "a new domain of [corporate reporting] activity" (Ashforth and Gibbs, 1990, p.182), lend themselves as an interesting corporate communication medium to examine how companies use narratives to portray compliance with HMRC tax strategy reporting regulation. Adopting Merkl-Davies and Brennan's (2017) symbolic-interpretive narrative lens to corporate communication, I view corporate tax strategy reporting as "[…] a symbolic process whereby reality is produced, maintained, repaired, and transformed" (Carey, 2008, p. 19). By using tax strategy reports to portray compliance with HMRC tax strategy reporting regulation, companies establish the legitimacy of their tax strategy narrative and provide "frameworks of knowledge" for their competitors or peers (Christensen, 2002, p.166) on what compliance looks like.

What is more, as corporate communication is at the heart of the tax transparency debate (Gilleard, 2012) resulting from the hype of media tax shaming on multinationals tax practices, companies do not only use their tax strategy reports to construct compliance with HMRC tax strategy regulation, but also to construct themselves as good corporate citizens. As noted by Gilleard (2012, p.36) "[i]n the age of scandals and public enquiries, the desire to know more about companies' activities, including their tax policies and compliance is increasing […]". Accordingly, adopting an extended lens to corporate citizenship (Matten and Crane, 2005), I view companies as political actors who will strategically use their tax strategy reports to portray themselves as good corporate citizens as a means of defending their organizational legitimacy following public controversies on MNCs tax behaviour.

Therefore, I am interested in exploring how companies discursively construct corporate citizenship. For this purpose, I adapt a framework based on two dimensions of CSR developed by Basu and Palazzo (2008) to the analysis of corporate tax strategy reports, namely (1) corporate identity and relationship with stakeholders and the wider world (portraying ‘who we are’ and ‘how we relate to others’), and (2) justifications of corporate actions (explaining ‘why we have acted this way’ with reference to specific norms or value systems). In order to study the discursive legitimation strategies used by companies to construct corporate citizenship, I adopt Van Leeuwen’s (2007) four discursive legitimation strategies, namely (1) authorization, (2) moral evaluation, (3) rationalization, and (4) narrativization.

Further, in line with Luyckx and Janssens (2016) and Glozer et al. (2019), I also examine the overarching discursive legitimation associated with these discursive strategies, namely (1) discursive antagonism, (2) discursive co-optation (Luyckx and Janssens, 2016), and (3) discursive validation (Glozer et al., 2019). In a similar vein to Luyckx and Janssens (2016, p.1612) I posit that the different discursive means of legitimation (i.e., authorization, moral evaluation, rationalization, and narrativization) despite having “[…] different foci, can serve the same aim […]”, i.e., representing the company as a good corporate citizen through (1) discursive antagonism to purify the corporate’s image, (2) discursive co-operation to construct agreement with the corporate’s stakeholders (Luyckx and Janssens, 2016) and (3) discursive validation to justify the corporate tax behaviour (Glozer et al., 2019).

5.1.2 Contribution

My study aims to contribute to two streams of research in relation to corporate taxation namely, (1) corporate communication and (2) discursive legitimation. Firstly, I contribute to research on corporate communication, i.e., annual reports and CSR reports, by examining a new corporate communication medium, i.e., tax strategy reports. Following Ylönen and Laine (2015), I view corporate tax reporting as a key aspect in understanding how companies are using their tax narratives to construct the contested issue of compliance in the corporate taxation debate. Particularly, I focus on providing insights into the key themes disclosed by companies in their tax strategy narrative to represent compliance with HMRC tax strategy regulation and to set “frameworks of knowledge” (Christensen, 2002, p.166) on what compliance looks like, in the first years of the initiative. Further, by choosing to focus on analysing the corporate tax strategy publications which incorporate either a CFO or a Chairman statement, I contribute to a growing area of research on corporate communication (Tregidga et al., 2012) that examines CEO and/or

Chairman statements in annual reports and sustainability reports, given their importance in setting the tone for the whole report, i.e., 'tone at the top' (Amernic et al., 2010, p.V).

The second stream of research to which my study contributes, is the research on discursive legitimation. Adopting Van Leeuwen's (2007) four discursive legitimation strategies namely, (1) authorization, (2) moral evaluation, (3) rationalization, and (4) narrativization, I examine how companies use these discursive legitimation strategies to construct their corporate citizenship orientation. Drawing on Basu and Palazzo (2008) CSR sensemaking model, I posit that corporate citizenship orientation manifests itself along two dimensions, namely (1) corporate identity and relationship with stakeholders and the wider world, and (2) justification of corporate actions.

Accordingly, building on the work of Luyckx and Janssens (2016) and Glozer et al. (2019), I posit that companies will use a range of Van Leeuwen's (2007) discursive legitimation strategies to construct themselves as good corporate citizens via three broad forms of discursive legitimation namely, (1) discursive antagonism to purify their corporate image, (2) discursive co-operation to establish themselves as partners with their different stakeholder groups (Luyckx & Janssens, 2016), and (3) discursive validation to explain their tax behaviour from a "normative, moral and rational" lens (Glozer et al., 2019, p.639).

In this respect, I view companies from an extended lens to corporate citizenship (Matten and Crane, 2005) as political actors who play "a major role […] in the formation of policy and regulations affecting their industries" (Néron and Norman, 2008, p.18). By acknowledging the tax-related corporate political activity (Barrick and Brown, 2019) in my study, I mirror Oats and Morris' (2018) view on the importance of acknowledging the political power when examining how different parties are using their tax discourse(s) for different purposes. Thereby, following public controversies on the tax practices of leading multinationals, companies will mobilise their political role by using their tax strategy reports as a means to demonstrate legitimacy through portraying themselves as good corporate citizens who act in a morally responsible manner (Luyckx and Janssens, 2016).

5.1.3 Structure of the chapter

The remainder of this chapter is organized as follows. Section 5.2 explains HMRC tax strategy reporting regulation. Section 5.3 explains two key concepts, namely the indeterminacy of tax laws (Section 5.3.1) and tax transparency (Section 5.3.2). Section 5.4 lays out the theoretical foundation of the chapter by discussing corporate citizenship (Section 5.4.1) and legitimation (Section 5.4.2). This is followed by a discussion of the data; corporate tax strategy reports with CFO/Chairman letters, and method of analysis (critical discourse analysis) in Section 5.5. Section 5.6 outlines my findings by the key themes identified, and by the two dimensions of corporate citizenship, namely corporate identity and relationship with stakeholders and the wider world, and justification of corporate actions. Section 5.7 discusses the discursive legitimation strategies used by companies within their tax strategy narrative (authorization, moral evaluation, rationalization, and narrativization), and the aggregate discursive legitimation form (discursive antagonism, discursive co-optation, and discursive validation). Section 5.8 concludes the chapter. Table 5.1 lays out the structure of the chapter guided by the RQs.

Table 5.1: Structure of the chapter guided by the RQs		
RQs	**Section 5.1** Introduction ***RQ1:*** *How are UK companies constructing compliance with tax strategy regulation via tax strategy reporting?*	**Section 5.1** Introduction ***RQ2:*** *How are UK companies constructing corporate citizenship via tax strategy reporting?*
Regulatory framework	**Section 5.2** HMRC tax strategy regulatory framework	
Conceptual/ Theoretical framework	**Section 5.3** Indeterminacy of tax laws and tax transparency	**Section 5.4.1** Corporate Citizenship **Section 5.4.2.1** Discursive legitimation strategies **Section 5.4.2.2** Discursive legitimation during public controversies
Data	**Section 5.5.1** Sample selection	
Methodology	**Section 5.5.2** Methodology: Critical Discourse Analysis (CDA)	
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5.2 HMRC tax strategy regulatory framework

Within the Finance Act of 2016, the UK passed a new regulatory measure requiring large businesses to publish their tax strategies online in relation to their UK taxation, for financial years starting 15 September 2016 onwards (Finance Act, 2016; HMRC, 2016a). The new measure applies to UK companies, partnerships and groups with a turnover of more than £200 million and/or a balance sheet over £2 billion (HMRC, 2016a). Also, it applies to the UK operations of MNEs which meet the OECD 'Country-by-Country Reporting' framework threshold under section 122 of Finance Act 2015 (i.e., has a global turnover that exceed €750 million) (Finance Act, 2016; Forstater, 2016, p.10; HMRC, 2016a). In my study, I examine the constituents of the FTSE 100 index in December 2019. Accordingly, the FTSE 100 constituents in my sample are qualifying UK groups with a duty to publish their business tax strategy according to Paragraph 16(2)[77] of Schedule 19 of Finance Act 2016 (Finance Act, 2016). Particularly, I focus on those companies that have been on the index from September 2016 till December 2019 and have incorporated a CFO and/or a Chairman statement within their tax strategy publication. I explain the rationale behind my sample selection in detail in Section 5.5.1.

On the 24th of June 2016, HMRC (2016a) published a guidance for qualifying companies entitled *"Publish your large business tax strategy"* to specify the publication format of the tax strategy and the information it should incorporate as defined under Paragraph 17 "*Content of group tax strategy"* of Schedule 19 of Finance Act 2016 (Finance Act, 2016). With respect to the report format, companies must publish their tax strategy online with access that is free of charge as either a separate document or as part of a larger document, i.e., part of CSR report, annual report, or another tax report. Also, the tax strategy should be easily accessible to the public via either browsing the business's website or searching for the group tax strategy online. Regarding the information to be incorporated within the corporate tax strategy, HMRC (2016a) notes that the strategy should; (a) be approved by the Board of Directors and be aligned with the overall business strategy and operations, (b) mention the paragraphs of the legislation it complies with (i.e., Paragraph 16 (2), Schedule 19, Finance Act 2016), (c) note the financial year it relates to, and (d)

[77] Paragraph 16 (2) The head of the group must ensure that a group tax strategy for the group, containing the information required by paragraph 17, is prepared and published on behalf of the group in accordance with this paragraph (Finance Act, 2016).

contain the following four aspects with respect to UK taxation namely, (1) approach to tax risks, (2) attitude to tax planning, (3) acceptable level of risk, and (4) approach towards dealing with HMRC.

The first key aspect that companies must include within their tax publication, is their approach to risk management and governance. In particularly they should outline; (1.1) the procedures adopted to identify and reduce the inherent tax risk with respect to the size, complexity and scope of the business, (1.2) the governance framework used to manage the tax risks, (1.3) the levels of oversight and involvement of the Board of Directors, and (1.4) the key roles, responsibilities, systems and controls employed to manage the tax risk (HMRC, 2016a).

Second, companies should report on their attitudes towards tax planning by outlining; (2.1) the code of conduct applied for tax planning, (2.2) the measures that influences on their businesses' tax planning and their subsequent effect on their tax strategy, (2.3) the approach used to structure the tax planning, and (2.4) the conditions under which the business seeks tax planning advice (HMRC, 2016a).

Third, companies must report on two aspects relative to the level of their tax risk; (3.1) the acceptable level of tax risk and the internal governance process used to measure it, and (3.2) the involvement of the relevant stakeholders in the establishment of this level of risk (HMRC, 2016a). Finally, companies should explain how they manage their relationship with HMRC; (4.1) to meet the statutory and legislative tax requirements, and (4.2) to be transparent on current, future and past tax risks across all relevant taxes and duties (HMRC, 2016a).

HMRC (2016a) explicitly states that the information included within the corporate tax publication is not limited to the information prescribed in its guidance. Accordingly, companies have a degree of leeway over which information to publish and which information not to disclose. They can incorporate any other relevant information relating to taxation that they want to put out for the public (HMRC, 2016a). In a similar vein, they can choose not to disclose any information that might be commercially sensitive (HMRC, 2016a). Also, they are not obliged to report on the amounts of taxes and duties paid as part of their tax strategy (HMRC, 2016a). Table 5.2 summarizes HMRC's large business tax strategy publication guideline.

Table 5.2: HMRC's large business tax strategy guideline
The group tax strategy must:
A. Be approved by the Board of Directors, and aligned with the business strategy and operations
B. Mention the paragraph of the legislation it complies with (i.e., Paragraph 16 (2), Schedule 19, Finance Act 2016)
C. Specify the financial year it relates to
D. Include the four following key areas with respect to UK taxation:
1. Approach to risk management and governance
1.1. how the business identifies and reduces inherent tax risk
1.2. the governance framework used to manage the tax risk
1.3. the levels of oversight and involvement of the Board of Directors
1.4. the key roles, responsibilities, systems and controls adopted
2. Attitude to tax planning
2.1. code of conduct the business has for tax planning
2.2. the factors influencing tax planning and their subsequent effects on the tax strategy
2.3. the approach to structuring tax planning
2.4. the reasons for seeking external tax planning advice
3. Acceptable level of tax risk
3.1. the level of risk the business is prepared to accept, and the internal governance process for measuring it
3.2. the influence relevant stakeholders have over that level of risk
4. Approach to dealing with HMRC
4.1. to meet statutory and legislative tax requirements
4.2. to be transparent on current, future and past tax risks
E. Incorporate any other relevant tax information without the need for reporting on the amount of taxes paid or disclosing commercially sensitive information

Source: (HMRC, 2016a).

5.3 Indeterminacy of tax laws and tax transparency

The indeterminacy inherent in tax law allows companies some discretion on which information to disclose to the public. This enables companies to construct their own version of what tax transparency in relation to complying with HMRC tax strategy reporting regulation looks like.

5.3.1 Indeterminacy of tax laws

As posited by Picciotto (2015) there are three types of indeterminacy in relation to interpreting the tax laws: (1) linguistic indeterminacy, (2) legal indeterminacy, and (3) normative judgements. Firstly, the linguistic indeterminacy highlights that “meaning is constructed through social interaction”, which makes it “fluid and changeable” (Picciotto, 2015, p.169). Accordingly, within the context of HMRC tax strategy reporting regulation, how concepts, such as tax risks, tax planning, transparency with HMRC, etc. (HMRC, 2016a) are constructed within the companies’ tax strategy reports, provides a chance for companies “to contest either over the meaning of certain words or phrases or over how to express a particular concept” (Picciotto, 2015, p.169). Thereby, Forstater (2016) highlights that the Oxford University Centre for Business Taxation warned that “tax strategies can be drafted in vague language, which is so loosely worded that they do not effectively constrain tax planning behaviour” (Forstater, 2016, p.11).

Secondly, in relation to the legal indeterminacy “[i]n liberal politics, […] law mainly takes the form of general rules articulated in advance, leaving individuals free to make their own decisions within the guidance offered by the law” (Picciotto, 2015, p.169). Accordingly, “[i]n the context of laws relating to economic activity, such as tax law, differences between legal form and economic purpose exacerbate indeterminacy” (Oats and Tuck, 2019, p.566). For instance, taking the requirement for companies to disclose information on their attitude to tax planning (HMRC, 2016a); companies could use statements such as “we aim to pay taxes where value is created as due under the national law and international tax treaties” (Freedman and Vella, 2016, p.656). In this respect, such a statement sheds light on “[t]he problem of drawing a boundary between tax planning and tax avoidance, or what is sometimes termed ‘‘acceptable’’ and ‘‘unacceptable’’ (or ‘‘aggressive’’) taxpayer behaviour, [...] that besets all tax jurisdictions” (Freedman et al., 2009, p.75). Thus, “[these] broad general principles leave great scope for interpretation and so for uncertainty [which in return result in a] [w]ide room for disagreement between those responsible for enforcement (regulators) and those to whom the rules apply (regulatees) [companies] […]” (Picciotto, 2015, p.170).

Finally, the third aspect of indeterminacy pertains to the normative judgement inherent in interpreting the meaning of the tax law. Picciotto (2015, p.170) highlights that the “legal precepts

[…] are not merely positivist statements of a general character but [involve] norms […]. Thus, deciding whether a particular instance fits within a general principle is not just a factual inquiry but entails a value judgement since laws are normative". Accordingly, Oats and Tuck (2019, p.566) note that "[t]his [third level of] indeterminacy gives rise to differences of opinion as to the effect of laws". For instance, in the context of HMRC's (2016a) tax strategy reporting regulation, how do we judge/devise the levels of risk that the business is prepared to accept or the influence of the relevant stakeholders on these levels of risk. "Differing views about those values [i.e., levels of risks] will result in different interpretations of the meaning of the norm, which may be equally potentially acceptable" (Picciotto, 2015, p.171). Resulting in "[…] different views about the purpose of the rule in question [i.e., reporting on the level of risk which the business is prepared to accept] or the values it aims to promote [i.e., tax transparency, tax compliance, ethical tax planning, etc.]" (Picciotto, 2015, p.171).

In sum, the three types of indeterminacy discussed in relation to interpreting the tax laws; (1) linguistic indeterminacy, (2) legal indeterminacy, and (3) normative judgements (Picciotto, 2015), provide in the context of HMRC's tax strategy reporting measure, room for companies to decide on which information to disclose for the public and which information to omit. As Gribnau (2015, p.239) notes "[…] once the legislature has created [a] legal obligation and translated [it] in legal written rules, the rules will inevitably appear to be imperfect, ambiguous, […]. [Nevertheless,] perfect legislation is not possible". Accordingly, for companies to construct themselves as good corporate citizens along with promoting their tax transparency and their reputation, "[…] is a difficult area […] because the press and lobby groups are generally looking for soundbites, and whatever […] [they] do disclose can be misinterpreted" (Gilleard, 2012, p.37).

5.3.2 Tax transparency

The concept of transparency has been examined in a range of social science disciplines, including law (Fenster, 2006), political science (Meijer, 2013), cultural studies (Birchall, 2011), etc. (Albu and Flyverbom, 2019, p.269). "[I]nterest in [organizational] transparency has taken shape across domains of organizational research following a deluge of prominent corporate scandals (e.g., Enron in 2001, […], Lehman Brothers in 2008, […])" (Schnackenberg and Tomlinson,2016, p.1786) and "Volkswagen's manipulation of emissions tests [in 2015]" (Albu and Flyverbom, 2019, p.269). In a similar vein, interest in "[corporate] tax transparency has gained [extensive] momentum" (Middleton and Muttonen, 2020a, p.32) following media exposure of corporate tax scandals such as "sweetheart" tax deals between multinational companies (i.e., Vodafone) and HMRC (Syal and Mulholland, 2011) and tax avoidance practices of leading multinationals (i.e., Google, Amazon, Starbucks) (Barford and Holt, 2013).

Transparency in this respect is manifested in companies "[…] providing sufficient information for society to be able to evaluate the[ir] activities […]" (Nielsen and Madsen, 2009, p.847). Accordingly, transparency is deemed a stepping stone towards enforcing corrective action in response to corporate scandals via monitoring and evaluating corporate behaviour and actions. As put by Nielsen and Madsen (2009, p.847) "[…] transparency is mobilized as a means and not a goal in itself". Thereby, in light of heightened public scrutiny surrounding corporate tax avoidance behaviour (Mulligan and Oats, 2016), pressures from NGOs and tax activists for increased corporate tax disclosures and regulatory measures from the OECD (i.e., CbCR) and HMRC (i.e., UK requirement for publication of tax strategies) to tackle corporate tax avoidance, calls for "tax transparency has gained momentum" (Middleton and Muttonen, 2020a, p.32).

Accordingly, in response to the evolving debate on tax transparency, HMRC implemented large business tax strategy publication measure, which requires qualifying large companies to publish an annual tax strategy document online for financial years starting 15 September 2016 onwards (HMRC, 2016a). The regulation requires companies to report on four key aspects in relation to their UK taxation, namely (1) their approach towards managing their tax risks; (2) their attitude to tax planning; (3) the level of risk they are prepared to accept; and (4) their approach towards dealing with HMRC (HMRC, 2016a).

Some of these four requirements might mean different things to different people. As highlighted earlier, the indeterminacy embedded in the tax laws; (1) linguistic indeterminacy, (2) legal indeterminacy, and (3) normative judgement (Picciotto, 2015), provide considerable room for the various corporate stakeholders and society at large to legitimately have a different view of what constitutes for instance "tax risk" and "tax planning". And thus, a different view on tax transparency. Accordingly, I view transparency through the lens of performativity (Albu and

Flyverbom, 2019) "as a more complex social process, shot through with conflict, tension and power, that is capable of producing socio-material effects" (Oats and Tuck, 2019, p.572). As noted in my discussion earlier, the power of corporations in setting the rules by promoting themselves as good corporate citizens, is a key dimension in this tax transparency debate. Thus, Forstater (2016, p.12) suggests that the tax strategy reporting regulatory measure will result in "a dynamic of feedback and iteration" through providing the different corporate social actors in the corporate tax field with information "to test and refine a clearer common understanding of responsible tax practice in an atmosphere of more light and less heat". Thereby, corporate tax strategy reporting could be viewed as a first step towards enhancing corporate tax transparency.

Following this line of reasoning, the companies which will use the narrative in their tax strategy reports to instil the first steps in this tax transparency debate will provide a benchmark for other companies to follow. Forstater (2018) suggests that most companies are likely to consider the publication of their tax strategy report as a box-ticking exercise, except for those who recognize the need to protect their tax reputation, to engage with the different corporate social actors and thus to portray themselves as good corporate citizens. Nevertheless, from a corporate perspective; as highlighted by Gillerad (2012, p.37), "[achieving] meaningful tax transparency […] is a difficult area for corporates [because] [i]f [they] really want to be tax transparent, [they] have to explain what [they] do and why [they] do it".

Accordingly, for companies "writ[ing] meaningful strategies which the public will be able to successfully decode" (Freedman and Vella 2016, p.657), in order to "[achieve] [t]he balance between assuming the public is inadequately prepared to understand tax disclosures, and not wanting to be seen as hiding information, is a tricky dilemma […] to navigate" (Gilleard, 2012, p.37). On the one hand, "[a]biding by the social contract [and being good corporate citizens] can be seen as demanding more from companies in addition to fulfilling legal requirements [i.e., meeting with HMRC tax strategy reporting measures]" (Middleton and Muttonen, 2020b, p.48). On the other hand, "[as] [corporate] [r]eporting and communication is rightly at the heart of the [tax transparency] debate" (Gilleard, 2012, p.37), perceiving increased corporate tax disclosures as an equivalent to meaningful tax transparency and as a good example of corporate citizenship is problematic.

Albu and Flyverbom (2019) differentiate between two approaches to viewing organizational transparency, namely (1) verifiability (Section 5.3.2.1), and (2) performativity (Section 5.3.2.2). In this Chapter, I acknowledge the performative lens to tax transparency. Meanwhile, in Chapter 4 I adopted a verifiability lens to tax transparency to reflect the consensus of different social actors on the need for detailed corporate tax disclosures to prompt tax transparency (discussed in Section 4.3.1.3 and Section 4.3.1.4).

5.3.2.1 Verifiability lens to tax transparency

Transparency from a verifiability perspective is foregrounded on "information sharing and solely dependent on increased disclosure of information" (Bushman et al., 2004; Eijffinger and Geraats, 2006; Albu and Flyverbom, 2019, p.272). In that sense, organizational transparency "involves providing [corporate disclosures] that allows society to evaluate [corporate] activities, […]" (Nielson and Madsen, 2009; Oats and Tuck, 2019, p.566). Accordingly, "full disclosure of all relevant information in a timely manner" (Berglund, 2014, p. 362; Albu and Flyverbom, 2019, p.272) is deemed "to enable observability, certainty, better conduct, and accountability" (Albu and Flyverbom, 2019, p.274). In other words, when organizations deliver "clarity" and "insight"; through increasing their corporate disclosures (i.e., becoming transparent), stakeholders can "see through" the organizations (Henriques, 2007, p. 54; Coombs and Holladay, 2013; Albu and Flyverbom, 2019, p.274).

According to Oats and Tuck (2019, p.572) "[t]ransparency here is viewed as shining light on organisational realities. It is seen as a mechanism for the provider of information [i.e., companies] to demonstrate trustworthiness and the recipient [i.e., corporate social actors/ stakeholders] to evaluate [organizational] legitimacy, it assumes that recipients of information are willing and able to interpret it, and is most commonly assumed to have positive consequences" (Albu and Flyverbom, 2019) such as "creating, maintaining, or repairing trust" (Schnackenberg and Tomlinson, 2016, p.1784). Using metaphors such as "shining light on organisational realities" (Oats and Tuck, 2019, p.572), "casting light onto what would otherwise be invisible" (Roberts, 2018, p.54) and "seeing is knowing" (Christensen and Cornelissen, 2015, p.133), are at the heart of this transparency debate.

Christensen and Cornelissen (2015, p.133) refers to these metaphors as "the transparency myth" through highlighting that "the expression 'seeing is knowing', for example, is one foundational metaphor at the heart of the transparency myth – a metaphor suggesting that having all there is *in view* directly and transparently fuels our knowledge and understanding of something (as if visual perception equates to tried and tested forms of knowledge)". Similarly, Christensen and Cheney (2015, p.76-77) posits that transparency is "a double-sided concept" which refers to both "*seeing into* (e.g., a clear piece of glass) and *seeing through* (in the sense of ignoring, for instance, when we do not notice the presence of the glass at all)". Hence, "[t]his double-sided nature of transparency reminds us that often we *do not realize* what we are missing" (Christensen and Cheney, 2015, p.77).

Consequently, as highlighted by Roberts (2009, p.958) "the ideal of a complete [organizational] transparency is an impossible fantasy, […]". Thus, "act[ing] as if we believe in the adequacy and completeness of what is disclosed through transparency [i.e., increased corporate tax disclosures] whilst knowing that is not" is problematic (Roberts, 2018, p.54). As put by Christensen (2002, p.164) "[w]ith the increase in information about possible forms of reality, the notion of one single perspective or reality becomes impossible to sustain". On the one hand, "[the full disclosure of relevant information [i.e., ideal of a complete organizational transparency] may be difficult when various interest groups [i.e., corporate social actors] hold different positions [i.e., possible forms of reality] concerning what information is relevant and for whom" (Fung et al, 2007; Albu and Flyverbom, 2019, p.286). Also, the volume of information could obfuscate. Accordingly, Berg and Davidson[78] (2017) note that it is not clear whether disclosing corporate tax information to a less well-informed audience (i.e., general public) than tax authorities could reduce information asymmetry and prompt greater tax compliance.

On the other hand, from an organization's perspective, companies have some control over which information to disclose and which information to conceal for legitimacy purposes. As put by Zyglidopoulos and Fleming (2011, p.693) "[…] 'politics of visibility' […] determines what is made transparent and what is not, […]". Hence, I need to acknowledge transparency as "an alluring but deceptive ideal" (Roberts, 2018, p.54), "[…] suggesting at once insight and blindness"

[78] Berg and Davidson (2017) focus on corporate taxation in Australia.

(Christensen and Cheney, 2015, p.76). In other words, I need to shed light on the performativity approach to organizational transparency.

5.3.2.2 Performativity lens to tax transparency

The performative approach to organizational transparency "[…] challenges the simple equation between information and transparency by pointing to the management of visibilities at work in transparency practices" (Brighenti, 2010; Flyverbom et al., 2016; Albu and Flyverbom, 2019, p.280); i.e., 'politics of visibility' (Zyglidopoulos and Fleming, 2011, p.693). Transparency here is conceptualised "as a more complex social process, shot through with conflict, tension and power, that is capable of producing socio-material effects" (Oats and Tuck, 2019, p.572). In this respect, Christensen (2002, p.166) notes "transparency as a social phenomenon shaped by expectations and strategies among central corporate actors". Similarly, Roberts (2009) refers to this approach to transparency as intelligent accountability and contrasts it with the ideal of transparency approach which views transparency as a form of accountability.

In this sense, Roberts (2009, p.959) defines accountability as "the condition of becoming a subject who might be able to give an account", "[where] the preparation and publication of Accounts [i.e., corporate tax strategy reports] can been seen as accountability for, as transparency, all that accountability requires is this laying bare or making visible of 'what is'" (Roberts, 2009, p.962). Nevertheless, as noted earlier the indeterminacy inherent in the tax laws (Picciotto, 2015), fosters different views among the different corporate stakeholders on "what is" to be made visible. Also, Roberts (2018, p.54) highlights that "[t]he core critique of transparency [from this accountability respect] is that its promise of laying bare or making visible is (self) deceptive; that its simplistic abstractions from context always imply an ignorance of invisible operational complexities and interdependencies" (Roberts, 2018, p.54). Accordingly, Roberts (2018, p.54) suggests "a more 'intelligent' practice of accountability through which we might better manage the inter-dependencies of work relations".

Intelligent accountability is "grounded in the conscious acknowledgement of the impossibility of this ideal of a self that is fully transparent to itself and others" (Roberts, 2009, p.959). As put by Christensen and Cheney (2015, p.85-86) "[…] the quest for perfect representations is flawed […]".

In line with Christensen (2002, p.164), I acknowledge that “[w]ith the increase in information about possible forms of reality, the notion of one single perspective or reality becomes impossible to sustain”. Hence, in their view, Christensen and Cheney (2015, p.77) note that “[r]eflecting a widespread distrust in available information, the call for transparency is essentially *a rejection of established representations.* And while the call implies a desire for new and better information, the demand for accuracy often appears as a rejection of representation as such or at least as a dream of moving outside representation understood as bias and distortion (e.g., Schnackenberg and Tomlinson, 2014)”. Thereby, “[t]he inescapability of re-presentation and the limited light that representations provide reminds us that we only have partial access to organizations and only through select signifiers [i.e., disclosed/published corporate information]” (Christensen and Askegaard, 2001; Christensen and Cheney, 2015, p.78).

Accordingly, the performativity approach to organizational transparency views corporate communications as “part of a larger and more complex whole […]” (Christensen, 2002, p.165). As such, transparency here is “far more than a matter of information transmission” (Albu and Flyverbom, 2019, p.284) because it entails “shap[ing] and modify[ing] the organizations [it] seek[s] to render visible” (Albu, 2014; Flyverbom, 2016; Albu and Flyverbom, 2019, p.284). That is to say, “transparency projects [through the lens of performativity] do not simply reveal and illuminate (verify) through information; they also involve complex communication processes that produce new organizational realities; that is, they are performative” (Albu and Flyverbom, 2019, p.284). Nevertheless, as highlighted by Christensen (2002, p.166) “[…], we need frameworks of knowledge within which to “plug” or test new bits of information [generated through these communicative processes (i.e., generated through performative transparency)]”. In line with adopting an “extended” lens to corporate citizenship (discussed in Section 5.4.1) (Matten and Crane, 2005), I view companies as key actors in constructing these frameworks of knowledge through utilizing their tax strategy reporting narrative as a means of defining and communicating what it means to comply with HMRC tax strategy reporting regulation and to be a good corporate citizen.

In sum, in line with Oats and Tuck (2019, p. 567) I posit that “[t]ax transparency is a fast-moving field with numerous players seeking to assert dominance in the debate” (Oats and Tuck, 2019, p.

567), including (1) media, (2) NGOs (i.e., ActionAid, Christian Aid and Oxfam), (3) tax activists (i.e., Tax Justice Network and UK Uncut), (4) international bodies (i.e., OECD), (5) national governments (i.e., HMRC), (6) corporate taxpayers (i.e., multinational companies) and (7) 'Big 4' accountancy firms. With respect to tax strategy reporting, corporate communication is at the heart of this tax transparency debate. Accordingly, in line with Christensen and Cheney (2015, p.72), "[I] foreground the organization [i.e., multinational companies] as the key social actors with respect to transparency efforts […]". Thus, adopting a symbolic-interpretive narrative lens to corporate communication (Merkl-Davies and Brennan, 2017), firstly, I examine how companies portray compliance with HMRC tax strategy regulation being "a new domain of [corporate reporting] activity" (Ashforth and Gibbs, 1990, p.182) by analysing the key themes in their tax strategy narratives. Secondly, I examine how companies employ different discursive legitimation strategies to construct themselves as good corporate citizens, following the media shaming of leading multinationals' tax practices.

5.4 Theoretical framework

5.4.1 Corporate Citizenship

"Corporate citizenship (CC) has emerged as a prominent term in the management literature […]" (Matten and Crane, 2005, p.166), "[to] conceptualis[e] business and society relations" (Matten et al., 2003, p.109). Accordingly, the concept of corporate citizenship has been most notably linked to the notion of corporate social responsibility (CSR) (Matten and Crane, 2005, p.167). Carroll's (1978) notable definition of CSR reflects "a four-part conception of CSR" manifested in "the idea that the corporation has not only [1] economic and [2] legal obligations, but [3] ethical and [4] discretionary (philanthropic) responsibilities as well" (Carroll, 1991, p.40). In this respect, Matten et al. (2003, p.112) and Matten and Crane (2005, p.168) note that the association between corporate citizenship and corporate social responsibility pertains to the "conventional" view of corporate citizenship. Within this conventional view, they distinguish between the "limited" view to examining corporate citizenship, which Néron and Norman (2008, p.3) refer to as the "minimalist" conception of corporate citizenship, and the "equivalent" view to studying corporate citizenship, which Néron and Norman (2008, p.3) describe as the "expansionist" conception of corporate citizenship.

Through the lens of CSR, the "limited" (Matten et al., 2003, p.112; Matten and Crane, 2005, p.168) or "minimalist" (Néron and Norman, 2008, p.3) view on corporate citizenship is interlinked with the philanthropic aspect of CSR (Matten et al., 2003; Matten and Crane 2005; Néron and Norman, 2008). In this respect, companies are viewed as good corporate citizens when they "give back" to the societies in which they operate (Carroll, 1998, p.2); through for example charitable donations[79] (Matten and Crane, 2005, p.168).

In contrast to the "limited" or "minimalist" view which only relates corporate citizenship to the philanthropical dimension of CSR (Matten et al., 2003; Matten and Crane 2005; Néron and Norman, 2008), the "equivalent" (Matten et al., 2003, p.112; Matten and Crane, 2005, p.168) or "expansionist" (Néron and Norman, 2008) view of corporate citizenship acknowledges all four aspects of CSR, namely (1) economic, (2) legal, (3) ethical, and (4) philanthropic. Carroll (1991) in his notable writing on CSR titled *"The pyramid of Corporate Social Responsibility: […]"*, explains each of the four dimensions of CSR as follows; (1) the economic aspect pertains to the "profit motive" of the corporations, (2) the legal aspect relates to the company's compliance with the laws and regulations, (3) the ethical aspect addresses the alignment of the corporate's behaviour with the values, norms and expectations of its respective society. Finally, (4) the philanthropic aspect describes the corporate actions that are in response to society's expectation that businesses should be good corporate citizens (i.e., limited/minimalist view of corporate citizenship). Accordingly, in Carroll's (1991, p.43) view "[…], the CSR firm should strive to make profit, obey the law, be ethical and be a good corporate citizen".

Following the same line of reasoning, Carroll (1998, p.1) posits in his paper *"The Four Faces of Corporate Citizenship"* that corporate citizenship incorporates the same aspects of CSR: (1) the economic, (2) the legal, (3) the ethical, and (4) the philanthropic. Accordingly, through the "equivalent" (Matten et al., 2003, p.112; Matten and Crane, 2005, p.168) or "expansionist" (Néron and Norman, 2008) lens of corporate citizenship, Carroll (1998, p.1-2) argues that good corporate citizens are expected to: (1) be profitable, (2) abide by the law, (3) espouse ethical behaviour, and

[79] For example, on the 6th of December 2012 *The Guardian* reported that Starbucks is volunteering to pay a total of £20 million in taxes over the next two years (e.g., treating its corporate tax payment as a voluntary donation) following public outrage on its failure to pay UK corporation tax over the past three years (Neville and Treanor, 2012).

(4) give back to society through philanthropy. As put by Sethi (2008, p.75), corporate citizenship in this respect "convey[s] the totality of corporate actions, both in the sense of meeting legal and regulatory mandates, but also satisfying the expectations of a company's significant stakeholders and community's needs". Thereby, companies opting to be viewed "as exemplary corporate citizens not only carry their own weight by being economically successful and function in compliance with law, but they also strive to operate in an ethical [and philanthropical] fashion" (Carroll, 1998, p.4).

In my study I adopt the "extended" view of corporate citizenship (Matten and Crane, 2005) that goes beyond the two conventional views discussed earlier; (1) limited/minimalist view, and (2) equivalent/expansionist view, which are "rooted in CSR" (Matten et al., 2003, p.113), to acknowledging the notion of "citizenship" embedded within the discourse of corporate citizenship. In this respect, corporations are viewed as "legal entities with rights and duties, in effect, 'citizens' of states within [which] they operate" (Marsden, 2000, p. 11; Matten et al., 2003, p.114). Accordingly, by emphasising the notion of citizenship, in line with Matten and Crane (2005, p.170-171), I posit that "[corporate citizenship] CC is not simply about corporate social policies and programs that might (or might not) be adopted in the same vein as CSR". Rather, it pertains to "the corporate[s] uptake of government functions" (Matten and Crane, 2005, p.171) through their "major role […] in the formation of policy and regulations affecting their industries" (Néron and Norman, 2008, p.18). Hence, the corporations' involvement in the construction of their citizenship, explains the shift towards adopting the terminology of corporate citizenship (Matten and Crane, 2005, p.171) in my study.

As put by Néron and Norman (2008, p.18) "[i]t would be ludicrous for governments to try to develop […] regulations without extensive input from the organizations having to comply". Accordingly, in contrast to the conventional views to corporate citizenship; (1) limited/minimalist view, and (2) equivalent/expansionist view, Matten and Crane's (2005) "extended" view to the notion of corporate citizenship, suggests that the political role of companies in the construction of their corporate citizenship should be taken into account "[…] in conceptualising the business and society relations" (Matten et al., 2003, p.109). Accordingly, by extending the notion of citizenship to corporations, accessing corporate behaviour involves examining the political involvement of companies in the construction of the laws and regulations along with examining their commitment to Carroll's (1998) four faces of corporate citizenship (i.e., "equivalent"/ "expansionist" view to corporate citizenship); (1) the economic, (2) the legal, (3) the ethical, and (4) the philanthropic. Accordingly, in line with Néron and Norman (2008, p.12-13), I view that "[the] five obvious candidates for the types of corporate behaviour relevant to assessments of the extent to which a firm is a good corporate citizen"; include (1) abiding by the laws and regulations (legal aspect), (2) contributing to the betterment of the society (philanthropic aspect), (3) improving (or not detracting from) the life of the local communities (ethical aspect), (4) operating efficiently (economic aspect), and (5) participating in the political process (political aspect).

Further, Néron and Norman (2008, p.15) emphasis that "how [a corporation] participates in the process of developing government regulations or self-regulation regimes within industry-wide associations" constitute "[p]erhaps [the] most important […]" aspect of its corporate citizenship. Following this line of reasoning, through the "extended" lens of corporate citizenship, my study examines how companies are constructing themselves as good corporate citizens through their tax strategy reporting as "a new domain of [corporate reporting] activity" (Ashforth and Gibbs, 1990, p.182); not only to meet with HMRC tax strategy reporting measure and to disclose their tax strategy to their various stakeholders and the public, but also to legitimately construct the tax strategy reporting rules and accepted compliance approach for other companies to follow by setting precedents.

This suggests that companies as political actors (Matten and Crane, 2005) use their tax strategy reporting to strategically portray themselves as good corporate citizens as a way of demonstrating legitimacy (Luyckx and Janssens, 2016), and setting precedents for other companies. On the one hand, the indeterminacy inherent in the law (Picciotto, 2015), results in ambiguity which allows companies to set their boundaries on what to put out for the public and what to hide. On the other hand, "writ[ing] meaningful [tax] strategies which the public will be able to successfully decode" (Freedman and Vella 2016, p.657), in order for the companies to construct themselves as good corporate citizens and promote their tax transparency via "[achieving] [t]he balance between assuming the public is inadequately prepared to understand tax disclosures, and not wanting to be seen as hiding information, is a tricky dilemma […] to navigate" (Gilleard, 2012, p.37).

In sum, aligned with my "extended" view on corporate citizenship (Matten and Crane, 2005), which emphasises the political role companies play with respect to their input into government regulations, I examine how companies as political actors demonstrate compliance with HMRC's tax strategy regulation and discursively construct good corporate citizenship. Basu and Palazzo (2008) suggest that an organization's CSR character manifests itself in three dimensions, namely (1) cognitive, (2) linguistic or explanatory, and (3) conative, with each dimension consisting of various sub-dimensions. Following Richter et al. (2021, p.280), I posit that incorporating "several [dimensions and] sub-dimensions […] would lead to an exhaustive analysis undermining the quality of my interpretive analysis". Accordingly, following the prior literature, I only account for those sub-dimensions which are "most relevant to the context of [my] study" (Richter et al., 2021, p.280). I thus adapt Basu and Palazzo's (2008) framework to analyse corporate citizenship in corporate tax strategy reports by focusing on relevant sub-dimensions, specifically (1) the corporate identity orientation (sub-dimension of the cognitive aspect), and (2) justification of corporate actions (sub-dimension of the linguistic aspect).

With respect to the corporate identity orientation, it "inform[s] how businesses relate to stakeholders and why they relate to them as they do" (Brickson, 2007, p.13; Basu and Palazzo, 2008, p.125). Basu and Palazzo (2008) differentiates between three types of identity orientation, namely (1) individualistic, (2) relational, and (3) collectivist. Firstly, the individualistic orientation "is said to emphasize individual liberty and self-interest, building on an "atomized" entity that is distinct and separate from others" (Basu and Palazzo, 2008, p.125). Accordingly, a company with an individualistic identity orientation acknowledges itself as "best in the business" or "leaps ahead of the competition" (Basu and Palazzo, 2008, p.125). Within the context of tax strategy reporting, companies portraying themselves as leading examples via noting that they are amongst the highest tax contributors in the UK or by publishing an extract from the CbCR which they confidentially submitted to HMRC, adopt an individualistic identity orientation.

In contrast to an individualistic identity orientation which focuses on the company's superiority to others, the relational identity orientation emphasises on the company's commitment towards its various stakeholders and its desire to build different partnerships with them (Basu and Palazzo, 2008). For example, companies noting within their tax strategy narrative that they actively work with tax authorities, NGOs, and other stakeholder groups, to understand their different perspectives on tax, exhibit a relational identity orientation.

As for the collectivist identity orientation, it reflects the companies' view of "themselves as members of larger groups that go beyond simply the stakeholders most relevant to their immediate businesses, possessing generalized ties to one another" (Basu and Palazzo, 2008, p.126). That is to say, in line with a collectivist identity orientation, companies would define themselves in absolute/ universal terms such as "we believe in eliminating poverty" or "we strive for a sustainable earth" (Basu and Palazzo, 2008, p.126). Examples of a collectivist identity orientation in the tax strategy reporting setting include narratives on aspiring for a world where people are living healthier lives and having financial freedom.

Basu and Palazzo (2008, p.127) posit that justification "provide[s] insights into why organizations act the way they do" in light of "how they interpret their relationships with stakeholders and view their broader responsibilities to society", i.e., with reference to specific norms/ value systems. Accordingly, they differentiate between four types of justifications, namely (1) legal, (2) scientific, (3) economic and (4) ethical (Basu and Palazzo, 2008).

Legal justification is manifested in the company's use of legal arguments, such as "obligations, rights, compliance, sanction, penalty, code of conduct, confidentiality, settlement, and so forth" (Ward, 2005; Basu and Palazzo, 2008, p.127), to support or defend its corporate practices following allegations by its critics (Spar and La Mure, 2003; Basu and Palazzo, 2008, p.127). Within my study, legal justification is reflected in the company's recognition for the importance of abiding by the tax laws. For instance, by refraining from engaging in artificial transactions or by discussing complex tax matters with tax authorities upfront. With respect to scientific justification, it unfolds in the company's reliance on "neutral experts" or external advisor to justify/ defend its behaviour (Basu and Palazzo, 2008, p.127). In the context of tax strategy reporting, relying on external tax advisors to ensure appropriate tax behaviour, is an example of scientific justification.

Another means to explaining corporate behaviour, is economic justification. In this respect, companies acknowledge their tangible contributions to stakeholders and wider society to defend their corporate behaviour (Basu and Palazzo, 2008, p.127). Examples of economic justification include referring to the enormous number of jobs created by the company and the support provided to charities (Basu and Palazzo, 2008, p.127). In the tax strategy reporting setting, companies justify their tax behaviour economically by noting the amounts and types of taxes paid and collected without acknowledging the legal indeterminacy, e.g., using phrases like "we have paid all the tax due".

Finally, ethical justification pertains to justifying corporate behaviour by referring to the company's moral responsibility "toward achieving universal goals of human welfare, such as safe-guarding human rights […]" (Basu and Palazzo, 2008, p.127). In this respect, in the context of my study, an example of ethical justification is manifested in the corporate's "[…] willingness to collaborate with a variety of actors to achieve a broad range of societal goals" (Richter et al., 2021, p.281-282). For example, by investing in developing countries, following the extensive calls from tax activists on the importance of recognizing the hurdles faced by developing countries from multinationals tax avoidance practices. I also posit that ethical justification can be achieved via conducting the corporate tax behaviour in a responsible, ethical, transparent, and professional manner. Table 5.3 summarizes the dimensions of corporate citizenship adopted in my study and their application to tax strategy reporting.

Table 5.3: The dimensions of corporate citizenship and their application to tax strategy reporting		
Dimension	**Explanation**	**Example**
1. Corporate identity & relationship with stakeholders and the wider world: Portraying 'who we are' and 'how we relate to others'	**1.1 Individualist:** 'I' ('best', 'competition', 'leader')	Amongst the highest tax contributors in the UK Publishing an extract of the CbCR submitted to HMRC
	1.2 Relational: 'We' ('partner', 'commitment', 'trust')	Actively working with HMRC, NGOs, and other stakeholder groups
	1.3 Collectivist: Absolute / universal statements, e.g., eliminating poverty	Aspiring to make people live healthier and enjoy financial freedom
2. Justifications of corporate actions: Explaining 'why we have acted this way' with reference to specific norms or value systems	**2.1 Legal:** 'rights', 'obligations', 'compliance', 'sanction', 'code of conduct', 'confidentiality', 'settlement'	Abiding by the tax laws Refraining from engaging in artificial transactions Discussing complex tax matters with tax authorities upfront
	2.2 Scientific: referring to the expertise of neutral experts or advisors	Seeking external tax advice
	2.3 Economic: jobs created, taxes paid, or charities supported	Reporting on amounts and types of taxes paid and collected
	2.4 Ethical: human rights, moral responsibility	Making social investments in developing countries Acting in a transparent, and professional manner

Source: Based on Basu and Palazzo (2008)

I analyse corporate tax strategy narratives to understand how companies are constructing compliance with HMRC tax strategy regulation and to interpret how companies as political actors (Matten and Crane, 2005) are proactively constructing themselves as good corporate citizens, thus, shaping the rules for other companies to follow. In this respect, I focus on how corporate tax strategy narratives "[are] used to create and communicate meaning […]" (Merkl-Davies and Brennan, 2017, p.441) as a means to construct good corporate citizenship and promote corporate tax transparency, and to extend corporate legitimacy to this "new domain" of corporate communication practices (Ashforth and Gibbs, 1990, p.182).

For this purpose I adopt the "extended" lens of corporate citizenship (Matten and Crane, 2005) which sheds light on how companies as "citizens" play a role in constructing government regulations (Néron and Norman, 2008), i.e., HMRC tax strategy reporting measure. I view companies as political actors who will proactively construct themselves as good corporate citizens and shape the rules for other companies to follow. Thereby, in line with the performative view to transparency as "[…] complex communication processes that produce new organizational realities; […]" (Albu and Flyverbom, 2019, p.284), I perceive corporate tax communication as "[…] a symbolic process whereby reality is produced, maintained, repaired, and transformed" (Carey, 2008, p. 19).

5.4.2 Legitimation

Suchman (1995, p.574) defines legitimacy as "[…] a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed systems of norms, values, beliefs, and definitions". In this respect, Deephouse and Suchman (2008) note that organizational legitimacy is a function of two perspectives, namely (1) the institutional perspective, and (2) the strategic perspective. The institutional perspective focuses on "[…] how constitutive societal beliefs become embedded in organizations […]". Meanwhile, the strategic perspective addresses "[…] how legitimacy can be managed to help achieve organizational goals" (Deephouse and Suchman, 2008, p.52). In my study, I adopt the strategic lens to organizational legitimacy. Aligned with my research aim to examine how companies utilize their corporate communication as a strategic means to construct themselves as good corporate citizens and thus, promote their tax transparency; which in return construct "societal beliefs" on what a good corporate citizen is; in relation to tax strategy reporting. Such a strategic process adopted by companies to manage and ensure their legitimacy is called "legitimation".

As Dowling and Pfeffer (1957, p.123) posit "[l]egitimation is the process whereby an organization justifies to a peer or superordinate system its right to exist, […]" (Maurer, 1971, p.361). Accordingly, organizational legitimacy from a strategic perspective is a "socially constructed" and symbolic resource that companies manage by utilising legitimation strategies in their corporate communication (Deephouse and Suchman, 2008). Further, Ashforth and Gibbs (1990, p.182) note that the type of legitimation strategies utilized by a company is "[…] a function of the purpose of [its] legitimation". Ashforth and Gibbs (1990, p.182) differentiate between establishing, maintaining and defending legitimacy.

I focus on defending organizational legitimacy which "occur[s] when the organization's extant legitimacy is threatened or challenged" (Ashforth and Gibbs, 1990, p.183). I examine how companies defend their legitimacy following a wave of public tax shaming by using a new domain of corporate reporting activity, i.e., corporate tax strategy reports. According to Ashforth and Gibbs (1990, p. 182) in this scenario legitimacy is perceived to be "problematic" and subject to "high constituent scrutiny". As discussed in Section 5.1, HMRC (2016a) large business tax strategy publication measure, came in response to the prominent calls for tax transparency triggered by the extensive media coverage of corporate tax avoidance practices. In light of the various corporate social actors' efforts, such as tax activists, governmental bodies, pressure groups, accounting firms, etc., "[…] to assert dominance in the [tax transparency] debate" (Oats and Tuck, 2019, p. 567), perceiving a single notion to tax transparency is impossible.

On the one hand, different social actors may hold different views on the requirements of HMRC (2016a) tax strategy regulation; for instance, what constitutes "tax risk" and "tax planning", resulting in a legitimately different view on tax transparency. On the other hand, the indeterminacy inherent in the tax laws, including linguistic indeterminacy, legal indeterminacy and normative judgement (Picciotto, 2015), provide some room for the various corporate stakeholders and society at large to debate the requirements of the tax strategy reporting regulation. Therefore, companies as political actors (Matten and Crane, 2005), utilize their tax strategy narrative to defend their legitimacy by portraying themselves as good corporate citizens, and setting exemplary for other companies.

In summary, my study adopts; (1) a performative lens to tax transparency (Albu and Flyverbom, 2019) which "[…] conceptualise transparency as a more complex social process, shot through with conflict, tension and power, […]" (Oats and Tuck, 2019, p.572), (2) an "extended" view on corporate citizenship (Matten and Crane, 2005) which emphasises the political role of companies (as citizens) in the construction of their corporate citizenship, and (3) a symbolic-interpretive narrative lens to corporate communication which perceives communication "[…] as a [t]wo-way dynamic [and] interactive" process (Merkl-Davies and Brennan, 2017, p.440), in which the company and its various social actors influence one another. In this respect, my study is aligned with Ashforth and Gibbs (1990, p.182) arguments in relation to defending organizational legitimacy; being problematic, involving extensive constituent scrutiny, and requiring intensive corporate communication strategies. Accordingly, in the following section, I discuss the discursive legitimation strategies identified in the prior literature used by companies to defend their legitimacy and espouse good corporate citizenship.

5.4.2.1 Discursive legitimation strategies

The indeterminacy of some of the requirements in HMRC's tax strategy reporting measure (HMRC, 2016a), provides a leeway for companies to exercise their discretion over which information to disclose within their tax strategy narrative and via which legitimation means. Accordingly, companies can decide on what information to disclose to the public and what information to conceal, i.e., to engage in the politics of visibility (Zyglidopoulos and Fleming, 2011, p.693) and on which discursive legitimation strategy to adopt. As Ashforth and Gibbs (1990, p.182) note, "[w]hatever the method of legitimation, the intent is the same: To foster the belief among constituents that the organization's activities and ends are congruent with the expectations, values, and norms of constituents". Further, Suchman (1995, p.586) posits that "[…] skilful legitimacy management requires a diverse arsenal of techniques and a discriminating awareness of which situations merit which responses".

In this respect, the legitimation strategies adopted by companies within their tax strategy narrative are discursive (Vaara et al., 2006). They are used by companies to defend their organisational legitimacy following allegations over MNCs' tax behaviour and to establish themselves as transparent and exemplary corporate citizens. According to Van Leeuwen (2007, p.92), the legitimation strategies are a function of four key discursive purposes/categories, namely (1) authorization, (2) moral evaluation, (3) rationalization, and (4) mythopoesis or narrativization (Vaara et al., 2006, p.794). Building on the work of Luyckx and Janssens (2016) and Glozer et al. (2019), I posit that companies may employ a range of legitimation strategies identified by Van Leeuwen (2007) to achieve one of three discursive legitimation functions identified in the prior literature, namely (1) 'discursive antagonism', 'discursive co-optation' (Luyckx and Janssens, 2016, p.1595) or discursive validation (Glozer et al., 2019, p.625).

Accordingly, I now move on to discuss Van Leeuwen's (2007) four discursive legitimation strategies and how they can be used to achieve 'discursive antagonism', 'discursive co-optation' (Luyckx and Janssens, 2016, p.1595) or discursive validation (Glozer et al., 2019, p.625) within the context of corporate tax strategy reporting.

Van Leeuwen (2007, p.92) posits four key discursive purposes/categories to legitimation, namely (1) authorization, (2) moral evaluation, (3) rationalization, and (4) mythopoesis or narrativization (Vaara et al., 2006, p.794). Authorization reflects legitimation through acknowledgement of "the authority of tradition, custom and law, and of persons in whom institutional authority of some kind is vested". Meanwhile, moral evaluation pertains to legitimation by means of referring to "value systems". As for rationalization, it reflects legitimation through referring "to the goals and uses of institutionalized social action and to the knowledge society has constructed to endow them with cognitive validity". Finally, mythopoesis refers to legitimation via "narratives whose outcomes reward legitimate actions and punish non-legitimate actions" (Van Leeuwen, 2007, p.92).

Firstly, Van Leeuwen (2007, p.94-97) differentiates between six types of authority legitimation: (1) personal authority, (2) expert authority, (3) role model authority, (4) impersonal authority, (5) the authority of tradition, and (6) the authority of conformity. Personal authority legitimation "is vested in a person because of their status or role in a particular institution" (Van Leeuwen, 2007, p.94). In the tax strategy reporting setting, companies emphasising the role of the board, in particular CFOs and CEOs, in the construction of their corporate tax strategies, reflects a personal authority legitimation through which companies aim to provide a credible stance/outlook to their tax strategy by associating it with a legitimate corporate actor. In contrast to personal authority, "[i]n the case of expert authority, legitimacy is provided by expertise rather than status" (Van Leeuwen, 2007, p.94). Accordingly, with respect to tax strategy reporting, companies engaging with other stakeholders, including NGOs and tax activist, as well as seeking advice from tax professionals, utilize expert authority legitimation as a means to "creating new, allegiant constituents" (Suchman, 1995, p.586). Whereby, those new constituents "[…] will carry some kind of recommendation, some kind of assertion that a particular course of action is 'best' or 'a good idea'" (Van Leeuwen, 2007, p.94).

As for role model authority, it pertains to establishing legitimacy through "[…] follow[ing] the example of role models or opinion leaders" (Van Leeuwen, 2007, p.95), or through projecting/establishing the organization as one. In my view, a company reporting on receiving awards from leading accounting firms for being among UK's top tax contributors, is an example of a role model authority legitimation strategy (Van Leeuwen, 2007). Another means of authority legitimation is manifested in "the impersonal authority of laws, rules and regulations (Van Leeuwen, 2007, p.96). In this case, companies aim to enforce their commitment to following the tax rules, laws and regulations to foster their legitimacy by means of impersonal authority (Van Leeuwen, 2007).

Companies could also construct the authoritative legitimacy of their tax strategy narrative by either the authority of tradition or the authority of conformity. Van Leeuwen (2007, p.96) suggests that the authority of tradition, where companies explain their behaviour by using statements such as 'because this is what we always do' or 'because this is what we have always done', has been declining. Accordingly, in light of tax strategy reporting being a new domain of corporate reporting activity, I do not expect companies to use the authority of tradition in their tax strategy narrative. By contrast, in the case of the authority of conformity, companies do not justify their tax behaviour by stating that this is what they always do. Rather, they explain their tax behaviour through highlighting the adoption of a similar practice by other companies, i.e., 'because that's what everybody else does', or 'because that's what most people do' (Van Leeuwen, 2007, p.96-97). Following this line of reasoning, companies noting that their tax strategy is aligned with the tax strategies adopted by other companies, is promoted by the authority of conformity (Van Leeuwen, 2007).

Secondly, in addition to engaging in any of the six preceding authorization purposes of legitimation, companies could utilize moral evaluation as a means to defend their legitimacy. Moral evaluation reflects legitimation by means of referring to "value systems" (Van Leeuwen, 2007, p.92) and includes three aspects, namely (1) evaluation, (2) abstraction, and (3) analogies. Evaluation reflects the use of evaluative adjectives such as 'normal' and 'natural' (Van Leeuwen, 2007, p.98) to legitimize the corporate practice, i.e., 'naturalization' legitimation (Van Leeuwnen, 2007, p.99). In the tax strategy reporting setting, companies adopt an evaluation legitimation strategy by rendering their salient tax practices as being the normal and legitimate behaviour in relation to stakeholders and society's expectations.

Another way of engaging in moral evaluations to defend legitimacy, is through abstraction (Van Leeuwnen, 2007, p.99). Van Leeuwen (2007, p.99) defines abstraction as "[…] referring to practices […] in abstract ways that 'moralize' them by distilling from them a quality that links them to discourses of moral values". Adopting Van Leeuwen's (2007, p.99) definition of abstraction to the tax strategy reporting context, companies embedding transparency in their tax strategy narrative in order to conform to the moral values and expectations of their stakeholders (DiMaggio and Powell, 1983), reflects an abstraction means to legitimation by which companies link (abstract) their tax strategy practice to the moral value of transparency.

Instead of expressing moral evaluation by means of evaluation or abstraction, companies could defend their corporate legitimacy through analogy. Analogy is manifested in utilizing "comparisons in discourse" (Van Leeuwen, 2007, p.99). In this respect, companies would promote the legitimacy of their tax practice through expressing it in the lights of another legitimate practice, i.e., by using phases such as "'because it is like another activity which is associated with positive values' (or, in the case of negative comparison, 'because it is not like another activity which is associated with negative values')" (Van Leeuwen, 2007, p.99). For instance, companies reporting on managing their tax risk effectively like any other risk in their business, reflects an analogy means to legitimation through which companies justify the legitimacy of their approach towards managing their tax risk by aligning it with their approach to managing other business risks.

The third purpose of legitimation posit by Van Leeuwen (2007, p.92), is rationalization which reflects "legitimation by reference to the goals and uses of institutionalized social action, and to the knowledge society has constructed to endow them with cognitive validity". In this respect, Van Leeuwen (2007) differentiates between two types of rationalization, namely (1) instrumental rationalization, and (2) theoretical rationalization. Instrumental rationalization is associated with legitimating a corporate practice by reference to its goals, uses or effects (Van Leeuwen, 2007, p.101). Meanwhile, theoretical rationalization is manifested in "provid[ing] explicit representations of 'the way things are'". (Van Leeuwen, 2007, p.103).

In the context of my study, examples of instrumental rationalization are reflected in companies reporting on changing the corporate's approach to tax planning to refrain from engaging in illegitimate tax behaviour (i.e., goal), or highlighting the tax risk management model used to ensure an acceptable level of tax risk. By contrast, theoretical rationalization is reflected in companies seeking to alter social norms (Dowling and Pfeffer, 1975) and change external expectations (Lindblom, 1993) by educating the public of "the way things are" (Van Leeuwen, 2007, p.103). Accordingly, defining and explaining the key tax terms used in the corporate's tax strategy narrative, is an example of theoretical rationalization.

Finally, the fourth category of legitimation specified by Van Leeuwen (2007, p.92), is mythopoesis. Mythopoesis or as named by Vaara et al. (2006, p.802) narrativization is associated with legitimation through storytelling (Van Leeuwen, 2007, p.105). Legitimation here is constructed via the story side of the narrative where "how [a corporate] tell[s] a story provides evidence of acceptable, appropriate, or preferential behaviour" (Vaara et al., 2006, p.802). In the tax strategy reporting setting, these narrative-type reconstructions (Vaara et al., 2006, p.802) are reflected in companies aiming to deflect attention from their illegitimate tax practice by fulfilling public's expectations in other areas. For instance, "[d]raw[ing] attention away" (Holland et al., 2016, p.7) from the corporate tax strategy narrative to report on the different types of taxes paid and collected, represents a narrativization means to legitimation. Whereby, noting the different types of taxes paid and collected "[…] represent more than one domain of institutionalized social practice, and so provide a 'mythical model of social action'" (Wright, 1975, p.188; Van Leeuwen, 2007, p.106). That is to say, emphasises on the corporate legitimate social practice of paying other types of taxes, in order to paint a legitimate picture/model of all corporate tax payments including the tax payment in question (corporate tax).

Table 5.4 summarises the discursive legitimation strategies discussed and their application to tax strategy reporting.

Table 5.4: Discursive legitimation strategies and their application to tax strategy reporting		
Discursive strategies (Van Leeuwen, 2007)	**Definition (Van Leeuwen, 2007)**	**Example (Tax Strategy Reporting)**
1. Authorization		
1.1. Personal authority	Legitimation "is vested in a person because of their status or role in a particular institution" (p.94).	Emphasizing the role of the board in setting the corporate tax strategy
1.2. Expert authority	"[L]egitimacy is provided by expertise rather than status" (p.94).	Engaging with NGOs and tax activists Seeking advice from expert tax advisors
1.3. Role model authority	Endorsing the company as a role model to follow (p.95).	Receiving awards for being a top UK tax contributor
1.4. Impersonal authority	Impersonal authority of laws, rules, and regulations (p.96).	Highlighting the corporate's commitment towards following the tax regulations
1.5. Authority of tradition	'because this is what we always do' or 'because this is what we have always done', (p.96)	Not applicable in the tax strategy reporting context because it is a new domain of corporate reporting activity
1.6. Authority of conformity	'Because that's what everybody else does' (p 96).	Reporting on the adoption of a similar practice by other companies
2. Moral evaluation		
2.1. Evaluation	"Naturalizing" the salient practices as being the normal and legitimate behaviour (p.99).	Rendering their salient tax practices as being the normal and legitimate behaviour in relation to stakeholders and society's expectations.
2.2. Abstraction	Distilling a quality from the corporate practice that links it to discourse of moral values (p.99).	Embedding moral values such as transparency in the tax strategy narrative
2.3. Analogies	'Because it is like another activity which is associated with positive values' (p.99).	Managing their tax risk effectively like any other risk in their business
3. Rationalization		
3.1. Instrumental rationalization	Legitimates practices by reference to their goals, uses and effects (p.101).	Changing the corporate's approach to tax planning to refrain from engaging in illegitimate tax behaviour Highlighting the tax risk management systems in place to ensure acceptable level of tax risk
3.2. Theoretical rationalization	Explicit representations of 'the way things are' (p.103).	Defining key tax terms
4. Mythopoesis Narrativization (Vaara et al., 2006, p.802)	Describing other corporate legitimate social practices in order to paint a legitimate 'mythical model of social action' (Wright, 1975, p.188).	Reporting on the different types of taxes paid and collected

Sources: (Wright, 1975; Vaara et al., 2006; Van Leeuwen, 2007).

5.4.2.2 Discursive legitimation during public controversies

Having discussed Van Leeuwen's (2007) different types of discursive legitimation strategies which companies may use within their tax strategy narrative to defend their corporate legitimacy and construct good corporate citizenship, I now turn to address the overarching discursive legitimation purposes underpinning the use of these strategies during public controversies. As noted in Section 5.4.2.1, discursive legitimation strategies may be aimed at achieving; (1) discursive antagonism, (2) discursive co-optation (Luyckx and Janssens, 2016, p.1595) and/or discursive validation (Glozer et al., 2019, p.625).

Discursive antagonism is aimed at purifying corporate image while polluting or demolishing the image and/or claims of their critics (Luyckx and Janssens, 2016). Examples of discursive legitimation strategies which companies could utilize in their tax strategy narrative to purify their corporate image, include personal authority to associate their tax strategy to the symbol of the CFO/ Chairman, and role model authority to acknowledge their superiority to others (Van Leeuwen, 2007). Other means to discursive antagonism entail shaming critics or demolishing their claims (Luyckx and Janssens, 2016). However, these are not applicable in the context of my study because I only found evidence of the construction of an actor image of MNCs as 'morally responsible actor' (Luyckx and Janssens, 2016, p.1611), but no evidence of pollution or demolition of the image of NGOs or tax activists.

With respect to discursive co-optation, it pertains to companies acknowledging previous opponents/critics as partners (Luyckx and Janssens, 2016). In the tax strategy reporting setting, companies could pursue discursive co-optation as a means to constructing co-operative relationships with their different stakeholder groups, including among others, tax authorities, NGOs, and tax advisors. Examples of discursive legitimation strategies that may be used by companies to achieve discursive co-optation, include (1) legitimation via impersonal authority (Van Leeuwen, 2007) through engaging in tax policy debates to alter the tax rules and regulations (Ashforth and Gibbs, 1990), (2) legitimation via expert authority (Van Leeuwen, 2007) by engaging with NGOs and civil society groups to benefit from their expertise, (3) legitimation via evaluation to "naturalize" the corporate tax practices as being the norm and legitimate behaviour, i.e., being in the interest of various stakeholders (Van Leeuwen, 2007, p.99), and (4) abstraction to embed discourse of moral values (Van Leeuwen, 2007), such as openness, transparency, and cooperation, in the corporate's relationship with its different stakeholders.

Finally, discursive validation emphasises on the company's commitment to doing the right thing (Glozer et al., 2019) with respect to society's norms and value systems. Among Van Leeuwen's (2007) discursive strategies that companies may use in their corporate tax narratives to achieve discursive validation are: (1) impersonal authority to legitimate corporate tax practices by reference to tax laws and regulations, (2) expert authority to acknowledge their use of professional external tax advisors, (3) abstraction to link their corporate tax behaviour to moral values, such as transparency, responsibility, etc., (4) instrumental rationalization to explain their tax behaviour by claiming that they have the appropriate frameworks and controls in place, (5) theoretical rationalization to educate the public about taxes via "explicit [/factual] representation of 'the way things are'" (Van Leeuwen, 2007, p.103), and (6) narrativization to legitimate their tax strategy by "[…] provid[ing] evidence of acceptable, appropriate, or preferential behaviour" (Vaara et al., 2006, p.802) which is not directly related to the tax strategy narrative such as achieving socially acceptable goals in developing countries.

Table 5.5 summarizes the three overarching discursive aims of legitimation and the discursive legitimation strategies that may be used to achieve each.

Table 5.5: Aims of discursive legitimation and associated discursive legitimation strategies		
Aims of discursive legitimation	**Definition**	**Discursive strategies (Van Leeuwen, 2007)**
Discursive antagonism	Purifying corporate image (Luyckx and Janssens, 2016)	• Personal authority • Role model authority
Discursive co-optation	Acknowledging previous opponents/critics as partners (Luyckx and Janssens, 2016)	• Expert authority • Impersonal authority • Abstraction • Evaluation
Discursive validation	Emphasizing the company's commitment to doing the right thing (Glozer et al., 2019)	• Expert authority • Impersonal authority • Abstraction • Instrumental rationalization • Theoretical rationalization • Narrativization (Vaara et al., 2006)

Sources: (Vaara et al., 2006; Van Leeuwen, 2007; Luyckx and Janssens, 2016; Glozer et al., 2019)

5.5 Data and Methodology

5.5.1 Sample selection

In this study, I focus on the constituents of the FTSE 100 index from September 2016 to December 2019. In line with studies examining the FTSE 100 companies, my "[sample] [s]election was restricted to those companies that had been continual members of the FTSE 100 […]" (Campbell et al., 2003, p.564) from September 2016 to December 2019. Accordingly, the 24 FTSE 100 companies "[…] that had not enjoyed continuous membership between the two dates [September 2016 to December 2019] were eliminated" (Campbell et al., 2006, p.103). Hence, my initial sample consists of 76 FTSE 100 companies. (See Appendix 4.A for the list of the 76 FTSE 100 companies and Appendix 4.B for the list of the 24 excluded companies). The starting date of September 2016 was chosen because according to HMRC "[qualifying companies] must publish a tax strategy for each of [their] financial years starting after 15 September 2016 […]" (HMRC, 2016a).

The companies to which the publication of a tax strategy under Schedule 19 of the Finance Act 2016 applies (i.e., qualifying companies); are UK companies, partnerships and groups with a turnover above £200 million or a balance sheet over £2 billion (Forstater, 2018, p.16). Thus, "[a]pproximately 2000 large companies are required to publish their tax strategies […]" (Oats and

Tuck, 2019, p.577) "[including] [a]ll FTSE 100 businesses […]"[80] (Deloitte, 2017). Hence, all 76 companies in my initial sample meet HMRC's tax strategy publication requirement, i.e., are qualifying companies.

Therefore, for each of the 76 companies, the corporate website was searched to access the most recent tax strategy report[81]. According to HMRC the qualifying company's "[…] latest strategy must be available to the public free of charge, until the following year's strategy has been published[82]" (HMRC, 2016a). The tax strategy must be easily accessible to the public when browsing the corporate's website and could take any of the following three forms; (1) part of a larger document (such as an annual report), (2) a separate document, or (3) published in other formats, as well as online (for example, in print) (HMRC, 2016a). See Table 5.6 for the forms used by the 76 FTSE 100 companies in their tax publications. Most of the companies 51 of the 76 (67%) published a separate tax strategy report. Whereas, 13 companies (17%) reported on their tax strategies online. As for the remaining 12 companies; 4 published their tax strategy in a separate report and online. Meanwhile, 8 incorporated their tax strategy narrative in another published document, such as the annual report and the annual corporate tax report[83].

Table 5.6: Tax strategy reports forms

Tax Strategy Report Form	Number of Reports
1. Separate Report	51
2. Part of a larger document	
2.1. Annual Report	3
2.2. Annual Tax Report	5
3. Online	13
4. Separate Report and Online	4
Total	**76**

[80] Mark Kennedy, partner in Deloitte's tax management consulting group (Deloitte, 2017).
[81] I conducted the research for the tax strategy reports on the corporates' websites from 9th to 14th of June 2020. (See Appendix 4.A for the references of the tax strategy reports).
[82] This means that companies do not need to archive earlier editions of their tax strategy publications.
[83] (1) Barclays: Country Snapshot Report 2019, (2) Pearson: Our Approach to Tax Report 2018, (3) Rio Tinto: Tax Paid Report 2019, (4) SSE: Talking Tax 2019, and (5) Standard Chartered: Country-by-Country Disclosure 2019.

In addition to being easily accessible and available free of charge, the tax strategy must include the "details of the paragraph of the legislation it complies with" (HMRC, 2016a); i.e., "[…] reference […] '[P]aragraph 19(2) […] of Schedule 19 [of the] Finance Act 2016" (Forstater, 2018, p.17). Accordingly, my key criterion for identifying a qualifying company's tax strategy is the reference to the Finance Act 2016 legislation. As highlighted by Oats and Tuck (2019, p.577), "HMRC […] guidance for qualifying groups, specf[ies] [that] the tax strategy must be published online […] as either a separate document or a self-contained part of a wider document (without necessarily using the term 'strategy')". Therefore, my search on corporate websites revealed that the 76 FTSE 100 companies used different terminology when disclosing their tax strategies, including (1) tax strategy, (2) approach to tax/ taxation, (3) tax policy, (4) both approach to tax and tax policy or tax strategy, (5) tax supplement, (6) tax affairs, (7) tax responsibilities, and (8) tax framework. See Table 5.7 for the different terminology used by the 76 FTSE 100 companies in the titles of their tax strategy publications.

Table 5.7: Different terminologies used by the 76 FTSE 100 companies in their tax strategy publications		
Keyword/ Terminology	**Tax Strategy Title/ Heading**	**No. of companies**
1. Tax strategy	• Tax Strategy • Our Tax Strategy • UK Tax Strategy • [Our] Global Tax Strategy • [Our] Group Tax Strategy • [Our] Tax Strategy and Governance	47
2. Approach to tax/ taxation	• Approach to Tax • [Our] Approach to [UK] tax • Tax Approach • Approach to Taxation	15
3. Tax policy	• Tax Policy • Global Tax Policy • UK Tax Policy • UK Tax Policies and Objectives	4
4. Approach to tax and tax policy or tax strategy	• Tax Strategy and Approach to Tax • Our approach to tax: Our global tax strategy • Approach to Tax- UK Tax Strategy • Our approach to tax and tax policy	4
5. Tax supplement	• Group Tax Supplement	1
6. Tax affairs	• Managing Our Tax Affairs Responsibly and Sustainably • The Group's Approach to Managing Tax Affairs	2
7. Tax responsibilities	• Our Tax Responsibilities	1
8. Tax […] framework	• UK-Tax Objectives, Strategy & Governance Framework	1
9. Did not specify*	• Tax	1
Total		**76**
*Note: Unilever in its tax narrative did not specify which part is aimed at HMRC.		

Further, accounting for HMRC's requirement for the qualifying companies to mention their compliance with the Finance Act 2016 legislation in their tax publications; 71 companies referenced 'Paragraph 19(2) of Schedule 19 of the Finance Act 2016' in line with the scope of the legislation, two companies; Pearson and Relx, acknowledged their commitment to publishing their UK tax strategy without referring to the Finance Act 2016 legislation, and three companies; Glencore, Unilever and BAE systems, failed to either mention the Finance Act 2016 within their tax strategies or to shed light on UK government's (i.e., HMRC's) requirement for large businesses to publish their tax strategy.

To capture the length of the tax strategy publications of the 76 FTSE 100 companies, I count the number of words[84] included in their publications. Following prior studies examining corporate disclosures, I use the number of words as a precise measure for the length of the tax strategy reporting. According to Li et al. (2008, p. 142) "[w]ords are the smallest unit of measurement for analysis and can be expected to provide the maximum robustness to the study in assessing the quantity of disclosure" (Dumay and Cai, 2015, p.138).

As shown in Table 5.8 there is a clear variation (Range= 7,340 words) in the length of the tax strategy publications of the 76 companies (N=76). The smallest tax strategy contains 322 words and is published by Rolls-Royce Holdings within its annual report *"The Group's approach to managing tax affairs"*. Meanwhile, Prudential's separate tax strategy publication titled *"Managing our tax affairs responsibly and sustainably"*, represents the largest tax disclosures with 7,662 words. On average, a corporate tax strategy contains 1,312 words and the median company's tax strategy contains 878 words.

Table 5.8: Descriptive Statistics for the No. of words

Variable	N	Range	Minimum	Maximum	Mean	Median	Std. Deviation
No. of words	76	7,340	322	7,662	1,312	879	1,273

Note: The mean, median and Std. Deviation are rounded to the nearest whole number.

Figure 5.2 represents the frequency of the number of words within the 76 FTSE 100 companies tax strategy publications. As shown in the Figure; the majority of the companies 32 (42%) reported a tax strategy between 500 and 1,000 words. Followed by 15 companies (20%) which reported a tax strategy between 1,000 and 1,500 words. Whereas for the remaining 29 companies (38%); (a) 10 companies (13%) disclosed a tax strategy less than 500 words between 322 and 500 words; (b) 10 companies (13%) reported a tax strategy between 1,500 and 2,000 words; and 9 companies (12%) reported a tax strategy beyond 2,000 words.

[84] Excluding headers, footers, and pages numbers.

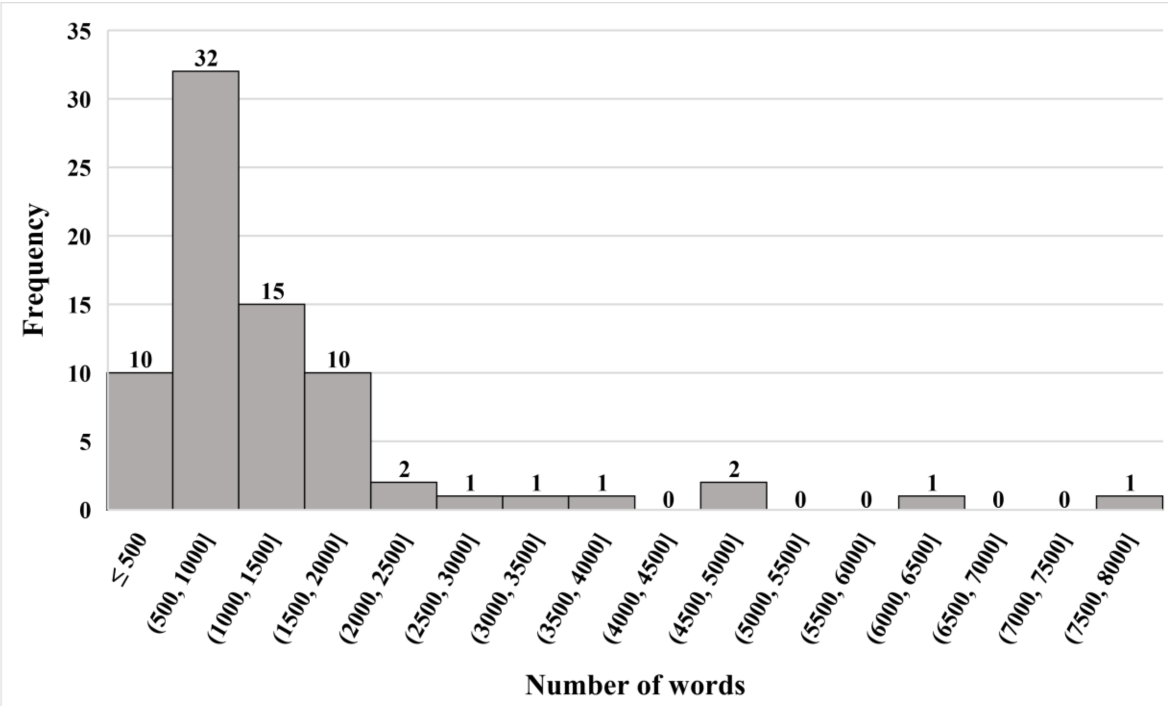

Figure 5.2: Frequency of the number of words reported in the tax strategy reports

Such observed variation in the length (measured by the number of words) of the 76 FTSE 100 companies tax strategy publications, is in line with Belnap (2019, p.2) findings when examining "[…] the compliance of more than 600 US multinationals with […] [HMRC's Finance Act 2016] requirement to disclose [their UK] tax strategies […]". Belnap (2019, p.8) concludes that there is a "significant variation in the number of words" disclosed by the US multinational companies in their tax strategy publications, where the largest portion of strategies contains less than 400 words, and the average corporate tax strategy contains 621 words. In a sample of 149 companies for which Belnap (2019, p.9-13) provided data on the number of words reported in each company's tax strategy; the largest tax strategy disclosure consisted of 2,041 words and the smallest tax strategy disclosure consisted of 136 words.

Accordingly, given the significant variation in the length of corporate tax strategy publications, I choose to conduct a comparative case study for the tax strategy narrative of seven companies, namely (1) Aviva, (2) BT Group, (3) Legal & General, (4) Lloyds Banking Group, (5) National Grid, (6) Prudential, and (7) Reckitt Benckiser Group. As put by Forstater (2018, p.17)

> "[i]t does not seem possible to robustly score or rank companies based on their published tax strategies. Short and simple strategies do not necessarily correspond with higher risk, or more aggressive tax planning. Longer tax strategies can simply reflect wordier statements and fancier graphics. However, to some extent, you can judge a book by its cover. […] . Unbranded policies on plain paper tend to be most generic in content. Those sporting photographs and a message from the chief financial officer are often more specific, and suggest that they are intended to be read".

Based on Forstater's (2018) argument, I focus on the companies that have incorporated either a Chief Financial Officer (CFO) statement or a Chairman statement within their tax strategy publication. Belnap (2019), in his study of the US companies, did not focus on (or maybe did not find evidence of), the use of CFO letters in tax strategy reports. In my examination of the tax strategy publications of 76 FTSE 100 companies, seven companies incorporated a CFO and/or a Chairman letter within their tax strategy publication (see Table 5.9 for further details about the companies).

Table 5.9: FTSE 100 Companies which incorporated a CFO/Chairman letter in their tax strategy report

Name	**ICB Industry Name**	**ICB Sector Name**	**Most Recent Report Financial Year**	**Name of the Report**	**No. of Words**	**Auditing Firm (Annual Report)**
Aviva	Financials	Life Insurance	31 December 2019	Tax Strategy	1,581	PwC
BT Group	Telecommunications	Telecommunications Service Providers	31 March 2020	Tax Strategy	1,989	KPMG
Legal & General	Financials	Life Insurance	31 December 2019	Group Tax Supplement	3,551	KPMG
Lloyds Banking Group	Financials	Banks	31 December 2019	Tax Strategy and Approach to Tax	6,373	PwC
National Grid	Utilities	Gas, Water and Multi-utilities	31 March 2020	Tax Strategy	3,069	Deloitte
Prudential	Financials	Life Insurance	31 December 2019	Managing our tax affairs responsibly and sustainably	7,662	KPMG
Reckitt Benckiser Group	Consumer Staples	Personal Care, Drug and Grocery Stores	31 December 2019	Tax Strategy	4,788	KPMG

5.5.1.1 Importance of the CFO/Chairman statement

According to Barkemeyer et al. (2014, p.242) CEO statements constitute "[o]ne common element that is shared by both corporate financial and sustainability reports […]". Prior research examining corporate disclosures within annual/ financial reports or Corporate Social Responsibility (CSR)/ sustainability reports, argue that CEO and Chairman statements are "[…] the most powerful single section in a corporate annual and sustainability report […] (e.g., Amernic et al., 2007; 2010)" (Mäkelä and Laine, 2011, p.220). Also, as highlighted by Fanelli and Grasselli (2006, p.816) "CEO letters are stated to be the most widely read part of […] [a corporate] annual report" (Mäkelä and Laine, 2011, p.220).

Hence, due to their high readership, CEO statements are viewed "[…] as powerful means of communication, which not only reflect organizational culture and values but also have broader cultural and political significance" (Amernic and Craig, 2004; Amernic et al., 2010; Mäkelä and Laine, 2011, p.219). Thus, CEO statements serve as a powerful means of communication with different corporate social actors, particularly that they are "[…] always positioned at the beginning of the report, thereby setting the tone for the whole report" (Mäkelä and Laine, 2011, p.220), i.e., 'tone at the top' (Amernic et al., 2010, p.V).

Accordingly, Amernic et al. (2007, p.1844) argue that CEO Statements "[…] are not merely mundane discourses of seemingly minor importance, possessing a narrow, 'captured' audience of shareholders. Rather, their institutionalized role in the broad functioning of our socio-economy makes them important texts. They are public documents signed by a corporation's CEO, published annually as an integral part of a corporation's Annual Report, […]". Building on Amernic et al.'s (2007) argument on the institutionalized role of the CEO letters and on Mäkelä and Laine's (2011) view on the importance of the CEO statement in setting the tone for the whole report; i.e., 'tone at the top' (Amernic et al., 2010, p.V), I posit that the incorporation of a CFO and/or a Chairman statement into a corporate's tax strategy report, serves as an attempt by companies to acknowledge that they serve the interests of wider audiences, including NGOs, tax activists, tax authorities and society at large.

Also, I adopt Merkl-Davies and Brennan’s (2017, p.440) symbolic-interpretive narrative lens to corporate communication being a “[t]wo-way dynamic [and] interactive” process through which reality is constructed (Hines, 1988). That is to say, corporate communication “[…] create[s] a picture of an organization, […] and on the basis of that picture […], people [i.e., corporate social actors] think and act” (Hines, 1988, p.257). Following this line of reasoning, I view the integration of a CFO and/or a Chairman statement in a corporate’s tax strategy report as a means to construct an alignment between a company’s tax strategy and its overall organizational strategy. HMRC requires that the “[…] [a corporate’s] tax strategy should be approved by […] [its] Board of Directors, with the overall strategy and operation of […] [the] business […]” (HMRC, 2016a).

Thereby, starting the tax strategy report with a CFO or a Chairman statement, constructs a more credible and legitimate picture for the tax report. On the one hand, such integration goes a step beyond HMRC’s guidelines which only requires approving the tax strategy by the board of directors. On the other hand, it brings the “[o]ne common element that is shared by both corporate financial and sustainability reports […] the statement of the […] CEO” to the tax strategy publication (Barkemeyer et al., 2014, p.242).

In my study, I seek to provide insight into how companies are constructing themselves as good corporate citizens via their tax strategy narrative which integrated a CFO or a Chairman statement. Tregidga et al. (2012) posit that research analysing the CEO statements in annual reports and sustainability reports is among the growing areas of accounting research. Further, Ylönen and Laine (2015) shed light on the need for further research on public corporate tax disclosures in line with the increasing salience of corporate taxation (De la Cuesta-González and Pardo, 2019). Thereby, based on calls by Tregidga et al. (2012) and Ylönen and Laine (2015), my study focuses on corporate tax strategy reporting, in particular on those tax reports incorporating a CFO or a Chairman statement.

5.5.2 Methodology: Critical Discourse Analysis (CDA)

Critical Discourse Analysis (CDA) is a methodological approach which emphasizes the constitutive role discourse plays (Vaara, 2015) “[…] in the social construction of reality” (Condor and Antaki, 1997; Hardy et al., 2000, p.1231). Discourse from a critical lens, is viewed as “[…]

constitutive both in the sense that it helps to sustain and reproduce the social status quo, and in the sense that it contributes to transforming it" (Fairclough and Wodak, 1997, p.258; Wodak and Meyer, 2009, p.5). In this respect, "[d]iscourse does not merely describe things, it *does* things" (Potter and Wetherell, 1987; Grant et al., 1998; Hardy et al., 2000, p.1231). Therefore, "CDA sees discourse- language used in speech and writing- as a form of 'social practice'" (Fairclough and Wodak, 1997, p.258; Wodak and Meyer, 2009, p.5), where "[…] language does not only reflect 'reality' but is the very means of constructing and reproducing […] it" (Vaara, 2015, p.493).

Accordingly, extending this critical view on discourse to organizational studies, Grant and Hardy (2003, p.6) define organizational discourse as "[…] the structured collections of texts embodied in the practices of talking and writing [...] that bring organizationally related objects into being as those texts are produced, disseminated, and consumed" (Grant et al., 1998; Phillips and Hardy, 2002). Thereby, "[…] texts can be considered to be a manifestation of discourse and the distinctive unit (Chalaby, 1996) on which the researcher focuses" (Grant and Hardy, 2003, p.6). Discourse in this respect "[…] 'acts as a powerful ordering force in organizations' (Alvesson and Karreman, 2000, p. 1127) through the way it brings into being objects of knowledge, categories of social subjects, forms of self, social relationships, and conceptual frameworks (Fairclough, 1992; Fairclough and Wodak, 1997)" (Grant and Hardy, 2003, p.6).

Reflecting on Grant and Hardy's (2003, p.6) definition on organizational discourse, corporate tax strategy narratives manifest themselves as an interesting organizational discourse to examine how companies are utilizing their tax strategy discourse to defend their legitimacy and construct themselves as transparent and good corporate citizens. Through the extended lens of corporate citizenship (Matten and Crane, 2005), I view companies as political corporate actors who use tax strategy reports strategically "to re-establish a sense of legitimacy for MNCs and to prevent future controversies [on tax avoidance] from occurring" (Luyckx and Janssens, 2016, p.1615). Whereby, transforming and constructing the society's beliefs on what a good corporate citizen is, in respect to tax strategy reporting. Following this line of reasoning, my research adopts CDA to examine "micro-level textual practices and strategies" (Vaara et al. 2006, p.791). Thus, I analyse the discursive resources mobilised in tax strategy reports to defend legitimacy and construct the company as a good corporate citizen.

In line with the critical stance embedded within the CDA methodology, Wodak and Meyer (2009, p.7) posit that "[n]aming oneself 'critical' only implies specific ethical standards: an intention to make their position, research interests and values explicit and their criteria as transparent as possible, […]" (Van Leeuwen, 2006, p. 293 cited in Wodak and Meyer, 2009, p.7). Accordingly, in the following section I discuss in detail my analytical framework building on prior research adopting a critical perspective to study "[…] the discursive process of legitimation by examining specific legitimation strategies" (Lupu and Sandu, 2017, p.538).

5.5.2.1 Framework of analysis

CDA is abductive in nature (Vaara, 2015). As put by Wodak (2004, p.200) it involves "a constant movement back and forth between theory and empirical data […]" guided by the research question(s). Accordingly, in my study, CDA entails constant development and refinement of (1) the key tax themes (i.e., approach to tax risks, attitude to tax planning, etc.), and (2) discursive resources/strategies (i.e., authorization, rationalization, moral evaluation and narrativization) mobilised to defend the corporate legitimacy and construct it as a good corporate citizen with respect to the "empirical phenomena" examined (Locke et al., 2008; Vaara, 2015), i.e., tax strategy reporting. Following Vaara's (2015, p.500) CDA framework, my analytical approach is guided by the four following stages: (1) posing research questions with a critical stance, (2) engaging in an overall analysis of the textual material to select the 'samples' of texts to examine, (3) conducting close reading of those specific/selected texts, (4) and reflecting on the findings.

In my study, firstly I focus on how companies are constructing compliance with HMRC tax strategy regulation by exploring the key themes reported in their tax strategy narratives. Secondly, I focus on how companies are using tax strategy reporting to defend their legitimacy and construct themselves as corporate citizens by analysing the legitimation strategies used, i.e., authorization, rationalization, moral evaluation and narrativization, (Van Leeuwen, 2007; Vaara et a., 2006) and the broader discursive aims of legitimation, i.e., discursive antagonism, discursive co-optation (Luyckx and Janssens, 2016, p.1595) and/or discursive validation (Glozer et al., 2019, p.625).

Accordingly, my research questions are guided by a critical stance with respect to investigating; (1) the key tax themes, and (2) the discursive legitimation strategies and associated broader discursive aim of legitimation. Following my research questions, I engage in an overall analysis of the textual material (i.e., tax strategy reports) to select the samples of texts (i.e., tax strategy reports with CFO or Chairman statement) to examine. As noted in my sample selection section, CEO/Chairman statements are viewed "[…] as powerful means of communication, which not only reflect organizational culture and values but also have broader cultural and political significance" (Amernic and Craig, 2004; Amernic et al., 2010; Mäkelä and Laine, 2011, p.219). Thereby, incorporating a CFO or a Chairman statement within the tax strategy report constructs a more credible and legitimate picture for the tax strategy narrative. And thus, I chose to focus on those reports in my study.

"The close reading of texts is the crucial distinctive feature of CDA research" (Vaara, 2015, p.500). Following prior research with adopted a critical perspective to organizational legitimation, in particular Shinkle and Spencer (2012) and Vaara (2015), I engage in a two-phase iterative process in my analysis. Firstly, I engage in a close reading of texts to identify the key themes disclosed (thematic analysis) (Vaara et al., 2006, p.769; Shinkle and Spencer, 2012, p.127; Barros, 2014, p.1216). Secondly, I conduct a deeper analysis of the rhetoric of legitimacy (Shinkle and Spencer 2012, p.127) to identify the discursive legitimation strategies (Vaara et al. 2006, p.804) using Van Leeuwen (2007, p.92) four major categories of legitimation, namely (1) authorization, (2) rationalization, (3) moral evaluation, and (4) narrativization. Then, I examine the broader discursive aims of legitimation (1) discursive antagonism, (2) discursive co-optation (Luyckx and Janssens, 2016, p.1595) and/or (3) discursive validation (Glozer et al., 2019, p.625).

I discuss in detail my CDA analysis procedures in the following section. Then, I turn my focus to discussing the findings being the final stage in my CDA framework. Figure 5.3 summarizes my CDA framework.

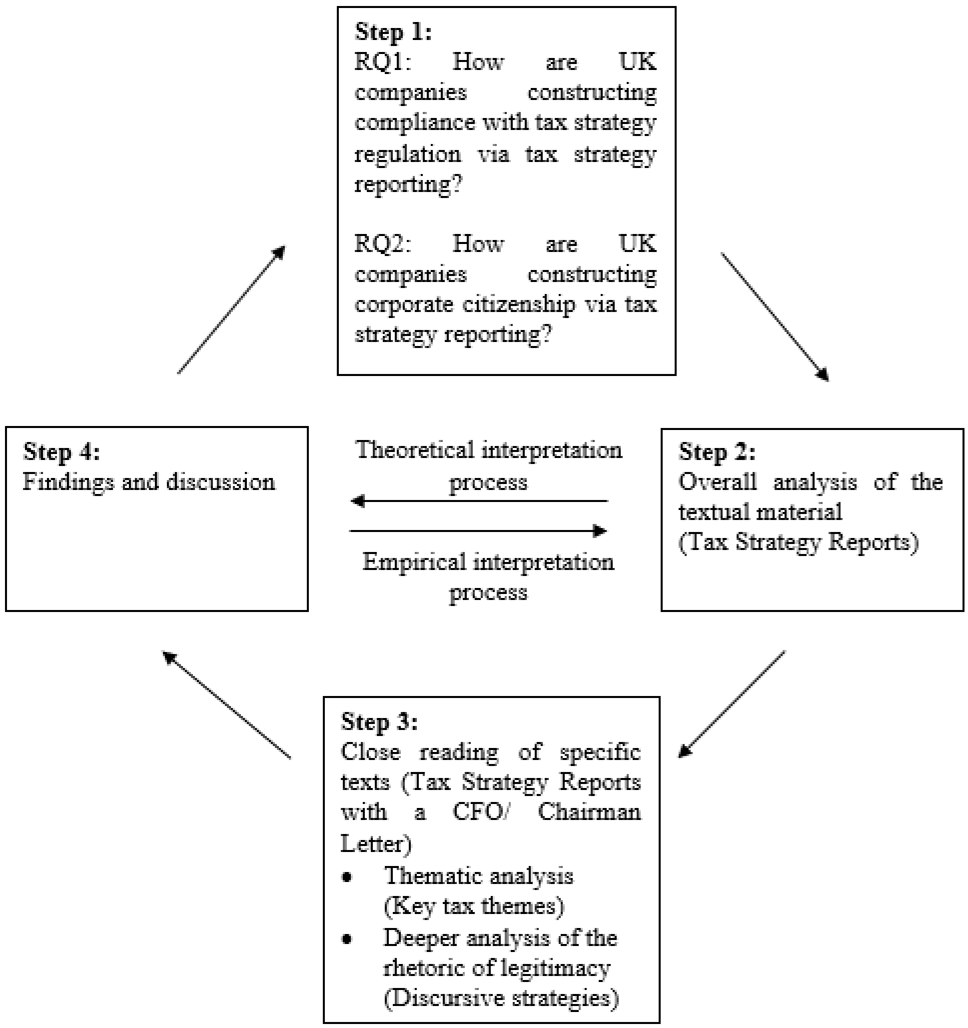

Figure 5.3: CDA framework

Adopted from Vaara (2015, p.500).

5.5.2.2 Critical Discourse Analysis (CDA) procedures

My CDA analysis is based on a close reading and re-reading (Joutsenvirta, 2011, p.61) of the seven tax strategy reports which incorporated a CFO/ Chairman letter: (1) Aviva, (2) BT Group, (3) Legal & General (L&G), (4) Lloyds Banking Group, (5) National Grid, (6) Prudential, and (7) Reckitt Benckiser Group (RB). Accordingly, I engage in a two-phase iterative process, including (1) thematic analysis, and (2) deeper analysis of the rhetoric of legitimacy.

Firstly, I begin by performing a thematic analysis focused on identifying recurring themes (Barros, 2014, p.1216) in the corporates' tax strategy reports to examine how they are constructing compliance with tax strategy regulation (RQ1). Four of the themes were deductively identified from HMRC tax strategy reporting guideline, including (1) approach to tax risks, (2) attitude to tax planning, (3) acceptable level of risk, and (4) approach towards dealing with HMRC (HMRC, 2016a). Meanwhile, other themes were inductively identified from the close reading of tax strategy reports (i.e., tax contribution and CbCR, educating the public about taxes, etc.).

Secondly, I engage in a deeper analysis of the rhetoric of legitimacy (Shinkle and Spencer, 2012, p.127) to identify the discursive legitimation strategies adopted (Vaara et al., 2006, p.804) to construct corporate citizenship (RQ2) by building on Basu and Palazzo's (2008) framework. I use Van Leeuwen's (2007) four major categories of legitimation, namely (1) authorization, (2) rationalization, (3) moral evaluation, (4) and mythopoesis (narrativization). Then, I examine the broader discursive form of legitimation: (1) discursive antagonism, (2) discursive co-optation (Luyckx and Janssens, 2016, p.1595) and/or (3) discursive validation (Glozer et al., 2019, p.625).

5.6 Findings

Adopting a "symbolic-interpretive narrative" lens to corporate communication (Merkl-Davies and Brennan, 2017), I analyse the tax strategy reports of seven FTSE 100 companies, namely (1) Aviva, (2) BT Group, (3) Legal & General (L&G), (4) Lloyds Banking Group, (5) National Grid, (6) Prudential, and (7) Reckitt Benckiser Group (RB), to understand how they construct compliance with HMRC tax strategy regulation (RQ1) which is "a new domain of [corporate reporting] activity" (Ashforth and Gibbs, 1990, p.182). Then, I examine how they use their tax strategy narratives to proactively construct themselves as transparent and good corporate citizens (RQ2).

Accordingly, I firstly identify the key tax themes reported to construct compliance with HMRC tax strategy regulation. Secondly, I examine the corporate citizenship dimensions addressed by these themes by employing Basu and Palazzo's (2008) framework. Then, I analyse the discursive legitimation strategies utilized to construct the corporate's citizenship character using Van Leeuwen's (2007, p.92) four key discursive purposes to legitimation, namely (1) authorization, (2) moral evaluation, (3) rationalization, and (4) mythopoesis or narrativization (Vaara et al., 2006, p.794). Finally, following Luyckx and Janssens (2016, p.1595) and Glozer et al. (2019, p.625), I associate these discursive strategies with three broad aims of legitimation during public controversy, namely (1) discursive antagonism, (2) discursive co-optation, and/or (3) discursive validation.

In Section 5.6.1, I discuss the key themes (RQ1) identified in the tax strategy reports starting with (1) the use of a CFO or a Chairman letter, followed by the four key aspects set out by HMRC (2016a) for companies to report on (2) approach to tax risks, (3) attitude to tax planning, (4) acceptable level of risk, and (5) approach towards dealing with HMRC. Then, the other themes incorporated in the tax strategy narratives, including (6) tax contribution and CbCR, (7) educating the public about taxes, and (8) engaging with NGOs and civil society. Table 5.10 summarizes these key themes and provides an illustrative example for each from the corporate tax strategy narratives.

Section 5.6.3 discusses the construction of corporate citizenship dimensions addressed via these themes and their associated discursive legitimation strategies. Building on the work of Basu and Palazzo (2008), I differentiate between two key dimensions of corporate citizenship, namely (1) corporate identity and relationship with stakeholders and the wider world, and (2) justifications of corporate actions.

Finally, in Section 5.7 I review my findings by legitimation strategy (Section 5.7.1) and overarching aim of the discursive legitimation (Section 5.7.2) to answer RQ2 on how companies construct their corporate citizenship in their tax strategy reports.

Table 5.10: Summary of the key themes identified in the tax strategy reports	
Themes	**Example**
1. CFO/ Chairman Letters	
1.1. Portraying themselves as leading companies	"[…] we take pride in the contribution we make to society […] through the taxes we pay and collect." (L&G, 2019, p.1)
1.2. Operating in a transparent and responsible manner	"We operate in a transparent manner with all relevant tax Authorities […]." (Aviva, 2019, p.2)
1.3. Abiding by the tax laws	"[…] recognise the importance of paying the right tax at the right time […]" (Prudential, 2019, p.2)
2. Approach to risk management	
2.1. Educating the public about their tax risk management frameworks	"The [Tax Control] Framework comprises three key parts: Management […]. Operations […]. People & Organisation […]." (BT, 2020, p.7)
2.2. Emphasizing the role of the board in particular CFOs and CEOs	"Responsibility for our Group's management of tax risk ultimately rests with the Board, […]." (L&G, 2019, p.6)
2.3. Appointing qualified and professional personnel	"Day-to-day tax activities are carried out by a team of appropriately qualified and experienced tax professionals." (National Grid, 2020, p.7)
2.4. Acting ethically and responsibly	"As a responsible business, we're committed to strong and transparent governance in all aspects of our operations, from Board to branch – and that includes tax." (Lloyds, 2019, p.6)
3. Attitude to tax planning	
3.1. Acting in a tax-efficient, responsible and transparent manner	"[…] we will structure it [transactions] in a tax efficient manner where we have concluded that it is a responsible, sustainable choice […]" (L&G, 2019, p.9; Prudential, 2019, p.9)
3.2. Abiding by the tax laws and rules	"We do not enter into artificial arrangements that lack commercial purpose or where the sole purpose is to achieve tax savings." (National Grid, 2020, p.9)
3.3. Seeking external tax advice	"We also use tax advisers to help us understand new legislation or to provide us with insight on industry practice." (Prudential, 2019, p.11)
3.4. Stating the factors underpinning their tax planning	"Questions we consider when making tax decisions […]" (Prudential, 2019, p.9)
4. Acceptable level of tax risk	
4.1. Tax risk appetite	"We maintain a limited appetite for tax risk by requiring a strong connection between tax planning and our business." (BT, 2020, p.6)
4.2. Influence of relevant stakeholders	"We actively work to understand our stakeholders' expectations of us on tax, […], to understand our stakeholders' perspective on tax." (L&G, 2019, p.7)
5. Approach to dealing with HMRC	
5.1. Acting in a transparent, open, and cooperative manner	"We're pleased to report that we have a very open, co-operative and transparent relationship with HMRC." (Lloyds, 2019, p.5)
5.2. Meeting statutory and legislative tax requirements	"We disclose significant matters to HMRC and, where appropriate, seek clearance to ensure that tax implications are agreed upfront." (BT, 2020, p.9)
5.3. Engaging in tax policy consultations	"We believe that open consultation with governments results in more informed and sustainable tax legislation and we work with governments both directly and via industry trade bodies […]." (L&G, 2019, p.8)

Table 5.10: Summary of the key themes identified in the tax strategy reports (cont.)	
Theme	**Example**
6. Tax contribution and CbCR	
6.1. Amount of total tax contribution	"Total tax contribution The total value of taxes that L&G have responsibility for – it is the sum of all the taxes paid and collected. £1,563m" (L&G, 2019, p.5)
6.2. Types of taxes paid and taxes collected	"Our business generates a significant amount of tax revenues for the governments of the countries in which we operate. This includes not just corporate taxes, but also employment taxes, sales taxes, duties and other levies." (RB, 2019, p.8)
6.3. Countries where major tax payments and tax collections are made	"Where we pay tax […] [Table]" (Lloyds, 2019, p.15)
6.4. Extract from the CbCR submitted to HMRC	"The data below for our top 14 countries is extracted from our Country-by-Country Report for the year ended 31 March 2019, which we file with HMRC [Table]" (BT, 2020, p.11)
7. Educating the public about taxes	
7.1. Defining tax terms	"In discussions around tax there are common misunderstandings which can hinder an informed dialogue. To help aid such conversations, we have set out a number of definitions below." (RB, 2020, p.21)
7.2. Explaining the difference between the tax paid and the tax charge	"This difference is mainly because of the timing when payments are made compared to when they are incurred." (Aviva, 2019, p.6)
7.3. Explaining the calculation of taxable profits	"Appendix 3 – Calculating our taxable profit" (Prudential, 2019, p.16)
7.4. Discussing tax information reported in financial statements	"Tax in Our Financial Statements" (Lloyds, 2019, p.10-13)
8. Engaging with NGOs and civil society	
8.1. Engaging with NGOs and civil society	"[…], we have proactively engaged with civil society forums that are focused on building a sustainable and transparent global tax system." (Prudential, 2019, p.11)
8.2. Reporting on tax contribution and social impact in South Africa	"Case Study: South Africa Our local tax contribution and social impact investment in South Africa" RB (2019, p.18-20)

5.6.1 Key themes

In Section 5.6.1 I report my finding relating to RQ1. This entails analysing companies' compliance with tax strategy regulation by focusing on the key themes incorporated within the tax strategy narratives.

5.6.1.1 CFO or Chairman Letter

All the companies; Aviva (2019), BT (2020), L&G (2019), National Grid (2020), Prudential (2019) and RB (2019), included a message from their CFO in their tax strategy narrative, except for Lloyds (2019) which incorporated a message from its Chairman. In addition to the CFO message, L&G (2019), National Grid (2020), and RB (2019), included a message from their Chief Tax Officer, Finance Committee Chairman and Group Tax Director, respectively, which I also examined in this section. The three key themes I noted within the corporates' CFO/ Chairman narratives are: (1) the companies' acknowledgment for themselves as leading examples to follow, (2) their keenness to operate in a transparent and responsible manner, and (3) their commitment to abide by the tax laws and regulations.

Within their CFO/ Chairman narratives, the companies acknowledged their roles as leading multinationals in the economies and societies where they operate; through either highlighting the major tax contribution they make, their adoption of highly ethical and responsible measures, or their aspirations for bettering people's lives. For instance, Aviva (2019, p.2) reported that

> "As a multinational company and one of the UK's largest companies we play an important part in the economies and societies in which we operate through the taxes we pay." (Aviva, 2019, p.2)

Similarly, L&G (2019, p.1) stated that it takes pride in the tax contribution it makes to the society.

> "[…] we take pride in the contribution we make to society […] through the taxes we pay and collect." (L&G, 2019, p.1)

Whereby, BT (2020, p.2) and Lloyds (2019, p.1) acknowledged themselves for being top tax contributors within the UK and noted their aspirations for a better world.

> "The One Hundred Group 2019 Total Tax Contribution Survey ranked us as the sixth highest contributor in the UK." (BT, 2020, p.2)
>
> "Our purpose is to use the power of communications to make a better world." (BT, 2020, p.2)
>
> "[…] the group […] were ranked as the highest corporate payer of UK taxes in the most recent PwC Total Tax Contribution Survey." (Lloyds, 2019, p.1)
>
> "Our purpose as the UK's largest financial services Group is to help Britain prosper." (Lloyds, 2019, p.1)

What is more, Lloyds (2019, p.2) added a section in its tax report "Why our approach to tax matters to us and our stakeholders" to further discuss its commitment to help Britain prosper by stating that

> "We're a UK-focused bank with a clear and driving purpose: to help people, businesses and communities in Britain prosper. We do this by providing useful and affordable products and services, by going beyond business as usual through our Helping Britain Prosper Plan, and through the taxes we pay." (Lloyds, 2019, p.2)

Meanwhile, National Grid (2020, p.4) highlighted its recognition for being among "The World's Most Ethical Companies".

> "[…] National Grid was recognised as one of "The World's Most Ethical Companies" in 2020 on a list assessed and compiled by The Ethisphere Institute." (National Grid, 2020, p.4)

Finally, Prudential (2019, p.2) and RB (2019, p.4) shed light on their lead in bettering the people's lives by means of helping them with their financial concerns and fulfilling for them healthier lives, respectively.

> "At Prudential, our purpose is to help people de-risk their lives and deal with their biggest financial concerns, providing them with the freedom to face the future with confidence." (Prudential, 2019, p.2)
>
> "RB is a leading global health, hygiene and home products company inspired by a vision of the world where people are healthier and live better." (RB, 2019, p.4)

Aligned with their aim to project themselves as role models to follow, all seven companies highlighted their commitment to being transparent and responsible businesses. What is more, L&G (2019, p.8) added a separate section within its tax strategy report titled "Our Commitments to Tax Transparency" to reinforce its "[…] committed to being transparent on tax". Among the different examples that companies used to emphasis their transparency are:

> "We operate in a transparent manner with all relevant tax Authorities […]." (Aviva, 2019, p.2)
>
> "Our tax strategy sits at the heart of our business responsibility agenda." (BT, 2020, p.2)
>
> "We aim to be: […] • Transparent– we seek to explain the taxation of our business to all our stakeholders." (L&G, 2019, p.3)
>
> "In line with our ambition to be open and transparent in our stakeholder communications, […]." (Lloyds, 2019, p.1)
>
> "For us, being a responsible business means being a good citizen […]." (National Grid, 2020, p.4)
>
> "[…] we are transparent in all our tax disclosures, […]." (Prudential, 2019, p.2)
>
> "Financially, socially and environmentally we seek to act responsibly and sustainably." (RB, 2019, p.3)

Another dominant theme which companies highlighted in their CFO/ Chairman narratives, is their commitment to abiding by the tax laws and to paying the right amount of taxes. For instance, Aviva noted that it conducts its business operations in accordance with the tax laws.

> "We […] conduct our business dealings in accordance with both the letter and spirit of all tax law." (Aviva, 2019, p.2)

As for BT (2020, p.2), L&G (2019, p.1), National Grid (2020, p.4) and Prudential (2019, p.2), they acknowledged their commitment to paying a "right" or "fair" share of tax.

> "It ensures that we pay our fair share of taxes back into the societies in which we operate […]." (BT, 2020, p.2)
>
> "[…] – we pay the right tax at the right time." (L&G, 2019, p.1)

> “We endeavour to manage our tax affairs so that we pay and collect the right amount of tax, at the right time, in accordance with the tax laws in all of the territories in which we operate.” (National Grid, 2020, p.4)

> “[…] recognise the importance of paying the right tax at the right time […]” (Prudential, 2019, p.2)

Interestingly, RB (2019, p.4) specifically noted that it abides by the tax regulations with respect to the publication of its tax strategy document.

> “RB supports the requirement for large UK companies to publish their tax strategies.” (RB, 2019, p.4).

5.6.1.2 Approach to risk management and governance

HMRC’s (2016a) tax strategy reporting guideline, requires companies to disclose four key aspects with respect to their risk management and governance approach; (1) how they identify and reduce the inherent tax risk, (2) the governance framework adopted to manage their tax risks, (3) the levels of oversight and the role of the Board of Directors, and (4) the key roles, responsibilities, systems, and controls adopted to manage their tax risks.

In line with HMRC’s (2016a) guideline all seven companies incorporated a section within their tax strategy narrative to educate the public about their approach to risk management through shedding light on the standards, policies, processes, structures, and controls enforced to manage their tax risks.

For instance, Aviva (2019, p.10) reported that its tax control measures are set by its “Tax business Standard”, without clearing stating what it means by “Tax Business Standard”. Then, it highlighted the different types of tax risks faced among which regulatory risk and transactional risk.

> “The Tax Strategy is supported by the Tax Business Standard which sets out specific controls for managing and reporting on tax risks across Aviva Group. The controls cover a wide range of tax risks including meeting regulatory requirements, processing corporate transactions and dealing with our customers, suppliers and employees.” (Aviva, 2019, p.10)

BT (2020, p.7) noted that its tax control framework includes three key aspects, namely (1) management, (2) operations, and (3) people and organization, where management pertains to ensuring that the Board's limited appetite for tax risk is applied. Meanwhile, operations are related to complying with the tax laws. Finally, the people and organization aspect addresses the calibre of the people appointed to ensure that tax matters are aligned with the wider corporate purpose.

> "The [Tax Control] Framework comprises three key parts: **Management** This is how we seek to ensure that our Board's limited appetite for tax risk is applied globally. […]. **Operations** This is how we seek to ensure that we comply with the tax rules of all the countries in which we do business. […] **People & Organisation** This is how we seek to ensure that our tax matters are dealt with in a manner consistent with our wider corporate purpose. […]." (BT, 2020, p.7)

With respect to the types of risks monitored, BT (2020, p.8) noted that

> "At an enterprise level, we monitor two key tax risks: (1) Failure to comply with the tax laws […]. (2) Failure to reflect current and future tax consequences in our decision making, […]." (BT, 2020, p.8)

In a similar vein to BT (2020), L&G (2019, p.6), both National Grid (2020, p.8) and RB (2019, p.13) shed light on enforcing three processes to manage their tax risks in line with their tax risk appetites. L&G (2019, p.6) stated that its three lines of defence model, includes (1) the day to day management process of the risks, (2) the role of the internal audit function, and (3) the employment of qualified people.

> "Our tax risk management policy is aligned with the Group's three lines of defence risk governance model, […] to ensure that tax risk in the business is managed in line with tax risk appetite." (L&G, 2019, p.6)
>
> "The management of tax risk is consistent with the three lines of defence model and can be summarised as: 1. Tax risks and the day to day management of tax process are owned by our business units […]. 2. Group Internal Audit acts with independence for the last line of assurance, […]. 3. Tax risk is managed by employing appropriately qualified and experienced people in key tax related roles, […]. (L&G, 2019, p.6)

Meanwhile, National Grid (2020, p.8) using the same phrase "three lines of defence" noted that its risk management model ensures that it "[…] consistently identif[ies], assess[es] and prioritise[s], manage[s], monitor[s] and report[s] risks", and summarized its three lines of defence as follows; (1) business function, (2) central risk management team, and (3) internal audit function.

> "Our risk management process provides a framework through which we can consistently identify, assess and prioritise, manage, monitor and report risks." (National Grid, 2020, p.8)
>
> "The three lines of defence at National Grid are:
> • Business function– control owner who is responsible for the operation of the control and management of the particular risks in their area of the business;
> • Central risk management team– control framework design authority which implements risk process […];
> • Internal audit– independent assessment of the effectiveness of our risk management and internal control systems." (National Grid, 2020, p.8)

As for RB (2019, p.13), its three-step process to managing tax risk includes: (1) line management, (2) oversight and (3) independent review.

> "RB operates three strands in monitoring internal control systems and managing risk:
>
> 1. LINE MANAGEMENT
>
> Management ensure that controls, policies and procedures are followed in dealing with risks in the day-to-day business.
>
> 2. OVERSIGHT
>
> Each function has its own management which acts as a second line of oversight and verification. This level sets the local level policies and procedures, subject to Group policy and authorisation i.e. oversight functions such as Finance, Legal, Supply etc.
>
> 3. INDEPENDENT REVIEW
>
> The third strand is provided through independent review by Internal and External Audit, who challenge the information and assurances provided by the first two strands." (RB, 2019, p.13)

Lloyds (2019, p.6) briefly noted that the process to managing its tax risk is set out by its tax policy and that its businesses are required to abide by those processes or else to justify failing to comply with the prescribed measures.

> **“Our Tax Policy** Sets out what needs to happen to make sure we manage tax risks in line with our overall risk appetite and legal obligations.” (Lloyds, 2019, p.6)
>
> **“Our Group Risk Management Framework** requires all of our businesses to self-certify that they’ve complied with our Tax Policy and to identify any failures to do so.” (Lloyds, 2019, p.6)

Similarly, Prudential (2019, p.12) highlighted that the standards for managing its tax risks are derived from the group tax risk policy by noting that it has a well-defined risk governance structure which requires all the “[…] businesses and functions to establish processes for identifying, measuring, managing and reporting the key risks faced by the Group.”

> “The Tax strategy is supported by the Group Tax Risk Policy which sets out the standards for managing and reporting a broad range of tax risks across the Group.” (Prudential, 2019, p.12)
>
> “[…] we have well defined risk governance structures in place, made effective through individuals, Group-wide functions and committees involved in the management of risk, and through the implementation of risk policies and standards.” (Prudential, 2019, p.12)
>
> “Our Group Risk Framework requires all of our businesses and functions to establish processes for identifying, measuring, managing and reporting the key risks faced by the Group.” (Prudential, 2019, p.12)

In addition to educating the public about their tax risk management process as required by HMRC tax strategy regulation, all seven companies emphasised the role of the board of directors within their risk management models which is another key aspect that they need to report on according to HMRC’s guidelines. Accordingly, all companies noted the role of the CEOs, CFOs, or a nominated board committee (i.e., audit committee).

> “We require the CEOs of all our businesses to manage tax risks in their jurisdiction, considering both proximate and long-term risks.” (Aviva, 2019, p.10)
>
> “Executive responsibility for tax matters is held by our Group Chief Financial Officer (who is also our Senior Accounting Officer for UK tax purposes) and our Director of Tax, Treasury, Insurance & Pensions.” (BT, 2020, p.8)
>
> “Responsibility for our Group’s management of tax risk ultimately rests with the Board, with day to day responsibilities for the implementation of the Group’s Tax strategy and supporting tax policies resting with the Chief Tax Officer.” (L&G, 2019, p.6)

> “Our Group Chief Financial Officer (CFO) is responsible to the Board for managing our tax position.” (Lloyds, 2019, p.6)
>
> “Day-to-day responsibility of the Group’s tax affairs, including the application of our Tax Strategy, is delegated to the Chief Financial Officer.” (National Grid, 2020, p.7)
>
> “Responsibility for the implementation of our tax strategy rests with the Group Chief Financial Officer and Chief Operating Officer, who updates the Board on material tax matters, and is supported in fulfilling this role by the Group’s Head of Tax and Group Tax department.” (Prudential, 2019, p.12)
>
> “Oversight across each principal risk is provided by a nominated Board Committee.” (RB, 2019, p.13)

Another key theme that companies emphasised in their tax risk management narrative to meet HMRC’s tax strategy regulation, is their commitment towards ensuring the presence of appropriate and qualified personnel by either (1) appointing qualified and trained staff, (2) delivering mandatory training programmes, or (3) clearly identifying the roles and responsibilities of their tax personnel. For example, Aviva (2019, p.11), BT (2020, p.7), L&G (2019, p.6), National Grid (2020, p.7) and Prudential (2019, p.12), acknowledged their appointment of well-trained staff, qualified professionals and specialist tax teams.

> “We ensure that all tax returns and correspondence are prepared and reviewed by qualified and trained staff, acting under appropriate delegated authorities.” (Aviva, 2019, p.11)
>
> “We hire suitably qualified professionals globally and we ensure that they act ethically and with integrity”. (BT, 2020, p.7)
>
> “3. Tax risk is managed by employing appropriately qualified and experienced people in key tax related roles, with specific tax responsibilities and accountabilities included in their job descriptions acting under appropriate delegated authorities.” (L&G, 2019, p.6)
>
> “Day-to-day tax activities are carried out by a team of appropriately qualified and experienced tax professionals.” (National Grid, 2020, p.7)
>
> “In line with the Group Tax Risk Policy, our business unit specialist tax teams provide regular tax risk reports to the Group Tax department.” (Prudential, 2019, p.12)

Similarly, Lloyds (2019, p.6) reported on the use of mandatory training programmes utilized to ensure that its employees are well-informed about their responsibilities.

"• We deliver mandatory training programmes each year to ensure that colleagues understand their responsibilities" (Lloyds, 2019, p.6)

Meanwhile, RB (2019) highlighted that it clearly defines the roles and responsibilities of its tax team members.

"Internal control processes are implemented through clearly defined roles and responsibilities." (RB, 2019, p.13)

In line with appointing qualified and professional tax personnel, all seven companies acknowledged their commitment to acting ethically and responsibly with respect to their risk management. Examples of commitment to acting ethically and responsibly include:

"We apply a diligent professional judgement […]." (Aviva, 2019, p.11)

"[…] we ensure that [suitably qualified professionals] act ethically and with integrity." (BT, 2020, p.7)

"2. Group Internal Audit acts with independence for the last line of assurance, and Group Tax can act in support if there is no conflict of interest with Group Tax." (L&G, 2019, p.6)

"As a responsible business, we're committed to strong and transparent governance in all aspects of our operations, from Board to branch – and that includes tax." (Lloyds, 2019, p.6)

"Our internal control and risk management framework helps us manage these risks appropriately." (National Grid, 2020, p.7)

"In line with the Group Tax Risk Policy, our business unit specialist tax teams provide regular tax risk reports to the Group Tax department." (Prudential, 2019, p.12)

"We are committed to responsible corporate behaviour." (RB, 2019, p.14)

Another key dimension that companies should report on according to HMRC's (2016a) guideline, is how they identify and reduce inherent tax risk. In our view, with regard to how companies identify tax risks, they covered this aspect when reporting on the systems, processes and policies enforced to manage and control risks as discussed at the beginning of this Section 5.6.1.2. Nevertheless, they did not explicitly report on how they reduce tax risks, in particular inherent tax risk due to the size, complexity, and extent of change in their businesses (HMRC, 2016a). It is worth noting though that National Grid (2020, p.8) reported on inherent tax risks as part of doing business that “is not possible to identify, anticipate or eliminate”.

> “Accepting that it is not possible to identify, anticipate or eliminate every risk that may arise and that risk is an inherent part of doing business, our risk management process aims to provide reasonable assurance that we understand, monitor and manage the main uncertainties that we face in achieving our objectives, including in our tax affairs.” (National Grid, 2020, p.8)

What is more, most of the companies in their acceptable level of tax risk narrative that we discuss in Section 5.6.1.4, noted that they have a low or limited appetite for tax risks; suggesting that they are maintaining their tax risks at the lowest possible level. Now, I turn my attention to the second pillar of HMRC’s (2016a) tax strategy reporting guideline which is attitude to tax planning.

5.6.1.3 Attitude to tax planning

All the companies except for Aviva[85] (2019) and Lloyds[86] (2019), incorporated a separate section in their tax strategy report to discuss their attitude to tax planning. As noted by HMRC (2016a) companies are required to report on four key aspects with respect to their tax planning; (1) code of conduct the business has for tax planning, (2) the factors influencing tax planning and their subsequent effects on the tax strategy, (3) the approach to structuring tax planning, and (4) the reasons for seeking external tax planning advice.

An evident theme in the corporates’ tax planning narratives, is their disclosures on acting in a tax-efficient, responsible, and transparent manner as a means to projecting having a responsible code of conduct for tax planning. For instance, with respect to acting responsibly, Aviva (2019, p.3) and BT (2020, p.5) reported that

> “Our tax strategy ensures that we remain a responsible, sustainable business, […]” (Aviva, 2019, p.3)

> “We seek to ensure that our business grows and develops in a tax-efficient manner, and in doing this we act responsibly.” (BT, 2020, p.5)

[85] Aviva (2019, p.3) briefly noted its attitude to tax planning in the introduction part of its tax strategy report.
[86] Lloyds (2019) failed to mention its attitude to tax planning in its tax strategy report.

Both L&G (2019, p.9) and Prudential (2019, p.9) emphasised acting in a tax-efficient manner using similar phrases "[…] we will structure […] [transactions] in a tax efficient manner where we have concluded that it is a responsible, sustainable choice […]" (L&G, 2019, p.9; Prudential, 2019, p.9).

> "Where we have a choice on how to structure a particular transaction, investment or business, we will structure it in a tax efficient manner where we have concluded that it is a responsible, sustainable choice which fits with our business and tax strategy, […]." (L&G, 2019, p.9)
>
> "Where we have a choice on how to structure a particular business, transaction or investment, we will structure it in a tax-efficient manner, where we have concluded that it is a responsible and sustainable choice, consistent with our business strategy." (Prudential, 2019, p.9)

Meanwhile, National Grid (2020, p.9), and RB (2019, p.10), acknowledged their commitment to transparency through disclosing a full list of their subsidiaries.

> "The full list of National Grid subsidiaries is disclosed in our Annual report and Accounts with their country of incorporation." (National Grid, 2020, p.9)
>
> "The full list of entities can be found in our Annual Report along with their country of incorporation." (RB, 2019, p.10)

Abiding by the tax laws and rules, is another key theme that all companies noted with respect to their approach to structuring their tax planning. In order to enforce their commitment to following the tax laws, companies reported on (1) paying the right amount of tax, (2) refraining from engaging in artificial tax transactions, (3) undertaking tax planning with a real and commercial purpose, and (4) following the OECD guidelines for transfer pricing. Examples of those disclosures include:

> "[…] paying the right amount of tax, in the right place and at the right time […]." (Aviva, 2019, p.3)
>
> "We also don't undertake wholly artificial transactions." (BT, 2020, p.5)
>
> "We will undertake tax planning only in the context of wider business activity with real and commercial basis." (L&G, 2019, p.9)

> “We do not enter into artificial arrangements that lack commercial purpose or where the sole purpose is to achieve tax savings.” (National Grid, 2020, p.9)

> “We do not base our decisions on aggressive interpretations of the tax law.” (Prudential, 2019, p.9)

> “The OECD standards guide multinational groups, such as RB, on the application of the “arm’s length principle”, which represents the international consensus on how to price transactions between members of the same multinational group.” (RB, 2019, p.11)

Among the key reasons that companies noted for seeking external tax planning advice, are providing clarity on the interpretation of tax legislation, particularly for new legislations and legislations associated with significant transactions. Only four companies; L&G (2019, p.9), National Grid (2020, p.9), Prudential (2019, p.11), and RB (2019, p.10) noted their use of external advisers in their tax planning narrative.

> “[…] we will engage external tax advisors to discuss and validate our understanding of the legislation on significant transactions or to provide insight or specialist advice on specific legislation, wider industry practice or tax authority approach.” (L&G, 2019, p.9)

> “[…], we may seek advice from reputable professional advisers to provide clarity around the interpretation, particularly where the matter is material to the Group.” (National Grid, 2020, p.9)

> “We also use tax advisers to help us understand new legislation or to provide us with insight on industry practice.” (Prudential, 2019, p.11)

> “The RB CHQ tax team partners with company colleagues in the markets where we do business to provide timely, appropriate advice and guidance on all aspects of tax.” (RB, 2019, p.10)

Interestingly, Lloyds (2019, p.5), which failed to explicitly report on its attitude to tax planning, noted in a sub-heading titled “The role of external advisers” that it seeks external advice for the following three reasons:

> “[…] [1] to […] understand the implications of new or proposed legislation, […] [2] to provide opinion on the interpretation of existing law. […] [3] to provide additional resources for the Group Tax team when they’re required.” (Lloyds, 2019, p.5)

The fourth aspect which companies should discuss in their tax strategy narrative, is the factors affecting their tax planning and their subsequent effects on their tax strategies (HMRC, 2016a). In my view, all the companies did not clearly report on this dimension in their tax planning narrative, except for Prudential (2019, p.9) which explicitly stated that it considers the following five questions when making its tax decisions. Nevertheless, it did not elaborate on the subsequent effects of these decision on its tax strategy.

> "[1] What is the overall business objective underpinning our approach?
> [2] Is the tax position sustainable in the long term, or is it based on an area of tax law that is likely to change?
> [3] What is the legal and regulatory framework that we need to respect?
> [4] Does the idea reflect the business and economic reality?
> [5] What is the potential reputational impact?" (Prudential, 2019, p.9)

5.6.1.4 Acceptable level of tax risk

The third key aspect that companies should disclose within their tax strategy reports, is their acceptable level of tax risk. As per HMRC's (2016a) guideline, companies are required to discuss: (1) the level of risk the business is prepared to accept, and the internal governance process for measuring it, as well as (2) the influence relevant stakeholders have over that level of risk.

My analysis of the corporates' tax strategies reports revealed that all companies included a separate section in their tax narrative to discuss their acceptable levels of tax risks, except for Aviva (2019, p.3) which briefly noted its risk appetite in its "Tax Strategy" overview section and RB (2019, p.15) which addressed its acceptable level of tax risk as part of its "How RB Assesses and Manages Risk" section. Interestingly, most of the companies reported on having a limited or a low appetite for tax risks, except for Lloyds (2019) and RB (2020) which did not disclose their acceptable level of risk. What is more, National Grid (2020, p.10) which noted having "a conservative approach to tax risk", stated that "there is no prescriptive level or pre-defined limit to the amount of acceptable tax risk".

For instance, Aviva (2019, p.3) and BT (2020, p.6) highlighted that they manage their operational risk to a low level and maintain a limited appetite for tax risk, respectively.

> "This approach to tax compliance is consistent with the Group's appetite to manage its operational risk to as low a level as is commercially sensible, taking account of the financial impact […]." (Aviva, 2019, p.3)

> **"We maintain** a limited appetite for tax risk by requiring a strong connection between tax planning and our business." (BT, 2020, p.6)

Meanwhile, National Grid (2020, p.10) and RB (2019, p.15) stated that they assess their acceptable level of risk on a case-by-case basis, where National Grid (2020, p.10) noted that it considers a range of aspects, including the complexity, reputational impact, and effect on stakeholders.

> "We assess the level of acceptable tax risk on a case by case basis within our governance framework and risk appetite, as set by the Board." (National Grid, 2020, p. 10)

> "[…], we consider the following equally important considerations:
> - scale;
> - complexity;
> - our reputational risk;
> - our corporate responsibility obligations; and
> - impact on our stakeholders." (National Grid, 2020, p. 10)

While RB (2019, p.15) stated that it considers the materiality of the amount involved and the expertise of its tax specialists.

> "Levels of acceptable tax risk are judged on an individual case-by-case basis, taking into account factors such as the materiality of the amounts involved and the technical knowledge and experience of local country tax specialists." (RB,2019, p.15)

As for Lloyds (2019, p.3), it noted that all of its major tax risks are associated with complying with tax regulations.

> "Our Tax policy identifies five major risks associated with tax. These are all concerned with accuracy and with complying with the letter and the spirit of current tax legislation." (Prudential, 2019, p.3)

Nevertheless, it did not report on its acceptable level of risk for each of these five major risks, including (1) inaccuracies in the tax calculations, (2) failure to appropriately conduct day-to-day operations, (3) changes in tax structures leading to incorrect identification of tax consequences,

(4) inaccurate interpretation of tax rules, and (5) tax judgements/transactions resulting in reputational damage (Prudential, 2019, p.3).

Interestingly, both L&G (2019, p.7) and Prudential (2019, p.11) provided a more detailed narrative with respect to their assessment of their tax risk appetites. Accordingly, both explained their key tax risks by defining each tax risk, reporting on its respective risk appetite, and explaining its related management approach. For example, L&G (2019, p.7) shed light on four key tax risks, namely (1) tax legislation and other regulations risk, (2) reputational risk, (3) compliance and reporting risk, and (4) transactional risk. With respect to the risk appetite for the legislative risk, L&G (2019, p.7) noted that it will not engage in any aggressive interpretation of the tax laws.

> "We […] will not seek to apply an aggressive interpretation of tax legislation ouside what is understood to be intended." (L&G, 2019, p.7)

As for the reputational risk, L&G (2019, p.7) highlighted that it has a low risk appetite for its reputational damage.

> "We have a low risk appetite for suffering any detriment to our reputation that may be caused by our approach to, or decisions taken in respect of, taxation." (L&G, 2019, p.7)

Also, L&G (2019, p.7) expanded on its low tolerance for risks associated with compliance and reporting. Meanwhile, it noted that it may accept a greater level of transaction risk if it is explained by the transaction's commercial purpose (L&G, 2019, p.7).

> "We have low tolerance for tax risk arising from errors or omissions, late submission of tax returns or late tax payments for routine and established tax compliance obligations" (L&G, 2019, p.7)
>
> "We may accept greater levels of tax risk if it is determined as acceptable as part of the overall commercial risk assessment of a transaction." (L&G, 2019, p.7)

In a similar vein, Prudential (2019, p.11) reported on four key risks, including (1) technical judgment tax risk, (2) operational tax risk, (3) regulatory tax risk, and (4) reputational tax risk, and noted that it has no appetite for either.

> “We have no appetite for adopting a technical judgment which is based on an aggressive interpretation of the relevant tax law, […]” (Prudential, 2019, p.13)
>
> “We have no appetite for material losses (direct or indirect) suffered as a result of failing to develop, implement and monitor appropriate controls to manage operational tax risks.” (Prudential, 2019, p.13)
>
> “We have no appetite for material losses (direct or indirect) suffered as a result of failing to monitor and respond to tax changes.” (Prudential, 2019, p.13)
>
> “We have no appetite for suffering reputational damage, […], as a result of failing to develop, implement and monitor appropriate controls to manage reputational risk.” (Prudential, 2019, p.13)

Although most of the companies reported that they have a limited or a low appetite for tax risks using different terms, namely “as low […] as is commercially sensible” (Aviva, 2019, p.3), “limited appetite” (BT, 2020, p.6), “low risk appetite/ low tolerance” (L&G, 2019, p.7), “no appetite” (Prudential, 2019), none of them explicitly mentioned how they measure those levels of risks. Nevertheless, as noted in this section’s discussion, the level of details the companies provided in relation to their acceptable level of risk varied extensively across the companies. For example, Aviva (2019, p.3) and BT (2020, p.6) briefly noted their risk appetites. Meanwhile, National Grid (2020, p.10) and RB (2019, p.15) went a step further by explaining the factors they consider when assessing their tax risks. Finally, L&G (2019, p.7) and Prudential (2019, p.11) provided a more detailed narrative with respect to their assessment of their tax risk appetites by defining each tax risk, reporting on its respective risk appetite, and explaining its related management approach.

In my view, despite the difference in the level of details provided, none of the companies disclosed how it measures its risk appetite. One explanation for this could be that they have already explained within their approach to risk management and governance narrative: (1) the systems in place to manage and control risks, (2) the role of the board in ensuring the appropriate enforcement of those frameworks, and (3) the qualified calibre of their tax personnel (see Section 5.6.1.2 for more details).

The second key aspect that companies should report on relative to their acceptable level of tax risk, is the influence relevant stakeholders have over the assessment of those levels of risk (HMRC, 2016a). My analyses revealed that most of the companies failed to report on the influence of their relevant stakeholders on their risk appetite. For instance, BT (2020, p.6) briefly noted that its acceptable level of risk should balance between the interest of its different stakeholders.

> **"We believe** our approach results in an appropriate balance between our stakeholders." (BT, 2020, p.6)

Similarly, National Grid (2020, p.10) noted that among the factors it considers in assessing its level of risk, is the impact on its stakeholders.

> "When assessing tax risk, we consider the following equally important considerations: […] impact on our stakeholders." (National Grid, 2020, p.10)

Prudential (2019, p.11) highlighted that its reputational tax risk is a function of the perception of the Group, from the perspective of its key stakeholders.

> "Risk that, as a result of actions or decisions we take or as a result of an external event, the perception of our Group, from the perspective of key stakeholders, is damaged, leading to financial and non-financial impacts." (Prudential, 2019, p.13)

L&G (2019, p.7) in addition to noting that it aims to balance the needs of its key stakeholders as a means to avoiding reputational damage, it highlighted that in order to secure this balance it actively works on understanding those needs through interactive cooperation with HMRC and with its stakeholders. Further, it added that with respect to its compliance and reporting tax risk, it quickly reports omissions if any to the relevant stakeholders (L&G, 2019, p.7).

> "Our tax strategy aims to balance the needs of our key stakeholders." (L&G, 2019, p.7)

> "We actively work to understand our stakeholders' expectations of us on tax, for example through constructive co-operative working with HMRC, our Investor Relations team's interaction with shareholders and our discussions with a range of non-governmental organisations, to understand our stakeholders' perspective on tax." (L&G, 2019, p.7)

> "We act quickly to remediate omissions and where applicable disclose adjustments to the relevant stakeholders." (L&G, 2019, p.7)

5.6.1.5 Approach to dealing with HMRC

The fourth key aspect that companies are required to disclose in their tax strategy narrative in line with HMRC's (2016a) tax strategy reporting guideline, is how they deal with HMRC. With respect to two key aspects, namely (1) meeting statutory and legislative tax requirements, and (2) being transparent on current, future and past tax risks across all relevant taxes and duties (HMRC, 2016a).

All companies except for Aviva[87] (2019) included a separate section in their tax strategy reports to discuss their relationship with HMRC. Further, L&G (2019) and RB (2019) tackled their relationship with HMRC in other parts of their tax strategy reports. L&G (2019) in its "Our Tax Strategy [overview]"and "Our Commitments to Tax Transparency" sections. Meanwhile, RB (2019) in its "RB's Tax Principles" and "Our Tax Policy" overview sections.

Interestingly, all companies noted their commitment to having a transparent, open and cooperative relationship with HMRC. Example of the corporates' disclosures on their transparent, open and cooperative relationship with HMRC include:

> "We firmly believe in dealing transparently with the tax authorities […]." (Aviva, 2019, p.4)
>
> "We seek open and constructive working relationships with tax authorities worldwide." (BT, 2020, p.9)
>
> "We have an open, cooperative and collaborative working relationship with HMRC, and other tax authorities where appropriate, across all our taxes." (L&G, 2019, p.8)
>
> "We're pleased to report that we have a very open, co-operative and transparent relationship with HMRC." (Lloyds, 2019, p.5)
>
> "We aim to maintain a collaborative and open relationship with all relevant tax authorities including HMRC." (National Grid, 2020, p.11)
>
> "We deal with tax authorities in an open and constructive manner aimed at bringing matters to a timely conclusion." (Prudential, 2019, p.10)
>
> "We believe in an open and constructive dialogue with tax authorities […]. We will be transparent in all our dealings with tax authorities and other regulators." (RB, 2019, p.5)

[87] Aviva (2019) briefly discussed its relationship with HMRC in two sections of its tax strategy report; (1) "Tax Strategy" overview (p.3), and (2) "How have we implemented our tax strategy?" (p.4).

The other key theme that companies are required to report on relative to their approach to dealing with HMRC, is their fulfilment of statutory and legislative tax requirements (HMRC, 2016a). Among the key aspects that companies reported on to confirm their fulfilment of statutory and legislative tax requirement are; (1) disclosing all relevant tax information and seeking clarity when needed,

> "With a low appetite for litigation, we prefer to seek clarity through timely discussion and prompt disclosure of all relevant information, to enable HMRC to form an accurate assessment of the tax implications of our activities." (Aviva, 2019, p.3)
>
> "We disclose significant matters to HMRC and, where appropriate, seek clearance to ensure that tax implications are agreed upfront." (BT, 2020, p.9)

(2) discussing significant and uncertain tax positions,

> "[…] aims wherever possible to consult with HMRC in advance of any major UK transaction and on areas of significant uncertainty e.g. due to a new piece of legislation." (RB, 2019, p.17)

(3) requesting available statutory or non-statutory clearances,

> "We may request generally available statutory or non-statutory clearances from relevant tax authorities in respect of specific transactions where there is material uncertainty or where the transaction is material to the Group company involved." (L&G, 2019, p.9)

(4) submitting tax returns on time,

> "We submit hundreds of tax returns every year within the legal time limits" (Lloyds, 2019, p.5)

(5) resolving errors in submitted tax fillings and discussing disagreements,

> "Where any inadvertent errors in submitted tax filings are identified, we will make full and timely disclosure to the relevant tax authority to resolve the matter." (National Grid, 2020, p.11)
>
> "Most of the time, these disagreements can be resolved through discussion." (Prudential, 2019, p.11)

It is also worth noting that RB (2019, p.16) added a separate narrative in its tax strategy report titled “Responding To Changes In Global Tax Laws” to further instil its fulfilment of legislative tax requirements by noting its response to new HMRC digital VAT tax system.

> “Tax and local finance teams monitor changes in the external tax environment to ensure we remain compliant with local tax laws. The work which RB has undertaken in response to ‘Making Tax Digital (MTD)’ is a good example of this” (RB, 2019, p.16)

A third theme that all companies except Lloyds noted when discussing their approach to dealing with HMRC, is their engagement in tax policy consultations either directly or via the wider business community and industry trade bodies. Examples of the corporates’ disclosures on their proactive engagement in the construction of tax policy include;

> “We engage proactively in external developments on tax policy and engage with national governments, the EU, OECD and others where appropriate.” (Aviva, 2019, p.3)
>
> “We regularly participate in UK tax consultations and pilot programmes that impact our business to ensure that our views are known and to help shape the future.” (BT, 2020, p.9)
>
> “We believe that open consultation with governments results in more informed and sustainable tax legislation and we work with governments both directly and via industry trade bodies to respond to consultations and to explain the impact of proposals on our business, customers and investors.” (L&G, 2019, p.8)
>
> “We are committed to the continued development of a coherent and transparent tax policy, so we are continuously monitoring and contributing to the changing tax landscape.” (National Grid, 2020, p.11)
>
> “We believe that more informed and sustainable outcomes are achieved where governments openly consult with industry and other affected stakeholders.” (Prudential, 2019, p.11)
>
> “RB also looks to engage with the wider business community and trade bodies, so we can play a constructive role in the ever-evolving tax debate.” (RB, 2019, p.17)

5.6.1.6 Tax contribution and CbCR

All companies were keen on noting their tax contribution within their tax strategy narrative. Particularly, they chose to report on three key aspects with respect to their tax contribution, namely (1) the types of taxes paid and collected, (2) the amount of tax paid and collected, and (3) the key countries where these taxes are paid and collected. Examples of the corporates’ disclosures in their tax contribution, include (1) highlighting the substantial and major amount of tax contributions made.

> "• Our tax contribution is substantial and in 2018 our global tax contribution was £3.5bn, including £1.3bn tax borne and £2.2bn tax collected." (Aviva, 2019, p.5)
>
> • In the UK in 2018 our Total Tax Contribution was £2.3bn, of which £0.6bn was tax borne including VAT and Employers NI and £1.7bn was collected from others." (Aviva, 2019, p.5)
>
> "We are proud to be a major contributor of taxes to the UK economy. […] Total tax contribution £3,947m" (BT, 2020, p.3)
>
> "Total tax contribution The total value of taxes that L&G have responsibility for – it is the sum of all the taxes paid and collected. £1,563m" (L&G, 2019, p.5)
>
> "As a bank with the purpose to help Britain prosper, and with 99% of our business subject to tax in the UK, we're proud to be one of the largest contributors to domestic tax revenues." (Lloyds, 2019, p.7)
>
> "UK tax contribution 2018 £2.6bn […]" (Lloyds, 2019, p.7)

(2) reporting on the various types of taxes paid/ borne and collected and using infographics[88] to note the amounts associated with each type, including corporation tax, VAT, PAYE and NIC, etc.

> "The amount of taxes we pay and collect globally is significantly more than just the corporation tax we pay on our profits. We contribute taxes in two ways, collectively referred to as total tax contribution:
>
> • taxes borne – tax paid by National Grid
> • taxes collected – tax collected and paid to tax authorities on behalf of customers, suppliers and employees." (National Grid, 2020, p.6)
>
> "We set out below in Figure 1 the taxes that our businesses bore in 2019 – which represents a cost to the Group – and, in Figure 2, the taxes our businesses collected and remitted to tax authorities in 2019. Together these represent the total tax contribution of the Group ($2,168 million) to the societies and economies in which our businesses operate and invest." (Prudential, 2019, p.5)
>
> "Our business generates a significant amount of tax revenues for the governments of the countries in which we operate. This includes not just corporate taxes, but also employment taxes, sales taxes, duties and other levies." (RB, 2019, p.8)

[88] It is also worth noting that the use of infographics and tables is evident in the tax contribution theme.

(3) shedding light on the key countries where the tax payments and tax collections are made. All companies except for National Grid (2020) and RB (2019) included some narrative on where they pay tax.

> "In 2018, our major businesses were situated in the UK, France, Canada, Italy, Poland, Ireland and Singapore. 97% of revenues, 97% of our profit and 100% of our tax paid in 2018 was in these top seven jurisdictions." (Aviva, 2019, p.7)
>
> "International footprint [Table]." (L&G, 2019, p.5)
>
> "Figure 3: 2019 Prudential plc's continuing operations total tax contribution by jurisdiction [Table]." (Prudential, 2019, p.6)
>
> "Where we pay tax […] [Table]." (Lloyds, 2019, p.15)

BT (2020, p.10-11) went a step beyond all other companies by noting in a separate section titled Country-by-Country Reporting" an extract from the CbCR report submitted to HMRC.

> "The data below for our top 14 countries is extracted from our Country-by-Country Report for the year ended 31 March 2019, which we file with HMRC [Table]." (BT, 2020, p.11)

5.6.1.7 Educating the public about taxes

Companies have used four types of narratives to educate the public about taxes, namely (1) defining key tax terms, (2) differentiating between the tax paid and the tax charge, (3) explaining the process of calculating the taxable profit, and (4) discussing the tax information reported in their financial statements.

Most companies noted within different parts of their tax strategy reports what they meant by certain tax terms (i.e., tax borne, tax collected, total tax contribution, tax risk, etc.). L&G (2019, p.10) and RB (2019, p.21) incorporated a separate section in their reports to define a few tax terms; "Demystifying tax – useful terms" and "Glossary", respectively. Interestingly, both companies noted the public's misunderstanding of taxes. L&G (2019, p.10) used the term "demystifying", and RB (2019, p.21) noted that

> "In discussions around tax there are common misunderstandings which can hinder an informed dialogue. To help aid such conversations, we have set out a number of definitions […]." (RB, 2019, p.21)

In its glossary, L&G (2019, p.10) focused particularly on defining the different types of taxes paid and taxes collected. For instance,

> "Corporation tax (Paid) the tax we pay on the profits we earn."
>
> "Withholding tax (Paid) the tax we pay on our overseas investment income."
>
> "VAT (Paid & collected) the tax charged on the services we provide, less VAT we can recover on the goods and services we buy." (L&G, 2019, p.10)

By contrast, RB (2019, p.21) in addition to defining what is meant by certain types of taxes such as corporate income tax, indirect tax, and withholding tax, it defined other terms, including effective tax rate (ETR), deferred tax, and transfer pricing, and explained basic terms, such as government, group, HRMC and OECD.

> "Corporate income tax: All taxes that are based on the taxable profits of a company. Note that corporate taxes are generally levied on profits and not revenues (or sales)."
>
> "Effective tax rate (ETR): The rate at which a taxpayer would be taxed if its tax liability were taxed at a constant rate rather than progressively. This rate is computed by determining what percentage the taxpayer's tax liability is of their profit before tax."
>
> "Group: Includes all directly or indirectly-owned subsidiaries of RB Group plc." (RB, 2019, p.21)

As for noting the difference between the tax paid and the tax charge, Aviva (2019, p.6), BT (2020, p.4) and Prudential (2019, p.7) explained in their tax strategy narrative; "How does the corporation tax paid differ from the tax charge in the accounts?", "Why did you pay £431m rather than your £164m tax charge?", and "Why does the amount of corporation tax paid differ from the tax charge in the account?", respectively. Nevertheless, National Grid (2020, p.6) noted within its "Total Tax Contribution" narrative that information on the difference between cash tax payments and the tax charge can be found in its Annual Report.

> "You can read more about this in our Annual Report and Accounts. This includes the split of our tax contribution by type of tax, and also the reason why the tax charge disclosed in our accounts is generally different to the amount of cash payments made to the tax authorities (including HMRC). Our Annual Report and Accounts can be found here." (National Grid, 2020, p.6)

For Aviva (2019, p.6), the key aspect noted beyond the difference is timing.

> "This difference is mainly because of the timing when payments are made compared to when they are incurred." (Aviva, 2019, p.6)

In a similar vein, BT (2020, p.4) noted timing among the reasons for the difference by highlighting that "[t]ax is not always payable in the period to which it relates". However, it added four more reasons, including (1) employee pensions schemes[89], (2) deductible tax losses related to investing in EE (its mobile business), (3) employee share schemes[90], and (4) tax depreciation rates being different than the adopted accounting deprecation rates.

Finally, Prudential (2019, p.7) noted two key reasons resulting in the difference between the tax paid and the tax charge, namely (1) timing being the principal factor, and (2) adjustments made in the tax return.

> "The principal factor is the timing of when payments are made in respect of a given financial period. […]. A secondary factor is that adjustments made when the tax return is filed (or when the tax return is agreed with the tax authority) can lead to additional tax payments being made or refunds being received in a later year." (Prudential, 2019, p.7)

Prudential (2019, p.7) also added a table to reconcile the expected tax to its current tax charge.

> "Figure 4: 2019 reconciliation of expected tax to current tax charge [Table]" (Prudential, 2019, p.7)

Relative to the calculation of taxable profits, Prudential (2019, p.16) is the only company that noted this in an Appendix within its tax strategy narrative.

> "Appendix 3 – Calculating our taxable profit" (Prudential, 2019, p.16)

[89] "We obtain tax deductions when we make payments, not when we account for the liability." (BT, 2020, p.4)
[90] "We obtain tax deductions when our employees receive the shares, not when we account for the liability." (BT, 2020, p.4)

Similarly, Lloyds (2019) is the only company which extracted tax information from its financial statements to educate the public about in its tax strategy narrative.

> "Tax in Our Financial Statements" (Lloyds, 2019, p.10-13)

5.6.1.8 Engaging with NGOs and civil society

Engaging with NGOs and civil society is another theme that some companies noted in their tax strategy narrative, including L&G (2019), Prudential (2019), and RB (2019). For instance, L&G (2019, p.8-9) discussed its interaction with NGOs in two parts of its report, (1) its commitment to tax transparency, and (2) its interaction with "NGOs and Other Third Parties" narratives. With respect to transparency, L&G (2019, p.8) noted that it engages with NGOs in light of their "[…] concerns about the tax system and responsible and transparent tax practices of large companies."

> "We engage with a range of interested parties and non-governmental organisations to discuss concerns about the tax system and responsible and transparent tax practices of large companies. This is in light of the expectations of society, governments and consumers for large companies on tax responsibility and transparency." (L&G, 2019, p.8)

Meanwhile, within its "NGOs and Other Third Parties" narrative, L&G (2019, p.8) highlighted that its interest in engaging with NGOs is driven by the harmonisation approach to taxation which NGOs and other parties, such as the OECD, are pushing for.

> "Countries' approach to taxation is increasingly undertaken on a joined-up basis, with harmonisation of requirements facilitated by NGOs, like the OECD, and the EU. A need for greater tax transparency on a multinational level has led to the OECD Base Erosion and Profit Shifting (BEPS) framework and the EU Directive for Administrative Cooperation (DAC)."

Prudential (2019, p. 11) noted within its "Tax policy work" disclosures that its engagement in tax consultations is not only confined to working with tax authorities, but it extends to working with civil society groups.

> "[…], we have proactively engaged with civil society forums that are focused on building a sustainable and transparent global tax system." (Prudential, 2019, p.11)

Finally, RB (2019, p.9) within its group tax director narrative titled "Increasing Trust And Understanding In The Tax System", acknowledged its commitment to having an open dialogue with the different stakeholder groups interested in its business policies. What is more, RB (2019, p.9) quoted Oxfam which in July 2017 published a briefing paper *"Making Tax Vanish"* in which it condemned RB for failing to pay its fair share of taxes in developing countries (Oxfam, 2017). In response, RB (2019, p.9) in its tax strategy report noted that it immediately engaged with Oxfam. On the one hand, RB wanted to get insights from Oxfam on its tax strategy narrative, and on the other hand it wanted to contribute to Oxfam's discussion papers on corporate tax.

> "We are open to a dialogue with all those who seek to better understand our business policies. For example, when Oxfam published a report on our tax affairs in 2017 we immediately engaged with them to explain our approach to tax and worked together on our first Tax Strategy document. More recently, we inputted into Oxfam's discussion paper on Corporate Taxation (October 2019)." (RB, 2019, p.9)

Interestingly, RB (2019, p.18-20) devoted three pages of its tax strategy report to address its tax contributions and social impact in South Africa.

> "Case Study: South Africa Our local tax contribution and social impact investment in South Africa" RB (2019, p.18-20)

5.6.2 Summary and discussion of key themes

In sum, my findings for the key themes which companies used to construct compliance with HMRC's tax strategy reporting regulation, suggest that the indeterminacy inherent in some of the tax strategy reporting requirements allowed companies room to construct what compliance looks like by exercising their discretion over which information to disclose. For instance, the linguistic indeterminacy allowed companies room to "contest either over the meaning of certain words or phrases or over how to express a particular concept" (Picciotto, 2015). This was particularly evident in the approach to risk management and governance narrative (see Section 5.6.1.2) and the acceptable level of tax risk narrative (see Section 5.6.1.4). The overlap between some of the aspects that companies should disclose in both narratives, such as how they reduce the inherent tax risk and the level of risk the business is prepared to accept, allowed most companies to vaguely note that they have a low or a limited risk appetite; suggesting that they are maintaining their tax risks at the lowest possible level. Thus, failing to acknowledge how they reduce those risks, if not maintained within their risk appetite. Similarly, in the acceptable level of tax risk narrative, companies avoided reporting on the internal governance process for measuring their acceptable level of risks, as deemed this as already covered by their disclosures on their approach to risk management and governance narrative: (1) the systems in place to manage and control risks, (2) the role of the board in ensuring the appropriate enforcement of those frameworks, and (3) the qualified calibre of their tax personnel.

Secondly, legal indeterminacy pertains to "law mainly tak[ing] the form of general rules articulated in advance, leaving individuals free to make their own decisions within the guidance offered by the law" (Picciotto, 2015, p.169). Legal indeterminacy was particularly evident in the attitude to tax planning narrative (see Section 5.6.1.3), given "[t]he problem of drawing a boundary between" (Freedman et al., 2009, p.75), for instance what is a tax- efficient planning behaviour and what is not, or how to devise a tax planning approach that results in paying the right amount of tax. As such, although all of the companies noted that they espouse a tax-efficient, responsible and transparent tax planning manner, and stated that they abide by the tax laws and rules, they[91] failed to state the factors underpinning their tax planning to ensure such a responsible and complaint tax planning approach. This is reflected in the use of broad statements, such as "[…] we will structure […] [transactions] in a tax efficient manner […]" (L&G, 2019, p.9; Prudential, 2019, p.9), or we "[…] [pay] the right amount of tax, in the right place and at the right time […]" (Aviva, 2019, p.3).

As highlighted by Freedman and Vella (2016, p.656), "[s]uch statements disclose very little of interest to readers and the companies adopting them will not necessarily feel any more constrained in their tax planning behaviour with these statements than without them". It is worth noting that even Prudential (2019, p.9) which explicitly stated that it considers five questions in its tax decisions, including amongst others, "What is the overall business objective underpinning our approach?" and "What is legal and regulatory framework that we need to respect?", did not elaborate on the subsequent effects of these decision on its tax planning approach.

Thirdly, normative judgement inherent in interpreting the meaning of the tax laws (Picciotto, 2015, p.170), "[…] gives rise to differences of opinion as to the effect of laws" (Oats and Tuck, 2019,

[91] Except for Prudential (2019, p.9) which noted the questions it considers when making its tax decisions.

p.566). For example, as per HMRC's (2016a) guidelines, companies should report on the influence relevant stakeholders have over the assessment of their acceptable risk levels (see Section 5.6.1.4). In this respect, different views on what constitutes an acceptable risk appetite will result in differences of opinion on the meaning of an appropriate level of risk, which may be equally potentially acceptable (Picciotto, 2015, p.171). In turn, this may result in "[…] different views about the purpose of the rule in question [i.e., influence relevant stakeholders have on risk appetite] or the values it aims to promote [i.e., unaggressive tax behaviour, ethical tax planning, etc.]" (Picciotto, 2015, p.171). Accordingly, although most of the companies failed to report on the influence of their relevant stakeholders on their risk appetite, those who did used statements that allow room for the readers to have different interpretations (Freedman and Vella, 2016, p.656) on stakeholders' influence. For example, BT (2020, p.6) noted that its approach to assessing tax risks "[…] results in an appropriate balance between […] stakeholders" without explaining what an appropriate balance looks like. Similarly, National Grid (2020, p.10) stated that among the factors it considers in its risk assessment is the "impact on […] stakeholders" without explaining how it defines this impact (i.e., reputational impact, operational impact, etc.).

Interestingly, the indeterminacy inherent in the tax strategy reporting regulation allowed companies to not only exercise their discretion over which information to disclose, but also to include disclosures beyond those required by the measure. This is reflected in HMRC's tax strategy reporting guideline which stated that companies may incorporate any other relevant tax information without the need for reporting on the amount of taxes paid or disclosing commercially sensitive information (HMRC, 2016a). Examples of the narratives which companies disclosed beyond the regulation requirement, include messages from CFOs/ Chairmen (see Section 5.6.1.1), tax contributions and CbCR (see Section 5.6.1.6), educating the public about taxes (see Section 5.6.1.7), and highlighting engagement with NGOs and civil society (see Section 5.6.1.8). These narratives suggest that companies want to construct compliance with HMRC's tax strategy reporting regulation not only by selecting which information to report to fulfil the regulatory requirement, but also by promoting their tax strategy narrative to a diverse group of stakeholders, such as media, NGOs, and tax activities.

To sum up, companies utilized the indeterminacy inherent in the tax law for their own advantage when deciding on the content (e.g., key themes) of their tax strategy narratives. In this way, tax strategy reports can be viewed as "image-creation mechanisms" (Crowther, 2000, p.1845) utilized by companies to portray compliance with tax strategy reporting regulation. They exercised discretion over which information to disclose and in which form to disclose it (i.e., briefly note or extensively report on). They also appealed to a wider group of stakeholders (e.g., media, NGOs, tax activists). Hence, companies are establishing the legitimacy of this new corporate reporting genre by using their tax strategy narratives as an impression management tool to paint "a coherent and legitimate [tax] image" (Christensen, 2002, p.164) without necessarily "break[ing] down the boundaries between themselves and their surrounds and expos[ing] their presumed inner selves to the external world" (Christensen, 2002, p.166). My findings echo Freedman and Vella's (2016, p.656) view on "[g]overnment […] rel[iance] on pressure from the media and NGOs, and the influence of advisers, to put pressure on business to make this [tax strategy reporting] exercise more meaningful."

I now turn my focus to discussing in Section 5.6.3 how companies constructed corporate citizenship from two key dimensions, namely (1) corporate identity and relationship with stakeholders and the wider world, and (2) justifications of corporate actions (Basu and Palazzo, 2008).

5.6.3 Dimensions of corporate citizenship

Having discussed the different themes companies utilized in their tax strategy narratives to construct compliance with HMRC (2016a) tax strategy regulation, I now discuss the corporate citizenship dimensions addressed via these themes and their associated discursive legitimation strategies. Adapting Basu and Palazzo (2008) CSR model, I differentiate between two key dimensions of corporate citizenship, namely (1) corporate identity and relationship with stakeholders and the wider world, and (2) justifications of corporate actions. With respect to the discursive legitimation strategies, I adopt Van Leeuwen's (2007) four categories of legitimation: (1) authorization, (2) moral evaluation, (3) rationalization, and (4) narrativization.

5.6.3.1 Corporate identity and relationship with stakeholders

As noted earlier in Section 5.4.1, Basu and Palazzo (2008) differentiate between three types of corporate identity orientation, namely (1) individualist, (2) relational, and (3) collectivist. My analysis revealed that companies used the three types of identity orientation when representing who they are and how they relate to their different stakeholder groups (Basu and Palazzo, 2008) in different parts of their tax strategy narratives.

When portraying themselves as leading companies within their CFO/Chairman letters, companies used an individualist and/or a collectivist identity lens to acknowledge themselves and their roles in society. For instance, Aviva (2019, p.2) and L&G (2019, p.1) adopted an individualist approach (Basu and Palazzo, 2008) by emphasising on their huge tax contributions to their respective societies, i.e., "play an important part" and "take pride". Similarly, through an individualist lens, National Grid (2020, p.4) praised itself for implementing highly ethical and responsible measures "one of "The World's Most Ethical Companies" in 2020". By contrast, Prudential (2019, p.2) and RB (2019, p.4) acknowledged themselves in a collectivist approach by using absolute/ universal phrases (Basu and Palazzo, 2008), such as "help people de-risk their lives and deal with their biggest financial concerns" and "[aspire for a] world where people are healthier and live better".

Meanwhile, BT (2020, p.2) and Lloyds (2019, p.1) referred to their identify and relationship orientation in both individualist and collectivist terms (Basu and Palazzo, 2008). Adopting an individualist identity orientation, they noted themselves among the highest tax contributors in the UK, i.e., "sixth highest contributor" (BT, 2020, p.2) and "highest corporate payer of UK taxes" (Lloyds, 2019, p.1). Further, using absolute terms, such as "make a better world" (BT, 2020, p.2) and "help Britain prosper" (Lloyds, 2019, p.1), they emphasised on their collectivist identity orientation (Basu and Palazzo, 2008).

Companies also espoused their identity orientation in other parts of their tax strategy reports. For example, when noting the role of the board, in particular CFOs and CEOs, in their risk management approach narratives, all companies adopted an individualist identity orientation. Whereby, leadership here is vested in the person of the CFOs and CEOs. Furthermore, BT (2020, p.11) adopted an individualist identity orientation to show how it "leaps ahead of the competition" (Basu and Palazzo, 2008, p.125) by including in its tax report an extract from the CbCR submitted to HMRC which by law is not required to be published publicly.

In addition, companies adopted a relational identity orientation when discussing their relationships with their different stakeholders (Basu and Palazzo, 2008) among which HMRC, NGOs, and civil society groups. Although most companies did not explicitly note the influence of their relevant stakeholders on the assessment of their acceptable level of risk as required by HMRC (2016a) tax strategy regulation. When discussing their approach to dealing with HMRC, their role in tax policy consultations, and their engagement with NGOs and civil society, they emphasised on having an open, co-operative and transparent relationship with these different stakeholder groups.

For example, in their approach to dealing with HMRC narrative, companies used different terms, including "open" "transparent" "constructive" "collaborative" and/or "cooperative" (Aviva, 2019, p.4; L&G, 2019, p.8; Lloyds, 2019, p.5; Prudential, 2019, p.10; RB, 2019, p.5; BT, 2020, p.9; National Grid, 2020, p.11) to describe their relationship with HMRC. In a similar vein, when reporting on their engagement in tax policy, companies[92] used different phrases to emphasis on their contributions to tax consultations. For example, Aviva (2019, p.3) noted that it "[…] engage[s] proactively in external developments on tax policy […]". Similarly, BT (2019, p.9) and National Grid (2020, p.11) reported on their regular participations in tax consultations using the following disclosures, respectively, "[…] regularly participate in UK tax consultations […]" and "[…] we are continuously monitoring and contributing to the changing tax landscape". Further, L&G (2019, p.8) highlighted that it "[…] works with governments both directly and via industry trade bodies to respond to consultations and to explain the impact of proposals on […] [its] business, customers and investors". As for Prudential (2019, p.11) it noted that "more informed and sustainable outcomes are achieved where governments openly consult with industry and other affected stakeholders". Finally, RB (2019, p.17) showed its interest in "[…] engag[ing] with the wider business community and trade bodies, so […] [it] can play a constructive role in the ever-evolving tax debate".

[92] All companies except for Lloyds (2019) because it did not report on its engagement in tax policy.

Another example of espousing a relational identity orientation (Basu and Palazzo, 2008), is evident in L&G (2019), Prudential (2019) and RB's (2019) disclosures on engaging with NGOs and civil society groups. For instance, L&G (2019, p.8) and Prudential (2019, p.11) noted respectively that they engage with interested parties, including NGOs and civil society actors "[…] to discuss concerns about the tax system and responsible and transparent tax practices of large companies" and to "[…] build […] a sustainable and transparent global tax system". As for RB (2019, p.9), in light of its exposure to scrutiny by Oxfam in 2017 following its failure to pay taxes in developing countries, it highlighted that it is "[…] open to a dialogue with all those who seek to better understand […] its business policies." Further, it mentioned that it "immediately engaged with […] [Oxfam] to explain […] [its] approach to tax and worked together on […] [its] first Tax Strategy document. What is more, RB (2019, p.9) added that in October 2019 it contributed to one of "[…] Oxfam's discussion paper[s] on Corporate Taxation […]".

Companies used two key discursive legitimation strategies when discussing the corporate identity and relationship with stakeholders dimension of corporate citizenship, namely (1) authorization and (2) moral evaluation. Among the authorization legitimation strategies that companies used are: role model authority, personal authority, impersonal authority, and expert authority (Van Leeuwen, 2007). When acknowledging themselves for their leading roles in their respective societies via an individualist and/ or a collectivist identity lens (Basu and Palazzo, 2008), companies utilized the role model authority discursive legitimation strategy (Van Leeuwen, 2007, p.95) as a means to endorse the companies as leading examples to follow. Meanwhile, when emphasising on the role of CFOs and CEOs in development of their risk management frameworks which reflects an individualist identity orientation (Basu and Palazzo, 2008) companies used a personal authority discursive legitimation strategy (Van Leeuwen, 2007). As noted by Van Leeuwen (2007, p.94) authoritative legitimation in this case "[…] is vested in a person because of their status or role in a particular institution".

With regard to the impersonal authority and expert authority legitimation, companies used these discursive legitimation strategies when promoting their relational identity orientation (Basu and Palazzo, 2008). Particularly, when addressing their engagement in tax policy consultations and their engagement with NGOs and civil society groups. Accordingly, the discursive legitimation purpose of engaging in tax policy consultations is authorization via the impersonal authority of the laws, rules and regulations (Van Leeuwen, 2007, p.96). Whereby, companies aim to alter the socially institutionalized tax practices, laws or rules to conform to their ends (Ashforth and Gibbs, 1990). By contrast, I view the companies' engagements with NGOs and civil society to be aimed at "creating new, allegiant constituents [i.e., NGOs and other civil society groups]" (Suchman, 1995, p.586) by means of the expert authority (Van Leeuwen, 2007, p.94) provided by the expertise of these groups.

Finally, companies also used moral evaluation strategies, including evaluation and abstraction (Van Leeuwen, 2007) when addressing their relational identity orientation (Basu and Palazzo, 2008). Although companies briefly noted their consideration for the influence of their different stakeholders when evaluating their tax risk appetites, they engaged in an evaluation/ 'naturalization' legitimation strategy (Van Leeuwen, 2007, p.99). Whereby, "naturalizing" the salient practice (tax risk appetite) as being the norm and legitimate behaviour (being in the interests of their different stakeholders) (Van Leeuwen, 2007, p.99). The other means of moral evaluation which companies used is abstraction, when explaining their approach towards dealing with HMRC via using terms, such as open, transparent, cooperative, etc. As posit by Van Leeuwen (2007, p.99) abstraction pertains to distilling a quality from the corporate practice (i.e., dealing with HMRC) that links it to discourse of moral values (i.e., openness, transparency, and cooperation).

Table 5.11 summarizes the corporate identity and relationship with stakeholders dimension of corporate citizenship and the discursive legitimation strategies used to construct it in the corporate tax strategy narratives, including (1) authorization (e.g., role model authority, personal authority, impersonal authority and expert authority), and (2) moral evaluation (e.g., abstraction and evaluation/naturalization).

Table 5.11: Corporate identity and relationship with stakeholders dimension and associated discursive legitimation strategies in the corporate tax strategy narratives			
Discursive strategy	**Narrative**	**Theme**	**Example**
Corporate identity: Individualist Identity Orientation			
Role model authority	CFO/ Chairman Letters	Portraying themselves as leading companies	"[…] we take pride in the contribution we make to society […] through the taxes we pay and collect." (L&G, 2019, p.1)
Personal authority	Approach to risk management	Emphasizing the role of the board in particular CFOs and CEOs	"Responsibility for our Group's management of tax risk ultimately rests with the Board, […]." (L&G, 2019, p.6)
Role model authority	Tax contribution and CbCR	Extract from the CbCR submitted to HMRC	"The data below for our top 14 countries is extracted from our Country-by-Country Report for the year ended 31 March 2019, which we file with HMRC [Table]" (BT, 2020, p.11)
Corporate identity: Collectivist Identity Orientation			
Role model authority	CFO/ Chairman Letters	Portraying themselves as leading companies	"At Prudential, our purpose is to help people de-risk their lives and deal with their biggest financial concerns, providing them with the freedom to face the future with confidence." (Prudential, 2019, p.2)
Corporate identity: Relational Identity Orientation			
Evaluation/ Naturalization	Acceptable level of tax risk	Influence of relevant stakeholders	"We actively work to understand our stakeholders' expectations of us on tax, […], to understand our stakeholders' perspective on tax." (L&G, 2019, p.7)
Abstraction	Approach to dealing with HMRC	Acting in a transparent, open, and cooperative manner	"We're pleased to report that we have a very open, co-operative and transparent relationship with HMRC." (Lloyds, 2019, p.5)
Impersonal authority	Approach to dealing with HMRC	Engaging in tax policy consultations	"We believe that open consultation with governments results in more informed and sustainable tax legislation and we work with governments both directly and via industry trade bodies […]." (L&G, 2019, p.8)
Expert authority	Engaging with NGOs and civil society	Engaging with NGOs and civil society	"[…], we have proactively engaged with civil society forums that are focused on building a sustainable and transparent global tax system." (Prudential, 2019, p.11)

5.6.3.2 Justification of corporate actions

The second dimension of corporate citizenship which I examined in the corporate tax strategy reports, is the justification of corporate actions (Basu and Palazzo, 2008). Particularly, I focused on the discursive legitimation strategies (Van Leeuwen, 2007) used by companies to justify their tax behaviour with regard to four key aspects, namely (1) legal, (2) scientific, (3) economic and (4) ethical (Basu and Palazzo, 2008). Firstly, companies used legal justification across different parts of their tax strategy narratives, including CFO/Chairman letters, attitude to tax planning, and approach to dealing with HMRC. Legal justifications are manifested in companies using legal arguments, such as settlements, rights, obligations, etc. (Ward, 2005; Basu and Palazzo, 2008) to legitimate their corporate tax practices. Examples of legal justifications within the corporate tax strategy reports included among others,

> "[…] conduct our business dealings in accordance with both the letter and spirit of all tax law." (Aviva, 2019, p.2)
>
> "[…] pay the right tax at the right time." (L&G, 2019, p.1)
>
> "[…] submit […] tax returns […] within the legal time limits." (Lloyds, 2019, p.5)
>
> "[…] do not base our decisions on aggressive interpretations of the tax law." (Prudential, 2019, p.9)
>
> "do not enter into artificial arrangements that lack commercial purpose or where the sole purpose is to achieve tax savings." (National Grid, 2020, p.9)
>
> "[…] disclose significant matters to HMRC […]" (BT, 2020, p.9)
>
> "The OECD standards guide multinational groups, such as RB, on the application of the "arm's length principle", […]." (RB, 2019, p.11)

In this respect, the discursive legitimation strategies associated with the legal justification aspect of corporate citizenship, is authorization via the impersonal authority of the laws, rules and regulations (Van Leeuwen, 2007, p.96). Whereby, companies aim to posit that their salient and visible tax practices are in line with the tax laws and regulations.

Relative to the second justification aspect, which is scientific justification. According to Basu and Palazzo (2008, p.127) companies used scientific justification as a means to claim that they rely on "neutral experts" or external advisor to justify/defend their tax behaviour (Basu and Palazzo, 2008, p.127). Nevertheless, my analysis revealed that companies not only used scientific justification to refer to their use of external tax advisors (Basu and Palazzo, 2008), but also to educate the public about their tax frameworks and the tax system. Examples of the tax strategy narratives in which companies used scientific justification, include approach to risk management, attitude to tax planning, acceptable level of tax risk, and education the public about taxes.

Within their approach to risk management and acceptable level of tax risk narratives, companies used scientific justification (Basu and Palazzo, 2008) via an instrumental rationalization legitimation strategy (Van Leeuwen, 2007). According to Van Leeuwen (2007, p.101) instrumental rationalization legitimates a practice by referring to either its goals, uses or effects. In this respect, within their approach to risk management narrative, companies legitimated their tax risk management practice by referring to the processes, frameworks and controls in place (i.e., means-orientation) to ensure an appropriate approach to risk management. For instance, BT (2020, p.7) noted that its "[…] [Tax Control] Framework comprises three key parts: Management […]. Operations […]. People & Organisation […]". Similarly, RB (2013, p.13) stated that it "[…] operates three strands in monitoring internal control systems and managing risk: 1. Line Management […] 2. Oversight […] 3. Independent Review […]". Also, all of the other companies noted that they either have "[…] specific controls for managing and reporting on tax risks […]" (Aviva, 2019, p.10), appropriate "lines of defence" (L&G, 2019, p.6; National Grid, 2020, p.8), "[…] well defined risk governance structures in place, […]" (Prudential, 2019, p.12), or "[a] Group Risk Management Framework" that is guided by the group's tax policy (Lloyds, 2019, p.6).

In a similar vein, in their acceptable level of risk narrative, companies[93] used instrumental rationalization to legitimate their risk appetite by referring to their goal for maintaining a limited appetite of tax risks (i.e., goal-orientation) (Van Leeuwen, 2007, p.102). Among the terms that companies used to emphasis on having a low-risk appetite are, "[…] to as low a level as is commercially sensible […]" (Aviva, 2019, p.3), "[…] maintain a limited appetite for tax risk […]." (BT, 2020, p.6), assess tax risk on a "case by case basis" (RB,2019, p.15; National Grid, 2020, p.10), "[…] have low tolerance for tax risk […]" (L&G, 2019, p.7) "[…] have no appetite for risk

[93] All companies except for Lloyds (2019) which did not report on its risk appetite.

arising from […] an aggressive interpretation of the relevant tax law, […]" (Prudential, 2019, p.13).

The other means to rationalization which companies used with regard to the scientific justification aspect of corporate citizenship (Basu and Palazzo, 2008), is theoretical rationalization (Van Leeuwen, 2007). Theoretical rationalization reflects an "explicit representation of 'the way things are'" (Van Leeuwen, 2007, p.103). Following this line of reasoning, companies utilized theoretical rationalization as a discursive legitimation means to seek adjustments in external public's expectations (Lindblom, 1993). Whereby, educating the public on taxes via (1) defining key tax terms to "demystify" (L&G, 2019, p.10) the "[…] common misunderstandings which can hinder an informed [tax] dialogue" (RB, 2019, p.21), (2) clarifying the difference between the tax paid and the tax charge, (Aviva, 2019, p.6; Prudential, 2019, p.7; BT, 2020, p.4; National Grid, 2020, p.6), (3) explaining the process of calculating the taxable profit (Prudential, 2019, p.16), (4) and discussing extracts from the tax information reported in their financial statements (Lloyds, 2019, p.10-13).

The third discursive strategy that companies used for scientific justification (Basu and Palazzo, 2008), is expert authority legitimation (Van Leeuwen, 2007). Among the companies which noted their use of external advisers in their tax planning narrative are L&G (2019, p.9), Prudential (2019, p.11), RB (2019, p.10) and National Grid (2020, p.9). Also, Lloyds (2019, p.5) briefly discussed its reliance on external advisors in a separate sub-heading titled "The role of external advisers". In this respect, seeking external tax advice is driven by an authorization discursive purpose to legitimation. Particularly, expert authority where legitimacy is provided by the expertise of the external tax advisors (Van Leeuwen, 2007, p.99). The reasons that companies noted for engaging with external tax advisors included:

> "discuss[ing] and validat[ing] […] understanding of the legislation on significant transactions […]." (L&G, 2019, p.9)
>
> "[…] understand[ing] new legislation […]." (Prudential, 2019, p.11)
>
> "[…] provid[ing] timely, appropriate advice and guidance on all aspects of tax." (RB, 2019, p.10)
>
> "[…] provid[ing] clarity around the [tax] interpretation, […]." (National Grid, 2020, p.9)

> "[…] [1] understand[ing] the implications of new or proposed legislation, […] [2] provid[ing] opinion on the interpretation of existing law. […] [3] provid[ing] additional resources for the Group Tax team when they're required." (Lloyds, 2019, p.5)

Instead of using legal or scientific justification, companies may engage in economic justification to acknowledge their tangible contributions to their stakeholders and respective societies (Basu and Palazzo, 2008, p.127). Economic justification is evident in the corporates' tax contribution and CbCR narratives. In order to "draw attention away" (Holland et al., 2016, p.7) from the tax strategy narrative, companies reported on the amounts and types of taxes paid and collected and on the key countries where these tax payments and collections are made; as an economic justification to their tax behaviour. In my view, these economic justification disclosures (Basu and Palazzo, 2008) are driven by a narrativization discursive legitimation strategy (Vaara et al., 2006), where companies are describing other corporate legitimate social practices (i.e., tax contributions) to paint a legitimate 'mythical model of social action' (i.e., legitimate corporate tax behaviour) (Wright, 1975, p.188; Van Leeuwen, 2007, p.106).

Finally, companies may choose to engage in ethical justification (Basu and Palazzo, 2008) to explain their tax behaviour. According to Basu and Palazzo (2008, p.127) ethical justification is manifested in justifying the corporate behaviour by referring to the corporate's moral responsibility "toward achieving universal goals of human welfare, such as safeguarding human rights […]". My analysis revealed that ethical justification is not only confined to "achieving universal goals of human welfare" (Basu and Palazzo, 2008, p.127), but it also pertains to the corporates' disclosures on their commitment to acting in an ethical, professional, transparent and responsible manner. Accordingly, companies used ethical justification in different parts of their tax strategy reports, including CFO/Chairman letters, approach to risk management, attitude to tax planning, and engagement with NGOs and civil society. The key discursive legitimation strategy which companies utilized in their ethical justification disclosures, is abstraction (Van Leeuwen, 2007). As Van Leeuwen (2007, p.99) notes abstraction pertains to distilling a quality from the corporate practice (i.e., corporate tax behaviour) that links it to discourse of moral values (i.e., transparency, business responsibility, professionalism, good citizenship, etc.).

Examples of ethical justification disclosures that companies reported include:

> "We ensure that all tax returns and correspondence are prepared and reviewed by <u>qualified and trained staff</u>, […]." (Aviva, 2019, p.11)
>
> "Our tax strategy sits at the heart of our <u>business responsibility agenda</u>." (BT, 2020, p.2)
>
> "[…] we will structure it [transactions] in a <u>tax efficient manner</u> where we have concluded that it is <u>a responsible, sustainable choice</u> […]." (L&G, 2019, p.9; Prudential, 2019, p.9)
>
> "As <u>a responsible business</u>, we're committed to strong and <u>transparent governance</u> in all aspects of our operations, […]." (Lloyds, 2019, p.6)
>
> "For us, being <u>a responsible business</u> means being <u>a good citizen</u> […]." (National Grid, 2020, p.4)
>
> "We are committed to <u>responsible corporate behaviour</u>." (RB, 2019, p.14)

In addition to using abstraction (Van Leeuwen, 2007) as a discursive legitimation means to ethical justification (Basu and Palazzo, 2008), RB (2019) used narrativization (Vaara et al., 2006) when discussing its "tax contribution and social impact investment in South Africa" (RB, 2019, p.18-20). Within its social impact narrative, RB (2019, p.19) shed light on a "universal goal […] of human welfare" (Basu and Palazzo, 2008, p.127) manifested in its campaign on "fight[ing] HIV and AIDS in South Africa" (RB, 2019, p.19-20). In line with Richter et al. (2021), I view this example of ethical justification by RB to reflect its willingness towards collaborating with different stakeholders, including NGOs and civil society groups, to achieve a wide range of societal goals. Particularly, that in its "Increasing Trust And Understanding In The Tax System" narrative, RB (2019, p.9) noted its engagement with Oxfam following its report on RB's tax affairs in 2017. Interestingly, this report *"Making Tax Vanish"* in which Oxfam condemned RB for failing to pay its fair share of taxes, particularly focused on developing countries (Oxfam, 2017).

Therefore, by incorporating such narrative in its tax strategy report, RB aims at publicizing its commitment to espousing socially acceptable goals (Ashforth and Gibbs, 1990), such as taxes in developing countries (i.e., South Africa) via narrativization (Vaara et al., 2006, p.802). Whereby, describing other corporate legitimate social practices (i.e., social impact in South Africa) to paint a legitimate 'mythical model of social action' (i.e., legitimate corporate tax behaviour) (Wright, 1975, p.188; Van Leeuwen, 2007, p.106).

Table 5.12 summarizes the justification dimension of corporate citizenship and the discursive legitimation strategies used to construct it in the corporate tax strategy narratives, including (1) authorization (e.g., impersonal authority and expert authority), (2) moral evaluation (e.g., abstraction), (3) rationalization (e.g., theoretical rationalization and instrumental rationalization), and (4) narrativization.

Table 5.12: Justification of corporate actions dimension and associated discursive legitimation strategies in the corporate tax strategy narratives

Discursive strategy	Narrative	Theme	Example
Legal justification			
Impersonal authority	CFO/ Chairman Letters	Abiding by the tax laws	"[…] recognise the importance of paying the right tax at the right time […]" (Prudential, 2019, p.2)
Impersonal authority	Attitude to tax planning	Abiding by the tax laws and rules	"We do not enter into artificial arrangements that lack commercial purpose or where the sole purpose is to achieve tax savings." (National Grid, 2020, p.9)
Impersonal authority	Approach to dealing with HMRC	Meeting statutory and legislative tax requirements	"We disclose significant matters to HMRC and, where appropriate, seek clearance to ensure that tax implications are agreed upfront." (BT, 2020, p.9)
Scientific justification			
Instrumental rationalization	Approach to risk management	Educating the public about their tax risk management frameworks	"The [Tax Control] Framework comprises three key parts: Management […]. Operations […]. People & Organisation […]." (BT, 2020, p.7)
Instrumental rationalization	Acceptable level of tax risk	Tax risk appetite	"We maintain a limited appetite for tax risk by requiring a strong connection between tax planning and our business." (BT, 2020, p.6)
Theoretical rationalization	Educating the public about taxes	Defining tax terms	"In discussions around tax there are common misunderstandings which can hinder an informed dialogue. To help aid such conversations, we have set out a number of definitions below." (RB, 2019, p.21)
Theoretical rationalization	Educating the public about taxes	Explaining the different between the tax paid and the tax charge	"This difference is mainly because of the timing when payments are made compared to when they are incurred." (Aviva, 2019, p.6)
Theoretical rationalization	Educating the public about taxes	Explaining the calculation of taxable profits	"Appendix 3 – Calculating our taxable profit" (Prudential, 2019, p.16)
Theoretical rationalization	Educating the public about taxes	Discussing tax information reported in financial statements	"Tax in Our Financial Statements" (Lloyds, 2019, p.10-13)
Expert authority	Attitude to tax planning	Seeking external tax advice	"We also use tax advisers to help us understand new legislation or to provide us with insight on industry practice." (Prudential, 2019, p.11)

Table 5.12: Justification of corporate actions dimension and associated discursive legitimation strategies in the corporate tax strategy narratives (cont.)			
Discursive strategy	**Narrative**	**Theme**	**Example**
Economic justification			
Narrativization	Tax contribution and CbCR	Amount of total tax contribution	"Total tax contribution The total value of taxes that L&G have responsibility for – it is the sum of all the taxes paid and collected. £1,563m" (L&G, 2019, p.5)
Narrativization	Tax contribution and CbCR	Types of taxes paid and taxes collected	"Our business generates a significant amount of tax revenues for the governments of the countries in which we operate. This includes not just corporate taxes, but also employment taxes, sales taxes, duties and other levies." (RB, 2019, p.8)
Narrativization	Tax contribution and CbCR	Countries where major tax payments and tax collection are made	"Where we pay tax […] [Table]" (Lloyds, 2019, p.15)
Ethical justification			
Abstraction	CFO/ Chairman Letters	Operating in a transparent and responsible manner	"We operate in a transparent manner with all relevant tax Authorities […]." (Aviva, 2019, p.2)
Abstraction	Approach to risk management	Appointing qualified and professional personnel	"Day-to-day tax activities are carried out by a team of appropriately qualified and experienced tax professionals." (National Grid, 2020, p.7)
Abstraction	Approach to risk management	Acting ethically and responsibly	"As a responsible business, we're committed to strong and transparent governance in all aspects of our operations, from Board to branch – and that includes tax." (Lloyds, 2019, p.6)
Abstraction	Attitude to tax planning	Acting in a tax-efficient, responsible and transparent manner	"[…] we will structure it [transactions] in a tax efficient manner where we have concluded that it is a responsible, sustainable choice […]" (L&G, 2019, p.9; Prudential, 2019, p.9)
Narrativization	Engaging with NGOs and civil society	Reporting on tax contribution and social impact in South Africa	"Case Study: South Africa Our local tax contribution and social impact investment in South Africa" RB (2019, p.18-20)

5.7 Discussion of findings

I view companies as corporate political actors (Matten and Crane, 2005) which use a range of discursive legitimation strategies (Vaara et al., 2006; Van Leeuwen, 2007) to strategically portray themselves as good corporate citizens. This manifests itself in the way they portray themselves, their relationship with stakeholders and wider society, and the way they justify their actions (Basu and Palazzo, 2008). Having explained my findings by key themes (in Sections 5.6.1 & 5.6.2) and corporate citizenship dimensions (in Section 5.6.3), I now move to discuss my findings firstly by the discursive legitimation strategies used, namely (1) authorization, (2) moral evaluation, (3) rationalization, and (4) narrativization (Vaara et al., 2006; Van Leeuwen, 2007). I then move on to analysing the overarching aims of discursive legitimation in light of the public controversy over tax transparency, including discursive antagonism, discursive co-optation (Luyckx and Janssens, 2016) and discursive validation (Glozer et al., 2019).

5.7.1. Discursive legitimation strategies

5.7.1.1 Authorization

Van Leeuwen (2007) differentiates between six types of authority purposes of legitimation. My analysis revealed that companies used four of these authority legitimation strategies within their tax strategy narrative, namely (1) personal authority, (2) expert authority, (3) role model authority, and (4) impersonal authority. That is to say, I did not find evidence of the authority of tradition nor evidence of the authority of conformity.

With respect to personal authority, legitimation "is vested in a person because of their status or role in a particular institution" (Van Leeuwen, 2007, p.94). In their tax strategy narratives, companies used personal authority when discussing the identity and relationship dimension of corporate citizenship from an individualist lens (Basu and Palazzo, 2008). Whereby, companies emphasised the role of the board, in particular CFOs and CEOs, when discussing their approach to risk management, as a means to associating their tax risk management practice with the symbol (Dowling and Pfeffer, 1975) of their CFOs and CEOs, in light of their personal authority (Van Leeuwen, 2007). By contrast, "[i]n the case of expert authority, legitimacy is provided by expertise rather than status" (Van Leeuwen, 2007, p.94). Accordingly, when explaining their attitude to tax planning, companies noted their use of external tax advisors given their expert authority (Van Leeuwen, 2007). In a similar vein, they discussed their engagement with NGOs and civil society groups as a legitimation means to alter their resource dependencies (Ashforth and Gibbs, 1990) via "creating new, allegiant constituents" (Suchman, 1995, p.586) who espouse expert authority (Van Leeuwen, 2007). In this respect, companies used expert authority to justify their tax practices by referring to the expertise of tax advisors (i.e., scientific justification) (Basu and Palazzo, 2008).

Relative to role model authority (Van Leeuwen, 2007), companies utilized it in their CFO/ Chairman letters narrative to establish themselves as role models. And thus, identify themselves as leading symbols (Dowling and Pfeffer, 1975) for other companies to follow, either by picturing themselves as leading multinationals in the economies and societies where they operate, or by noting their aspirations for a better world where people are living heathier and enjoying financial freedom. Another example of role model authority was noted in BT (2020) tax strategy narrative, where it disclosed an extract from the Country-by-Country Report it submitted to HMRC. Disclosing such CbCR extract, projects BT as a transparent company that has got nothing to hide. Hence, associating itself with the legitimate value of transparency (i.e., associate with symbols) (Dowling and Pfeffer, 1975) and thus, projecting itself as a role model for endorsing a higher level of transparency compared to other companies (i.e., role model authority) (Van Leeuwen, 2007). These examples of role model authority pertain to the identity and relationship dimension of corporate citizenship in both individualist (i.e., leading multinationals or endorsing a high level of transparency) and collectivist terms (i.e., aiming for universal goals) (Basu and Palazzo, 2008).

Finally, companies endorsed the impersonal authority of laws, rules and regulations as a discursive means to legitimation (Van Leeuwen, 2007) in different parts of their tax strategy narrative, such as (1) CFO/ Chairman Letters, (2) attitude to tax planning, and (3) approach to dealing with HMRC. In this respect, companies aimed to alter the public's perceptions (Lindblom, 1993) through emphasizing the ceremonial conformity (Meyer and Rowan, 1977; 1978) of their salient and visible tax practices with the tax laws and regulations. Accordingly, justifying their tax practices by the impersonal authority of the laws and regulations relates to the justification dimension of corporate citizenship, particularly legal justification (Basu and Palazzo, 2008).

Another means through which companies utilized impersonal authority legitimation, is by reporting on their proactive engagement in the tax policy consultations when discussing their approach to dealing with HMRC. By engaging with governments, companies can alter the socially institutionalized practices (Ashforth and Gibbs, 1990) through lobbying for changing the laws and regulations (in light of their impersonal authority) to conform to their ends or means. Therefore, this example of impersonal authority is associated with a relational identity orientation to corporate citizenship (Basu and Palazzo, 2008).

Table 5.13 summarizes the authorization means to legitimation used by companies in their tax strategy narrative.

Table 5.13: Legitimation by authorisation			
Themes	**Narrative**	**Example**	**Corporate citizenship dimension**
Personal authority			
Emphasizing the role of the board in particular CFOs and CEOs	Approach to risk management	"Responsibility for our Group's management of tax risk ultimately rests with the Board, […]." (L&G, 2019, p.6)	Individualist
Expert authority			
Seeking external tax advice	Attitude to tax planning	"We also use tax advisers to help us understand new legislation or to provide us with insight on industry practice." (Prudential, 2019, p.11)	Scientific justification
Engaging with NGOs and civil society	Engaging with NGOs and civil society	"[…], we have proactively engaged with civil society forums that are focused on building a sustainable and transparent global tax system." (Prudential, 2019, p.11)	Relational
Role model authority			
Picturing themselves as leading companies	CFO/Chairman Letters	"[…] we take pride in the contribution we make to society […] through the taxes we pay and collect." (L&G, 2019, p.1)	Individualist & Collectivist
Extract from the CbCR submitted to HMRC	Tax contribution and CbCR	"The data below for our top 14 countries is extracted from our Country-by-Country Report for the year ended 31 March 2019, which we file with HMRC [Table]" (BT, 2020, p.11)	Individualist
Impersonal authority			
Abiding by the tax laws	CFO/Chairman Letters	"[…] recognise the importance of paying the right tax at the right time […]" (Prudential, 2019, p.2)	Legal justification
Abiding by the tax laws and rules	Attitude to tax planning	"We do not enter into artificial arrangements that lack commercial purpose or where the sole purpose is to achieve tax savings." (National Grid, 2020, p.9)	Legal justification
Meeting statutory and legislative tax requirements	Approach to dealing with HMRC	"We disclose significant matters to HMRC and, where appropriate, seek clearance to ensure that tax implications are agreed upfront." (BT, 2020, p.9)	Legal justification
Engaging in tax policy consultations	Approach to dealing with HMRC	"We believe that open consultation with governments results in more informed and sustainable tax legislation and we work with governments both directly and via industry trade bodies […]." (L&G, 2019, p.8)	Relational

5.7.1.2 Moral evaluation

Moral evaluation pertains to legitimation by means of referring to “value systems” (Van Leeuwen, 2007, p.92) and is driven by three purposes, namely (1) evaluation, (2) abstraction, and (3) analogies. As discussed in my findings, companies used both evaluation and abstraction in different parts of their tax strategy narratives. Evaluation reflects a ‘naturalization’ legitimation strategy (Van Leeuwen, 2007, p.99) through which companies aim to “naturalize” their salient practices as being in line with the norms and values of their different stakeholders. When discussing their risk appetite, some companies noted their consideration for the influence of their different stakeholders, as a means to reflecting a ceremonial conformity (Meyer and Rowan, 1977; 1978) to the tax interest of their relevant stakeholder groups. In this example, companies opt to “naturalize” their salient practice (tax risk appetite) as being the norm and legitimate behaviour (i.e., being in the interest of the different stakeholders). Accordingly, this evaluation/ naturalization legitimation strategy (Van Leeuwen, 2007, p.99) is associated with a relational identity orientation (Basu and Palazzo, 2008).

The other means to moral evaluation which companies utilized in their tax strategy reports, is abstraction. Van Leeuwen (2007, p.99) defines abstraction as “[…] referring to practices […] in abstract ways that ‘moralize’ them by distilling from them a quality that links them to discourses of moral values”. In this respect, companies’ disclosures on operating in a transparent, ethical, cooperative and tax efficient manner across different parts of their tax strategy reports, including CFO/ Chairman Letters, approach to risk management and governance, attitude to tax planning, and approach to dealing with HMRC, is driven by an abstraction purpose of legitimation. Whereby, companies espouse socially acceptable goals (i.e., transparency, tax ethical behaviour, cooperation, etc.) (Ashforth and Gibbs, 1990), via distilling a quality (i.e., transparent, responsible, ethical, efficient, etc.) from the corporate tax practice that links it to discourse of moral values (Van Leeuwen, 2007, p.99). Similarly, when reporting on appointing qualified and professional tax personnel within their risk management and governance approach narrative, companies adopted an abstraction means to legitimation (Van Leeuwen, 2007).

Accordingly, moral evaluation (Van Leeuwen, 2007) is associated with the justification dimension of corporate citizenship, particularly ethical justification (Basu and Palazzo, 2008), except for the transparent, open and collaborative relationship with HMRC theme, which reflects a relational identity orientation (Basu and Palazzo, 2008).

Table 5.14 summarized the moral evaluation means to legitimation used by companies in their tax strategy narrative.

Table 5.14: Moral evaluation legitimation

Themes	Narrative	Example	Corporate citizenship dimension
Evaluation			
Influence of relevant stakeholders	Acceptable level of risk	"We actively work to understand our stakeholders' expectations of us on tax, […], to understand our stakeholders' perspective on tax." (L&G, 2019, p.7)	Relational identity orientation
Abstraction			
Operating in a transparent and responsible manner	CFO/ Chairman Letters	"[…] we seek to act responsibly and sustainably." (RB, 2019, p.3)	Ethical justification
Appointing qualified and professional personnel	Approach to risk management and governance	"Day-to-day tax activities are carried out by a team of appropriately qualified and experienced tax professionals." (National Grid, 2020, p.7)	Ethical justification
Acting ethically and responsibly	Approach to risk management and governance	"As a responsible business, we're committed to strong and transparent governance in all aspects of our operations, from Board to branch – and that includes tax." (Lloyds, 2019, p.6)	Ethical justification
Acting in a tax-efficient, responsible and transparent manner	Attitude to tax planning	"[…] we will structure it [transactions] in a tax efficient manner where we have concluded that it is a responsible, sustainable choice […]." (L&G, 2019, p.9; Prudential, 2019, p.9)	Ethical justification
Acting in a transparent, open, and cooperative manner	Approach to dealing with HMRC	"We're pleased to report that we have a very open, co-operative and transparent relationship with HMRC." (Lloyds, 2019, p.5)	Relational identity orientation

5.7.1.3 Rationalization

Rationalization is manifested in legitimating the corporate practice either by referring to its goals, uses and effects (instrumental rationalization) (Van Leeuwen, 2007, p.101) or by "provid[ing] explicit representations of 'the way things are'" (theoretical rationalization) (Van Leeuwen, 2007, p.103). Companies used both types of rationalization; instrumental and theoretical, in their tax strategy narrative. When informing the public about their risk management framework and their acceptable level of risk, companies engaged in instrumental rationalization (Van Leeuwen, 2007). Whereby, they legitimated their risk management approach by noting the processes/frameworks enforced to achieve it (i.e., means-orientation) (Van Leeuwen, 2007, p.102). Meanwhile, they legitimated their level of risk by referring to their goal of maintaining a limited appetite of tax risks (i.e., goal-orientation) (Van Leeuwen, 2007, p.102).

As for theoretical rationalization, companies used it to educate the public about taxes through providing "explicit representation of 'the way things are'" (Van Leeuwen, 2007, p.103) as a legitimation means to alter social norms (Dowling and Pfeffer, 1975) by seeking adjustments in external public's expectations (Lindblom, 1993). Among the key aspects that companies disclosed in their tax narrative to educate the public about taxes are (1) the definitions of tax terms, (2) the difference between the tax paid and the tax charge, (3) the process of calculating the taxable profit, and (4) the tax information reported in their financial statements.

Both instrumental and theoretical rationalization (Van Leeuwen, 2007) are associated with the justification dimension of corporate citizenship (Basu and Palazzo, 2008). Whereby, companies aim to educate the public about their tax frameworks and the tax system via scientifically justifying their tax practices (Basu and Palazzo, 2008) by instrumental rationalization (i.e., goals, uses and effects of a particular tax behaviour) (Van Leeuwen, 2007, p.101) or by theoretical rationalization (i.e., "provid[ing] explicit representations of 'the way things are'" (Van Leeuwen, 2007, p.103).

Table 5.15 summarize the rationalization means to legitimation used by companies in their tax strategy narrative.

Table 5.15: Legitimation via rationalisation			
Themes	**Narrative**	**Example**	**Corporate citizenship dimension**
Instrumental Rationalization			
Educating the public about their tax risk management frameworks	Approach to risk management and governance	"The [Tax Control] Framework comprises three key parts: Management […]. Operations […]. People & Organisation […]." (BT, 2020, p.7)	Scientific justification
Tax risk appetite	Acceptable level of risk	"We maintain a limited appetite for tax risk by requiring a strong connection between tax planning and our business." (BT, 2020, p.6)	Scientific justification
Theoretical rationalization			
Defining tax terms	Educating the public about taxes	"In discussions around tax there are common misunderstandings which can hinder an informed dialogue. To help aid such conversations, we have set out a number of definitions below." (RB, 2020, p.21)	Scientific justification
Explaining the different between the tax paid and the tax charge	Educating the public about taxes	"This difference is mainly because of the timing when payments are made compared to when they are incurred." (Aviva, 2019, p.6)	Scientific justification
Explaining the calculation of taxable profits	Educating the public about taxes	"Appendix 3 – Calculating our taxable profit" (Prudential, 2019, p.16)	Scientific justification
Discussing tax information reported in financial statements	Educating the public about taxes	"Tax in Our Financial Statements" (Lloyds, 2019, p.10-13)	Scientific justification

5.7.1.4 Narrativization

As noted by Vaara et al. (2006) narrativization is associated with legitimation through storytelling (Van Leeuwen, 2007). Drawing on my analysis of the corporates' tax strategy reports, these narrative-type reconstructions (Vaara et al., 2006) are manifested in companies "[d]raw[ing] attention away" (Holland et al., 2016, p.7) from the corporate tax strategy narrative to report on the types and amounts of taxes paid and collected, and the major countries where these tax payments and collections are made. Narrativization (Vaara et al., 2006) in this respect is fulfilled by describing other corporate legitimate practices (i.e., types and amounts of taxes paid and collected) in order to construct a legitimate 'mythical model of social action' (i.e., legitimate corporate tax behaviour) (Wright, 1975, p.188; Van Leeuwen, 2007, p.106). Accordingly, narrativization from this lens is aligned with the economic justification (i.e., taxes paid and collected) dimension of corporate citizenship (Basu and Palazzo, 2008)

Manipulating public's perceptions (Lindblom, 1993) via "[d]raw[ing] attention away" (Holland et al., 2016, p.7) from the corporate tax strategy narrative, is not the only way through which companies engaged in narrativization (Vaara et al., 2006). RB (2019) when reporting on its tax contribution and social impact in South Africa, used narrativization (Vaara et al., 2006). In order to project a legitimate 'mythical model of social action' (i.e., legitimate corporate tax behaviour) (Wright, 1975, p.188; Van Leeuwen, 2007, p.106), RB (2019) acknowledged its commitment to espousing socially acceptable goals (Ashforth and Gibbs, 1990) by addressing taxes in a developing country such as South Africa. In this respect, such example of narrativization is associated with the ethical justification (Basu and Palazzo, 2008) as it reflects RB's interest in acting in a morally responsible way via achieving tax justice in a developing country (South Africa).

Table 5.16 summarize the narrativization means to legitimation used by companies in their tax strategy narrative.

Table 5.16: Narrativization legitimation			
Themes	**Narrative**	**Example**	**Corporate citizenship dimension**
Amount of total tax contribution	Tax contribution and CbCR	"Total tax contribution The total value of taxes that L&G have responsibility for – it is the sum of all the taxes paid and collected. £1,563m" (L&G, 2019, p.5)	Economic justification
Types of taxes paid and taxes collected	Tax contribution and CbCR	"Our business generates a significant amount of tax revenues for the governments of the countries in which we operate. This includes not just corporate taxes, but also employment taxes, sales taxes, duties and other levies." (RB, 2019, p.8)	Economic justification
Countries where major tax payments and tax collection are made	Tax contribution and CbCR	"Where we pay tax […] [Table]" (Lloyds, 2019, p.15)	Economic justification
Reporting on tax contribution and social impact in South Africa	Engaging with NGOs and civil society	"Case Study: South Africa Our local tax contribution and social impact investment in South Africa" RB (2019, p.18-20)	Ethical justification

In sum, as shown in Table 5.17 when communicating an individualist identity orientation (Basu and Palazzo, 2008) companies used personal authority and role model authority legitimation (Van Leeuwen, 2007). Meanwhile, when communicating a collectivist identity orientation (Basu and Palazzo, 2008), they only used role model authorization (Van Leeuwen, 2007). By contract, when emphasising their relational identity orientation (Basu and Palazzo, 2008), companies used authorization by means of expert authority and impersonal authority (Van Leeuwen, 2007). Also, they used moral evaluation legitimation via evaluation/naturalization and abstraction (Van Leeuwen, 2007). Finally, when justifying corporate actions (Basu and Palazzo, 2008), companies used a range of legitimation strategies, including authorization (impersonal authority and expert authority), rationalization (instrumental and theoretical), moral evaluation via abstraction (Van Leeuwen, 2007), and narrativization (Vaara et al., 2006).

Accordingly, as I explain in Section 5.7.2, I view the individualist and collectivist identity orientations (Basu and Palazzo, 2008) to be associated with a discursive antagonism legitimation form (Luyckx and Janssens, 2016). Meanwhile, I view the relational identity orientation (Basu and Palazzo, 2008) to reflect a discursive co-optation legitimation form (Luyckx and Janssens, 2016). Finally, with regard to the justification dimension of corporate citizenship, I posit that it relates to a discursive validity legitimation form (Glozer et al., 2019). Hence, I now turn my focus to discussing these three aggregate discursive legitimation forms used by companies to communicate their corporate citizenship orientation during a time of public controversy over tax transparency, i.e., (1) discursive antagonism, (2) discursive co-operation (Luyckx and Janssens, 2016), and (3) discursive validation (Glozer et al., 2019).

Table 5.17: The discursive legitimation strategies and aggregate discursive legitimation forms used by companies to construct corporate citizenship

Corporate citizenship dimension (Basu and Palazzo, 2008)	**Discursive legitimation strategy** (Van Leeuwen, 2007)	**Aggregate discursive legitimation form**
Corporate identity and relationship with stakeholders		
Individualist	Authorization: • Personal authority • Role model authority	Discursive antagonism (Luyckx and Janssens, 2016)
Collectivist	Authorization: • Role model authority	
Relational	Authorization: • Expert authority • Impersonal authority Moral evaluation • Evaluation/ Naturalization • Abstraction	Discursive co-optation (Luyckx and Janssens, 2016)
Justification of corporate actions		
Legal justification	Authorization: • Impersonal authority	Discursive validation (Glozer et al., 2019)
Scientific justification	Authorization: • Expert authority Rationalization • Instrumental • Theoretical	
Economic justification	Narrativization (Vaara et al., 2006)	
Ethical justification	Moral evaluation • Abstraction Narrativization (Vaara et al., 2006)	

5.7.2 Discursive legitimation during the public controversy over tax transparency

To understand the aggregate discursive legitimation forms which companies used in their tax strategy narratives to construct their corporate citizenship orientation in a time of public controversy over tax transparency, I build on the work of Luyckx and Janssens (2016) and Glozer et al. (2019) on discursive legitimation. When studying how MNCs maintained their legitimacy over different controversial time periods, including the great depression era (2007-2012) where companies were scrutinized for their tax avoidance behaviour, Luyckx and Janssens (2016) noted two key forms of discursive legitimation, namely 'discursive antagonism' and 'discursive co-optation'. Also, when exploring how companies used discursive legitimation via their social media dialogue with their stakeholders, Glozer et al. (2019) observed a new aggregate form of legitimation which is 'discursive validation'.

Accordingly, building on the work of Luyckx and Janssens (2016) and Glozer et al. (2019), I found evidence of the use of these three discursive legitimation forms in the corporates' tax strategy reports, which I discuss now in turn.

5.7.2.1 Discursive antagonism

As posited by Luyckx and Janssens (2016) discursive antagonism is manifested in constructing a positive image of the company. Meanwhile, constructing a negative image of its critics; as a means to boosting the corporate's image at the expense of its critics' credibility. My analysis of the corporate tax strategy narratives revealed that companies used discursive antagonism to purify their corporate image (Luyckx and Janssens, 2016). However, I found no evidence for the use of discursive antagonism to pollute the image of the corporate's critics (Luyckx and Janssens, 2016). In my study, discursive antagonism (Luyckx and Janssens, 2016) is particularly evident in the construction of the identity and relationship dimension of corporate citizenship (Basu and Palazzo, 2008).

As presented in Table 5.17 in Section 5.7.1.4, the individualist and the collectivist identity orientations (Basu and Palazzo, 2008) are associated with a discursive antagonism legitimation form (Luyckx and Janssens, 2016). Whereby, companies aim to purify their corporate images

(Luyckx and Janssens, 2016) via emphasising on their superiority to others by using role model authority legitimation (Van Leeuwen, 2007) to emphasis on (1) their huge tax contributions to their respective societies, (2) their adoption of highly ethical standards, and/or (3) their aspirations for a better world. The other legitimation means which companies used with regard to discursive antagonism (Luyckx and Janssens, 2016), is personal authorization (Van Leeuwen, 2007) to associate their tax strategy to the symbol of the CFO/ Chairman.

In this respect, my findings confirm those of Luyckx and Janssens (2016). Whereby, they noted in their study that the only means to discursive antagonism used to counter the controversy over corporate tax behaviour, is via the construction of a positive actor image of MNCs. Accordingly, "[…] no negative actor images were present […]" (Luyckx and Janssens, 2016, p.1611). On the contrary, discursive co-optation of those actors who constituted the most critical opponents, particularly NGOs, became more prominent as a discursive legitimation means during public controversy over MNCs' tax behaviour (Luyckx and Janssens, 2016). In a similar vein, my study revealed that companies used discursive co-optation in their tax strategy reports in order to create an actor image of their different stakeholders, particularly HMRC, NGOs, and civil society groups, as partners and not as opponents (Luyckx and Janssens, 2016).

5.7.2.2 Discursive co-optation

According to Luyckx and Janssens (2016, p.1613) "[…] 'discursive co-optation' is a form of legitimation that engages with criticism by strategically appropriating previous opponents". Therefore, companies use discursive co-optation legitimation to predominantly construct themselves as 'in-agreement' with their different stakeholder groups (Luyckx and Janssens, 2016, p.1611). Accordingly, in my study, companies used discursive co-optation to construct a relational identify orientation (Basu and Palazzo, 2008). Among the key discursive legitimation strategies that companies used to convey their cooperative engagement with their different stakeholders are authorization and moral evaluation (Van Leeuwen, 2007). Companies used impersonal authority legitimation (Van, Leeuwen, 2007) to outline their engagement in tax policy consultations as a means to altering the socially institutionalized tax rules and regulations to conform to their ends (Ashforth and Gibbs, 1990). In addition, they used expert authority legitimation (Van Leeuwen, 2007, p.94) to “creat[e] new, allegiant constituents” (Suchman, 1995, p.586) by engaging with NGOs and civil society groups to benefit from their expertise and thus convert them from opponents to proponents (Luyckx and Janssens, 2016).

The other discursive legitimation strategy which companies used to construct discursive co-optation (Luyckx and Janssens, 2016, p.1611), is moral evaluation via evaluation/ naturalization and abstraction (Van Leeuwen, 2007). Companies used evaluation in their tax risk narrative to “naturalize” their tax risk appetite as being the norm and legitimate behaviour, i.e., being in the interest of their different stakeholders (Van Leeuwen, 2007, p.99). Furthermore, they used abstraction to embed discourse of moral values (Van Leeuwen, 2007), such as openness, transparency, and cooperation, in their relationship with HMRC.

The third aggregate form of discursive legitimation which companies used to construct corporate citizenship within their tax strategy reports, is discursive validation (Glozer et al., 2019) which I explain in the next section.

5.7.2.3 Discursive validation

According to Glozer et al. (2019, p.633-634) discursive validation is manifested in the interplay of three discursive themes, namely (1) normative appeals by rendering corporate actions (Vaara and Tienari, 2008) as the ‘right thing to do’ (Thomas and Lamm, 2012), (2) moral analogization via connecting the corporate behaviour to moral value systems (Van Leeuwen, 2007), and (3) rational substantiation through factual knowledge claims (Vaara and Tienari, 2008). In my study, I posit that discursive validation is associated with the justification dimension of corporate citizenship which consists of four key aspects, namely (1) legal justification, (2) scientific justification, (3) economic justification, and (4) ethical justification (Basu and Palazzo, 2008).

Thereby, adopting Glozer et al. (2019) definition of discursive validation, I view the use of normative appeals of the ‘right thing to do’ (Thomas and Lamm, 2012) to pertain to the legal justification aspect of corporate citizenship (Basu and Palazzo, 2008). Whereby, companies use legal arguments, such as settlements, rights, obligations, etc. (Ward, 2005; Basu and Palazzo,

2008) to legitimate their corporate tax practices via the impersonal authority of the tax laws, rules and regulations (Van Leeuwen, 2007). Relative to the second means to discursive validation (Glozer et al., 2019) which is moral analogization by connecting the corporate behaviour to moral value systems (Van Leeuwen, 2007). It is reflected in the ethical justification disclosures (Basu and Palazzo, 2008) in which companies used abstraction legitimation (Van Leeuwen, 2007) to shed light on their ethical corporate tax behaviour by linking it to discourse of moral values including, among others, transparency, responsibility, professionalism, and good citizenship.

With regard to discursive validation (Glozer et al., 2019) through rational substantiation by means of factual knowledge claims (Vaara and Tienari, 2008). In my study I posit that this type of legitimation is associated with the scientific justification means to corporate citizenship (Basu and Palazzo, 2008), which companies constructed via expert authorisation and rationalization (Van Leeuwen, 2007). In this respect, companies used expert authorization (Van Leeuwen, 2007) to acknowledge their use of external tax advisors as a rational substantiation example (Vaara and Tienari, 2008) of conducting corporate tax behaviour in accordance with professionals' tax knowledge and expertise. In a similar vein, companies used both instrumental and theoretical rationalizations to justify their tax behaviour based on acceptable knowledge claims (Van Leeuwen, 2007). As such, companies used instrumental rationalization to explain their tax behaviour by claiming that they have the appropriate processes, frameworks and controls in place (Van Leeuwen, 2007). Similarly, they used theoretical rationalization to educate the public about taxes via "explicit [/factual] representation of 'the way things are'" (Van Leeuwen, 2007, p.103).

In addition to the three means to discursive validation posit by Glozer et al. (2019), including (1) normative appeals (Vaara and Tienari, 2008), (2) moral analogization (Van Leeuwen, 2007), and (3) rational substantiation (Vaara and Tienari, 2008), my analysis suggests that narrativization (Vaara et al., 2006) is also a means via which companies engaged in discursive validation. Narrativization (Vaara et al., 2006) is manifested in legitimation through storytelling (Van Leeuwen, 2007) in order to construct a legitimate 'mythical model of social action' (Wright, 1975, p.188; Van Leeuwen, 2007, p.106). As such, companies used narrativization (Vaara et al., 2006) to validate their tax behaviour from an economic and ethical lens (Basu and Palazzo, 2008). On the one hand, companies used narrativization to "[d]raw attention away" (Holland et al., 2016, p.7) from their corporate tax strategy narrative by reporting on the amounts and types of their tax contributions as a validation for their appropriate tax behaviour. On the other hand, RB (2019) engaged in ethical justification (Basu and Palazzo, 2008) to espouse its commitment to achieving socially acceptable goals (Ashforth and Gibbs, 1990) in developing countries such as South Africa. And thus, validating its interest in acting in a morally responsible way via achieving tax justice in a developing country (South Africa).

In summary, my study shows that companies used all three aggregate forms of discursive legitimation in their tax strategy reports: (1) discursive antagonism, (2) discursive co-optation (Luyckx and Janssens, 2016), and (3) discursive validation (Glozer et al., 2019) to construct themselves as good corporate citizens (Basu and Palazzo, 2008). Thereby, unlike other discursive legitimation studies such as Vaara et al. (2006) and Vaara and Tienar (2008) which treated Van Leeuwen (2007) discursive legitimation strategies as fundamentally different means to construct corporate legitimacy (Luyckx and Janssens, 2016). In line with Luyckx and Janssens (2016, p.1612) I posit that the different discursive means to legitimation, despite having "[…] different foci, can serve the same aim, i.e., produc[e] a particular actor image within a cultural meaning system". As such, my findings showed that companies mobilised Van Leeuwen's (2007) different discursive legitimation strategies, (1) authorisation, (2) moral evaluation, (3) rationalization and (4) narrativization, to defend their corporate legitimacy and construct themselves as good corporate citizens via the interplay of (1) discursive antagonism, (2) discursive co-optation (Luyckx and Janssens, 2016), and (3) discursive validation (Glozer et al., 2019).

5.8 Conclusion

The purpose of this study is to understand the tax strategy narratives of FTSE 100 companies published to fulfil HMRC tax strategy reporting regulation (HMRC, 2016a). This new regulatory measure requires large businesses to publish their tax strategies for financial years starting 15th September 2016 onwards (HMRC, 2016a). This new strategy was implemented following intense 'naming and shaming' campaigns directed at well-known multinational companies, which, in response, heeded public calls for corporate tax transparency; as a means of deterring corporate tax avoidance behaviour. Accordingly, in such a heated corporate tax shaming environment, publishing meaningful tax strategy reports represents "a tricky dilemma" for companies (Gilleard, 2012, p.37), particularly considering the different and sometimes conflicting interests of various stakeholder groups, including regulatory bodies, media, NGOs, tax activists, and society at large, in corporate tax information. In this respect, "[a]biding by the social contract [and constructing good corporate citizenship] can be seen as demanding more from companies in addition to fulfilling legal requirements [i.e., complying with HMRC tax strategy reporting regulation]" (Middleton and Muttonen, 2020b, p.48). Accordingly, the aim of this study was twofold: firstly to examine how companies are portraying compliance with HMRC tax strategy regulation, and thus establishing the legitimacy of this new corporate reporting medium and secondly to analyse the discursive legitimation strategies used by companies to defend their legitimacy, following intense tax shaming of multinational companies by portraying themselves as good and transparent corporate citizens.

I conducted a comparative case study of the tax strategy reports of seven[94] FTSE 100 companies. I chose to focus my analysis on the tax strategy publications which included a CFO or a Chairman statement, guided by prior research which highlighted the importance of CEO statements in communicating with different stakeholders and in "setting the tone for the whole report" (Mäkelä and Laine, 2011, p.220). Adopting a discursive lens to corporate legitimation, I posited that companies will "purposely deploy particular discourse(s) for their own advantage" (Luyckx and Janssens, 2016, p.1597). As such, I view tax strategy publications from a symbolic-interpretive narrative perspective which suggests that companies use their corporate communication to "create and communicate meaning" (Merkl-Davies and Brennan, 2017, p.441), and thus construct reality (Hines, 1988, p.251).

In line with adopting a discursive lens to corporate legitimation, I engaged in Critical Discourse Analysis (CDA) which emphasizes the constitutive role discourse plays (Vaara, 2015) "[…] in the

[94] Seven FTSE 100 companies that have been "continual members" of the FTSE 100 index (Campbell et al., 2003, p.564) between September 2016 and December 2019, including (1) Aviva, (2) BT Group, (3) Legal & General (L&G), (4) Lloyds Banking Group, (5) National Grid, (6) Prudential, and (7) Reckitt Benckiser Group (RB).

social construction of reality" (Condor and Antaki, 1997; Hardy et al., 2000, p.1231). In the process of conducting my CDA, I engaged in an abductive research approach which involves "a constant movement back and forth between theory and empirical data […]" guided by the research question(s) (Wodak, 2004, p.200). Accordingly, to examine my first research question: How are UK companies constructing compliance with tax strategy regulation via tax strategy reporting? I used thematic analysis (Barros, 2014, p.1216) to analyse the key themes utilized by companies to construct compliance with the tax strategy reporting measure and to establish the legitimacy of their tax strategy narratives. Some of the themes I deductively identified from HMRC tax strategy reporting guideline, such as approach to tax risks and attitude to tax planning. Meanwhile, other themes I inductively inferred from the close reading of tax strategy reports (i.e., tax contribution and CbCR, educating the public about taxes, etc.).

Then, for my second research question: How are UK companies constructing corporate citizenship via tax strategy reporting? I engaged in a deeper analysis of the rhetoric of legitimacy (Shinkle and Spencer, 2012, p.127) to identify how companies constructed corporate citizenship based on two dimensions, namely (1) corporate identity and relationship with stakeholders and the wider world, and (2) justification of corporate actions (Basu and Palazzo, 2008) to defend their corporate legitimacy following allegations over leading multinational companies tax practices. Firstly, I adopted Van Leeuwen's (2007) four discursive legitimation strategies, namely (1) authorization, (2) rationalization, (3) moral evaluation, (4) and mythopoesis (narrativization), to analyse the discursive strategies used to construct corporate citizenship. Secondly, I examined the overarching discursive form of legitimation, including (1) discursive antagonism, (2) discursive co-optation (Luyckx and Janssens, 2016, p.1595) and/or (3) discursive validation (Glozer et al., 2019, p.625).

My findings revealed that companies utilized the indeterminacy inherent in in some of the tax strategy reporting requirements, including (1) linguistic indeterminacy, (2) legal indeterminacy, and (3) normative judgements (Picciotto, 2015) for their own advantage. Accordingly, when constructing the content (e.g., key themes) of their tax strategy reports, companies managed to give the impression of compliance by disclosing some of the tax strategy themes as per HMRC's (2016a) guidelines (e.g., the systems/frameworks in place to manage and control risks, the involvement of the Board of Directors to enforce those systems, the commitment to having a transparent, open and cooperative relationship with HMRC, etc.). However, they failed to make disclosures on other aspects (e.g., factors underpinning their tax planning, influence of stakeholders on their risk appetite, etc). What is more, companies went beyond the regulatory requirement by including additional themes, such as disclosing the amounts of tax contribution, acknowledging their engagement with NGOs and other interested parties, in order to target their tax reports to a wider group of stakeholders, such as the media, NGOs, tax activists, etc.

Hence, companies established the legitimacy of their tax strategy reports via “generating frameworks of knowledge” Christensen (2002, p.166) on what compliance looks like by firstly, exercising their discretion over which information to disclose. And secondly by incorporating themes beyond those required by the tax strategy regulation to target their tax narrative to a diverse group of stakeholders. These findings confirm Freedman and Vella’s (2016, p.656) view on “[g]overnment […] rel[iance] on pressure from the media and NGOs, and the influence of advisers, to put pressure on business to make this [tax strategy reporting] exercise more meaningful.” As such, companies used their tax narratives as “image-creation mechanisms” (Crowther, 2000, p.1845) to portray “a coherent and legitimate [tax] image” (Christensen, 2002, p.164) to different stakeholder groups beyond the regulatory body, without necessarily “break[ing] down the boundaries between themselves and their surrounds and expos[ing] their presumed inner selves to the external world” (Christensen, 2002, p.166).

In addition, I found evidence that companies employed Van Leeuwen’s (2007) different discursive legitimation strategies, (1) authorisation, (2) moral evaluation, (3) rationalization and (4) narrativization, to defend their corporate legitimacy and construct themselves as good corporate citizens, to achieve three broad aims of discursive legitimation, namely (1) discursive antagonism, (2) discursive co-optation (Luyckx and Janssens, 2016), and (3) discursive validation (Glozer et al., 2019) (see Table 5.17 in Section 5.7.1.4). In particular, companies used an interplay of discursive antagonism and discursive co-optation (Luyckx and Janssens, 2016) when constructing corporate identity and their relationship with stakeholders and wider world in their portrayal of corporate citizenship (Basu and Palazzo, 2008).

As such, when portraying an individualist (e.g., superiority to others) and/or collectivist (e.g., commitments to the wider world) identity orientation (Basu and Palazzo, 2008), companies used discursive antagonism to purify their corporate image (Luyckx and Janssens, 2016) by portraying themselves as one of the highest tax contributors in the UK, and acknowledging their aspirations to make people live healthier and enjoy financial freedom, respectively. On the contrary, when discussing their relational identity orientation (Basu and Palazzo, 2008), companies adopted discursive co-optation (Luyckx and Janssens, 2016) to give the impression of a co-operative relationship with their different stakeholders (e.g., HMRC, NGOs, etc.) by emphasising on their commitment towards them and their desire to build positive partnerships with them.

Finally, companies used discursive validation (Glozer et al., 2019) when addressing the justification dimension of corporate citizenship, including (1) legal justification, (2) scientific justification, (3) economic justification, and (4) ethical justification (Basu and Palazzo, 2008). According to Glozer et al. (2019) discursive validation is manifested in the use of three discursive themes, namely (1) normative appeals of the ‘right thing to do’ (Thomas and Lamm, 2012), (2) moral analogization to connect the corporate behaviour to moral value systems (Van Leeuwen, 2007), and (3) rational substantiation through factual knowledge claims (Vaara and Tienari, 2008). My findings revealed the companies used these three means of discursive validation when justifying their tax behaviour from a legal lens, an ethical lens, and a scientific lens, respectively. In addition, I found evidence that companies used a fourth means to discursive validation referred to as narrativization (Vaara et al., 2006). Narrativization achieves legitimation through storytelling (Van Leeuwen, 2007) as a means of constructing a legitimate ‘mythical model of social action’ (Wright, 1975, p.188; Van Leeuwen, 2007, p.106). Companies utilized narrativization to validate their tax behaviour from an economic and ethical lens (Basu and Palazzo, 2008).

Having discussed my third empirical study on mandatory tax strategy disclosures in Chapter 5, Chapter 6 concludes the thesis.

Chapter 6 Conclusion

6.1 Introduction

Adopting an organisational legitimacy lens, the thesis focuses on corporate reporting as a response to a public controversy over corporate tax practices in the UK in the aftermath of the financial crisis and resulting austerity measures. The media's naming and shaming campaigns of MNCs for their unacceptable tax behaviour posed an organisational legitimacy threat to the scrutinized companies, questioned the corporate tax practices of MNCs, and ignited public calls for corporate tax transparency. The public evaluates an organization's legitimacy via the media discourse, particularly newspapers, given their "ongoing importance […] as agenda setters […]" (Hawkins, 2012; Thornton and Hawkins, 2017, p.171). Consequently, MNCs strategically used corporate reporting (e.g., voluntary and mandatory tax disclosures) as "a public relations vehicle" (Hooghiemstra, 2000, p.57) to both calm public outrage and restore organisational legitimacy and to promote their corporate tax transparency.

I empirically examine the roles and behaviour of three key social actors in the public controversy over corporate tax practices, namely the UK media, NGOs and tax activists, and multinational companies domiciled in the UK. The first paper focuses on the media's role in igniting public controversy surrounding corporate tax practices, in particular I examine newspaper articles quoting NGOs and/or tax activists to acknowledge the role of civil society groups in the corporate tax debate. The second paper examines Vodafone's response to its public tax shaming via publishing voluntary tax disclosures. The third paper analyses the tax strategy narratives published by a sample of FTSE 100 companies to portray compliance with HMRC tax strategy reporting regulation and construct corporate citizenship.

6.2 Summary of findings

I provide a summary of research questions, research approaches and findings of the three empirical chapters in sub-sections 6.2.1-6.2.3.

6.2.1 Paper 1: Media coverage of corporate tax avoidance

For my first study (Chapter 3), I examined the coverage of corporate tax avoidance in the UK print media, in particular newspapers, because of their "ongoing importance […] as agenda setters in wider media discourse" (Hawkins, 2012; Thornton and Hawkins, 2017, p.171). From a media agenda-setting theory lens, the media's role in shaping the public's agenda resides on the "different levels of coverage" the media assign to the different topics/issues (Moy et al., 2016, p.2). In this respect, the media provide extensive coverage to those topics/issues that are deemed 'newsworthy' (McCombs and Guo, 2014, p.252). As such, the extensive media coverage of specific issues triggers the public's concern for these issues (Deegan and Islam, 2014). In particular, the media-agenda setting role is evident for "unobtrusive topics", such as corporate tax avoidance of which the public lacks a "sophisticated understanding" (Whiteley et al., 2013; Mullen, 2018, p.2). Accordingly, I analysed the different levels of coverage the UK newspapers assigned to corporate tax avoidance over a nineteen-year period (1st June 2000- 31st May 2019) to answer the following research question:

RQ1: Has the salience of corporate tax avoidance in the UK newspapers changed in the period of 2000 to 2019 (1st June 2000- 31st May 2019)?

My choice for the sample period (1st June 2000- 31st May 2019) is guided by Oxfam's "landmark report" (Elbra and Eccleston, 2018, p.9) entitled *"Tax Havens: Releasing the hidden billions for poverty eradication"* (Mayne and Kimmis, 2000). Since its publication on the 1st of June 2000, the report marked "one of [the] initial drivers of the tax justice movement" (Elbra and Eccleston, 2018, p.11) which other NGOs and tax activities capitalised on to make corporate tax avoidance a prominent issue in the UK media agenda (Birks and Downey, 2015).

Accordingly, building on prior literature which acknowledged the role of tax activists including UK Uncut (Birks, 2017) and Tax Justice Network (TJN) (Dallyn, 2017) in making corporate tax avoidance a salient issue in the UK media agenda, I chose to focus on newspaper articles quoting either an NGO (e.g., Oxfam, ActionAid, Christian Aid) and/or a tax activist group (e.g., UK

Uncut[95], TJN). Further, following Chen et al. (2018) I required some grammatical variation of the word "tax" (i.e., tax, taxes, taxation, etc.) to appear in the article's headline or lead paragraphs to capture the articles focusing on "tax" not those "mentioning [tax] in passing" (Birks, 2017, p.300; Chen et al., 2018, p.30). Using the Nexis database, I downloaded the print and online formats[96] of the daily and Sunday editions[97] of nine national UK newspapers grouped as (1) redtop tabloids (*The Mirror*, *The Sun*), (2) mid-market tabloids (*The Express*, *Daily Mail*), (3) broadsheets (*Guardian*, *Daily Telegraph*, *The Times*, *Independent)*, and (4) business press (*Financial Times*).

By accounting for such a broad range of newspaper outlets, I extend the work of Birks (2017) which focused on examining the role of UK Uncut in catalysing the media coverage for corporate tax avoidance over a six-year period (2008-2013) across three newspapers, including two broadsheets (*The Guardian* and *Times*) and one mid-market tabloid (*Daily Mail*). Further, my sample of newspaper outlets "span[s] over the political spectrum" (Carvalho and Burgess, 2005, p. 1460), including left leaning (*Guardian* and *Mirror*), centre (*Independent*), right leaning (*Times*, *Telegraph*, *Sun*, *Express* and *Daily Mail*), and business press (*Financial Times*). As such, examining the change in the salience of corporate tax avoidance in the UK media agenda over a nineteen-year period and across a diverse group of newspapers outlets, allowed us to compare the change; (1) across time, (2) across different newspaper outlets, (3) across different newspapers types, and (4) across the different newspapers political agendas.

My findings revealed that the salience of corporate tax avoidance in the UK newspapers agenda has grown significantly over time, particularly following the establishment of UK Uncut in late October 2010, with the volume of articles increasing seven-fold from the first to the second period. That is to say, out of 1,176 articles which met my sample criteria[98], 145 articles (12%) were

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[95] UK Uncut is only valid for those articles published following its establishment (October 27, 2010- May 31, 2019).
[96] When the same article was found at least twice, I accounted for it only once. When the same article was found in two different editions (print and online), I only included its online edition given "the decline of printed newspapers and the concomitant rise of the Internet" (Moy et al., 2016, p.3).
[97] Daily and Sunday editions of all newspaper outlets, except for *The Financial Times*, which only publishes daily editions.
[98] My Nexis database research criteria resulted in 3,762 articles which I manually pre-screened to eliminate duplicates and identify articles focusing on corporate tax avoidance. Out of the 3,762 downloaded articles, 1,176 articles focused on corporate tax avoidance.

published before the establishment of UK Uncut (01 June 2000 - 26 October 2010) in comparison to 1,031 articles (88%) published after its establishment (27 October 2010 - 31 May 2019). Further, my findings acknowledged the uniqueness of the UK context in light of the various key events which unfolded. For example, 2012 and 2013 ignited a "breakthrough" era (Dallyn, 2017, p.343) in the media's tax avoidance coverage across the different newspaper outlets. Amongst the key events which instigated the increased news coverage of tax avoidance were the tax shaming of leading multinational companies, such as Google, Amazon and Starbucks (Ebrahimi, 2012; Kiss, 2012), the condemning of UK's FTSE 100 companies for their prolific use of tax havens (Quinn and Ball, 2013), and the OECD's work on the BEPS project (OECD, 2013a; 2013b).

Also, my results confirmed that the intensity of coverage is aligned with the interests of the newspapers' readership. This means that the growing salience in the media corporate tax debate has been led by the broadsheet newspapers which published 720 articles out of the total 1,176 articles I examined. This finding is in line with the broadsheets focus on covering "extensive political and economic" topics (Carvalho and Burgess, 2005, p.1460), such as corporate taxes. Finally, my findings revealed that the intensity of coverage varied in accordance with the political agenda of the different newspapers. Consequently, the coverage of right-leaning newspapers focused on the incompetence or the ineffectiveness of HMRC (Bramall, 2018, p.48). For example, in 2012 the right-leaning newspapers coverage increased given the NAO investigations into the tax settlements disputes between HMRC and multinational companies (e.g., Goldman Sachs) (NAO, 2012) and the PAC hearing on the tax matters of Google, Amazon and Starbucks (Public Accounts Committee, 2012). By contrast, the coverage of left-leaning newspapers focused on acknowledging the efforts of HMRC to implement new tax policy measures, such as CbCR in 2015 (HMRC, 2017) and tax strategy reporting in 2016 (HMRC, 2016a).

My findings confirm the predictions of media agenda setting theory on the importance of the media's role in not only reflecting matters of public interest, but also in actively shaping public interest. I thus confirm findings of the CSR literature on the importance of the media on raising public awareness of the social and environmental issues (e.g., Grafström and Windell, 2011; Thornton and Hawkins, 2017; Lee and Riffe, 2019) and the media's role as a dominant stakeholder who puts pressure on companies to meet the demands and expectations of the public (Mitchell et al., 1997). In relation to the tax literature, I extend the work of Birks (2017) and Dallyn (2017) who acknowledged the role of UK Uncut and Tax Justice Network (TJN), respectively, in utilizing the media to bring corporate tax avoidance to the forefront of the political agenda. Thus, I confirm the "powerful role [of the media] as an information intermediary" (Brennan et al., 2013, p.675) between civil society groups and the public on the one hand, and the companies and the public on the other hand.

6.2.2 Paper 2: Vodafone's voluntary tax reporting

For my second study (Chapter 4), I focused on analysing Vodafone's tax reports. Vodafone published its first tax strategy report in June 2013 amid an extensive wave of tax shaming by NGOs, pressure groups, and the media. In this respect, Vodafone constitutes an interesting case to examine in light of the chain of events surrounding its tax practices ignited by *The Guardian Tax Gap Series* which in February 2009 shamed Vodafone amongst other British companies over their alleged tax practices (Guardian, 2009b). Vodafone's tax shaming was compounded by the establishment of UK Uncut tax activist group in late October 2010, which directed its first tax campaigning action against Vodafone (Dallyn, 2017). In addition, leading newspapers, including *The Telegraph* and *The Guardian,* condemned Vodafone for its failure to pay UK taxes in 2012 (Rushton, 2012b) and 2013 (Garside, 2013), respectively.

Consequently, to calm public outrage, restore its organizational legitimacy and respond to calls for tax transparency, Vodafone utilized its corporate communication as a legitimation tool to shape the perceptions of its respective publics (Neu et al., 1998; O'Donovan, 1999; Bansal and Roth, 2000; O'Dwyer, 2002) via voluntarily publishing tax reports entitled "*Tax and our contribution to public finances"* from June 2013 onwards. I examined Vodafone tax reports over a seven-year period (2013-2019) through the lens of legitimacy theory to understand whether they constitute a substantive means to legitimation, i.e., reflect an actual increase in tax transparency, or a symbolic means to legitimation, i.e., signal the impression of tax transparency. The research question underpinning my second study was:

RQ2: Which legitimation strategies is Vodafone using in its voluntary tax reports to signal tax transparency?

I adopted a content analysis approach to examine Vodafone tax disclosures. In conducting my content analysis, I abductively draw my inferences by means of "oscillating between theory and data analysis in retroductive ways" (Wodak and Meyer, 2009, p.19; Merkl-Davies et al., 2012, p.13). Accordingly, I deductively inferred the substantive legitimation strategies (e.g., role performance, alter resource dependencies, etc.) and the symbolic legitimation strategies (e.g., espousing socially acceptable goals, manipulate perceptions, etc.) from legitimacy theory (Dowling and Pfeffer, 1975; Ashforth and Gibbs, 1990; Lindblom, 1993). Then, I inductively developed the dominant legitimation themes, such as Country by Country Reporting (CbCR), addressing the competitiveness of the tax regimes, etc., from close repetitive reading of Vodafone tax reports. Finally, I captured the frequency of the legitimation themes (verifiability approach to transparency[99]) individually as well as in aggregation with other themes within the same category (e.g., substantive legitimation versus symbolic legitimation), to conclude whether there was a predominance of symbolic or substantive tax disclosures.

My findings revealed that there was a predominance of Vodafone's substantive legitimation strategies, suggesting that Vodafone's tax disclosures constitute an actual increase in corporate tax transparency. Over my seven years sample period (2013-2019), the substantive legitimation strategies increased by elevenfold, whereas the largest increase occurred in 2016 in light of Vodafone's expansion in its CbCR reporting disclosures. For example, from its fourth tax publication (2016) onwards, Vodafone enclosed a separate narrative on each country's activities, financial information, and legal entities (Tax Report, 2016, p.20). Then, in its sixth tax report (2018), Vodafone split its direct revenue contribution through taxation to direct tax and corporation tax (Tax Report, 2018, p.43). Furthermore, in its seventh tax report (2019), Vodafone published a copy of the first OECD CbCR it submitted to HMRC (Tax Report, 2019, p.3).

[99] A verifiability approach to transparency "is built on a foundational definition of transparency as a matter of information disclosure" (Albu and Flyverbom, 2019, p.276).

In comparison the symbolic legitimation strategies increased by fourfold, with the largest increase in Vodafone's third tax report (2015). I attribute the peak in Vodafone's symbolic legitimation strategies in 2015 to the use of new symbolic tax strategies, among which supporting initiatives that promote public trust and defining key tax terms. In addition to, Vodafone's extensive reporting on symbolic strategies utilized in previous tax reports, such as contributions and investments made in the UK and across other countries of operations, competitiveness of the tax regimes, and public misunderstanding on corporate taxes. Finally, my findings highlighted that the largest increases across most of Vodafone's substantive and symbolic tax legitimation strategies occurred following the release of new tax regulations, news leakages, extensive media and pressure groups 'name and shame' campaigns, and public calls for tax transparency.

In sum, Vodafone's tax reports constituted an actual means to corporate tax transparency given the predominance of Vodafone's substantive tax disclosures, particularly CbCR. In this respect, Vodafone succeeded to not only calm public outrage and re-establish its legitimacy, but to also set a "benchmark" for other companies in terms of tax transparency (Fair Tax, 2017, p.4). As such, Vodafone managed to turn around a wave of tax shaming by the media (e.g., *The Guardian, The Telegraph*, etc.) and pressure groups (e.g., UK Uncut, Christian Aid, etc) to a role model example with regards to tax transparency. As noted by Christian Aid, Vodafone "should not only embolden other companies to follow their lead but should increase the pressure on the UK government to take the step of asking all UK registered companies to do the same" (Harman, 2018). My findings are in contrast to the CSR reporting literature which provides evidence of companies using their CSR reports for impression management purposes and engaging in corporate hypocrisy, i.e., failing to 'walk-the-talk' on social and environmental practices and policies (e.g., Hahn and Lülfs, 2014).

In relation to the tax literature, my findings echo Dyrneg et al.'s (2016) findings relative to companies increasing their subsidiary disclosures, following their tax shaming. In contrast to, studies by Ylönen and Laine (2015) and Holland et al. (2016) which found evidence of companies making limited tax disclosures[100] and using inconsistent tax legitimation strategies, respectively.

[100] Despite claiming "commitment to openness and transparency" (Ylönen and Laine, 2015, p.17).

6.2.3 Paper 3: Mandatory corporate tax strategy reporting

For my third study (Chapter 5), I analysed the tax strategy narratives for a sample of FTSE 100 companies, following the introduction of new tax regulations requiring large companies to publish their tax strategies for financial years starting 15th September 2016 onwards (HMRC, 2016a). I conducted a comparative case study of the seven[101] FTSE 100 companies that have been "continual members" of the FTSE 100 index (Campbell et al., 2003, p.564) between September 2016 and December 2019, and have published a tax strategy report with an integrated CFO or a Chairman statement. My sample choice is guided by prior research which noted the importance of CEO statements in communicating with different stakeholder groups and in "setting the tone for the whole report" (Mäkelä and Laine, 2011, p.220).

HMRC implemented this new regulatory measure following a hype of media tax shaming on multinational companies' tax practices which ignited public calls for corporate tax transparency. As such, this new tax strategy publication measure is aimed at tackling corporate tax avoidance via encouraging appropriate tax behaviour, deterring aggressive tax planning (Freedman and Vella, 2016) and promoting tax transparency. Accordingly, HMRC requires all qualifying companies to publish a board approved tax strategy on four key tax dimensions, including (1) approach to tax risks, (2) attitude to tax planning, (3) acceptable level of tax risk, and (4) approach towards dealing with HMRC (HMRC, 2016a). Also, qualifying companies should explicitly note the paragraph of the legislation their tax strategy complies with, i.e., Paragraph 16 (2), Schedule 19, Finance Act 2016 (Finance Act, 2016).

In this respect, following the public tax controversy over the tax practices of leading multinational companies, publishing meaningful tax strategy reports constitutes "a tricky dilemma" for companies (Gilleard, 2012, p.37). On the one hand, companies want to utilize their tax strategy narratives to construct compliance with HMRC tax strategy regulation and establish the legitimacy of this new corporate reporting genre. On the other hand, they want to espouse their tax strategy reporting as a means to promote themselves as transparent and good corporate citizens, after a

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[101] (1) Aviva, (2) BT Group, (3) Legal & General (L&G), (4) Lloyds Banking Group, (5) National Grid, (6) Prudential, and (7) Reckitt Benckiser Group (RB).

wave of public naming and shaming campaigns on corporate tax behaviour. Therefore, for this third study I aimed to examine two aspects of tax strategy reports, namely (1) the key themes disclosed to portray compliance with HMRC tax strategy regulation and establish the legitimacy of this new reporting genre and (2) the discursive legitimation strategies used to defend organisational legitimacy via portraying the company as transparent and good corporate citizen. Thus, my third study is guided by the following two questions:

RQ3a: How are UK companies constructing compliance with tax strategy regulation via tax strategy reporting?
RQ3b: How are UK companies constructing corporate citizenship via tax strategy reporting?

I viewed the tax strategy reports from a symbolic-interpretive narrative lens (Merkl-Davies and Brennan, 2017), which suggests that corporate communication represents a means to constructing reality (Hines, 1988, p.251). Accordingly, I engaged in Critical Discourse Analysis (CDA) to examine the corporates' tax strategy narratives. CDA emphasizes the constitutive role discourse plays (Vaara, 2015) "[…] in the social construction of reality" (Condor and Antaki, 1997; Hardy et al., 2000, p.1231). Therefore, it is aligned with my symbolic-interpretive narrative lens which emphasises on the role of corporate communication in "creat[ing] and communicat[ing] meaning or legitimacy" (Merkl-Davies and Brennan, 2017, p.441). My CDA analysis involved a close reading and re-reading (Joutsenvirta, 2011, p.61) of the tax strategy narratives where I abductively "oscillat[ed] between theory and data in retroductive ways" (Wodak and Meyer, 2009, p.19; Merkl-Davies et al., 2012, p.13).

Firstly, I engaged in thematic analysis (Barros, 2014, p.1216) to identify the key recurring themes used to establish compliance with HMRC tax strategy regulation. In line with my abductive research approach, in my thematic analysis process (Barros, 2014, p.1216) I deductively inferred some of the themes from HMRC tax strategy reporting guideline (e.g., approach to tax risks, attitude to tax planning, etc.) (HMRC, 2016a). Meanwhile, I inductively identified other themes from the close reading of the tax strategy reports (e.g., engaging with NGOs, educating the public about taxes, etc.). Secondly, I engaged in a deeper analysis of the rhetoric of legitimacy (Shinkle and Spencer, 2012, p.127) to identify the discursive legitimation strategies (Van Leeuwen, 2007) and broader discursive legitimation aims (Luyckx and Janssens, 2016; Glozer et al., 2019) used by companies to construct corporate citizenship. I focused on examining corporate citizenship from two dimensions, including (1) corporate identity and relationship with stakeholders and the wider world, and (2) justifications of corporate actions with reference to specific norms or value systems (Basu and Palazzo, 2008).

In drawing my inference beyond the discursive legitimation strategies, I adopted Van Leeuwen's (2007) four means to discursive legitimation, namely (1) authorization, (2) rationalization, (3) moral evaluation, and (4) mythopoesis (narrativization). As a final step I built on Luyckx and Janssens (2016) and Glozer et al. (2019) to examine whether the overarching discursive legitimation associated with these discursive strategies is (1) discursive antagonism to purify the corporate's image, (2) discursive co-operation to construct agreement with the corporate's stakeholders (Luyckx and Janssens, 2016), (3) discursive validation to justify the corporate tax behaviour (Glozer et al., 2019) or an interplay of these three broad discursive legitimation means.

My findings revealed that companies utilized the indeterminacy inherent in some of the requirements of the tax strategy regulation (Picciotto, 2015), to set "frameworks of knowledge" (Christensen, 2002, p.166) on what compliance looks like, in the first years of the implementation of the regulatory measure. As such, companies managed to give the impression of complying with the tax strategy reporting regulation by using their tax strategy publications as "image-creation mechanisms" (Crowther, 2000, p.1845). That is to say, by exercising their discretion over which information to disclose, companies managed to give the impression of compliance via portraying "a coherent and legitimate [tax] image" (Christensen, 2002, p.164) that appeals to a diverse group of stakeholders beyond the regulatory body, without necessarily "break[ing] down the boundaries between themselves and their surrounds […]" (Christensen, 2002, p.166).

As a result, companies were not only keen to give the impression of complying with HMRC tax strategy regulatory measure, but to strategically use their tax strategy narratives to restore their legitimacy following a wave of tax shaming directed at MNCs. Companies used tax strategy reports to prevent future tax controversies by giving the impression of transparency and thus portraying themselves as good corporate citizens. Therefore, companies used an interplay of discursive antagonism to purify their corporate image, and discursive co-optation (Luyckx and Janssens, 2016) to construct a co-operative relationship with their various stakeholders (e.g., HMRC, NGOs, tax activists, etc.) when constructing their corporate identity and relationship with stakeholders (Basu and Palazzo, 2008). In addition, they used discursive validation (Glozer et al., 2019) to refer to specific norms or value systems when justifying their actions (Basu and Palazzo, 2008).

My findings are aligned with Luyckx and Janssens' (2016, p.1612) view on companies using Van Leeuwen's (2007) legitimation strategies, "irrespective of their different foci, […] [to] serve the same aim, i.e., produc[e] a particular actor image within a cultural meaning system". I thus confirm findings of the CSR literature on the use of discursive legitimation strategies to (re)construct organizational legitimacy during public controversies (e.g., Luyckx and Janssens 2016; Glozer et al., 2019). In relation to the tax literature, my findings confirm Freedman and Vella's (2016, p.656) view on "[g]overnment […] rel[iance] on pressure from the media and NGOs, and the influence of advisers, to put pressure on business to make this [tax strategy reporting] exercise more meaningful".

6.3 Contributions and policy implications

6.3.1 Contributions to research

My thesis focuses on the debate around MNCs' use of tax avoidance practices to avoid paying their 'fair share' of taxes. This debate resulted in leading MNCs, including Vodafone (Guardian, 2009b; Rushton, 2012b) and Starbucks (Barford and Holt, 2013), facing criticism and threat of customer boycotts. These criticisms were led by media reports (Radcliffe et al., 2018; Baudot et al., 2020), such as *Guardian Tax Gap Series* (Guardian, 2009d) and *Reuters Special [Tax] Reports* (Bergin, 2012a; 2012b; 2012c) and catalysed by tax activists' campaigns, e.g., UK Uncut protests against Vodafone (Morris, 2010; Rawlinson, 2014) and Starbucks (BBC, 2012c; Diaz, 2012; McVeigh et al., 2012). Consequently, such hype in tax shaming ignited a legitimacy threat to MNCs (Anesa et al., 2019) and prompted tax transparency activism (Christians, 2012).

Accordingly, media and civil society actors (e.g., NGOs and tax activists) that "have only recently become part of the tax environment" (Holland, 2019, p.14), succeeded in addressing corporate taxes from a CSR lens (Hasseldine et al., 2012) where a company's failure to pay its fair share of corporation tax constitutes an illegitimate/irresponsible behaviour that falls short of the society's norms and rules. In return, MNCs needed to respond by either changing their tax behaviour or by using their corporate communication as a legitimation means to re-align themselves with emergent social norms and rules (e.g., tax avoidance being an irresponsible corporate practice) and to shape the perceptions of their respective societies (Neu et al., 1998; O'Donovan, 1999; Bansal and Roth, 2000; O'Dwyer, 2002). In this respect, tax presents an interesting CSR topic because it pertains to "[…] avoidance of contributions that may be seen as illegitimate by stakeholders [and society] even if not set out explicitly by law (Dowling, 2014; Hillenbrand et al., 2019, p.404).

Despite prior tax research examining the role of different social actors (e.g., MNCs, accounting firms, tax activists) in the UK corporate tax debate, the media-agenda setting role and civil society activism "have been […] important, and often academically overlooked, factor[s]" (Dallyn, 2017, p.336). Civil society groups, including NGOs and tax activists used the media to shame tax avoiding MNCs and direct action against them (Holland et al., 2016). As such the media and civil society have been "central in igniting the legitimacy" threat around corporate tax avoidance practices (Anesa et al., 2019, p.35). However, there is little empirical evidence on the responses of companies via their tax reporting (Dyreng et al., 2016) to maintain their legitimacy and to meet with new tax rules (e.g., HMRC tax strategy regulation), which have been enforced to incentive appropriate corporate tax behaviour (Freedman and Vella, 2016) and enhance corporate tax transparency.

Accordingly, this thesis contributes to research on the public debate on corporate tax avoidance in the UK by extending the analysis to the involved of formerly under-researched social actors in the UK corporate tax environment. For this purpose, I conduct three independent empirical studies to examine the roles and behaviour of three key social actors in the public tax controversy, namely the UK media, NGOs and tax activists, and MNCs domiciled in the UK.

In the first study (Chapter 3) I confirm the media-agenda setting role of UK newspapers in shaping public agenda by "[translating] a complex and difficult area of accounting practices [such as corporate tax] […] into a broader public issue" (Dallyn, 2017, p.347). Therefore, I advance the study of Hasseldine et al. (2012, p.533) which "contributed […] to contextualise tax avoidance and identify actors and related behaviour for researchers, tax agencies, accounting firms, corporate taxpayers, and other stakeholders including society at large". Nevertheless, Hasseldine et al. (2012) did not account for the role of the media in creating "public upheaval" over corporate tax practices (Anesa et al., 2019, p.30). Also, by focusing on newspaper articles quoting NGOs (Oxfam, ActionAid, Christian Aid) and/or tax activists (UK Uncut, TJN), I extend the work of Birks (2017) and Dallyn (2017) which respectively acknowledge the role of UK Uncut and TJN in contributing to the "political salience" of corporate tax avoidance in the UK media agenda.

In the second study (Chapter 4) I contribute to literature on corporate legitimation by developing insights into corporate responses via their corporate communication to public criticism of their illegitimate/irresponsible tax practices and heeded public calls to tax transparency (e.g., Ylönen and Laine, 2015; Dyrneg et al., 2016; Holland et al., 2016). I build on an extensive body of research differentiating between symbolic and substantive legitimation strategies (Dowling and Pfeffer, 1975; Ashforth and Gibbs, 1990; Lindblom, 1993), to gain insights into whether Vodafone's new voluntary tax reports constitute a substantive means of legitimation (i.e., engaging in actual transparency practices), or a symbolic means of legitimation (i.e., signalling the impression of transparency) adopting a verifiability lens to tax transparency where transparency is dependent on information disclosure (Albu and Flyverbom, 2019). To my knowledge, this study is the first to empirically examine voluntary tax reports as a new means to corporate legitimation.

In the third study (Chapter 5) I also contribute to a stream of research on corporate legitimation during public controversies from a discursive lens (e.g., Luyckx and Janssens, 2016; Glozer et al., 2019) by examining a new mandatory tax strategy reporting mechanism. I examine how companies defend their legitimacy following a wave of public tax shaming by using a new domain of corporate reporting activity, i.e., corporate tax strategy reports, to promote themselves as good corporate citizens. I also provide insights into the key themes disclosed by companies in their tax strategy narrative to represent compliance with HMRC (2016a) tax strategy regulation and to set "frameworks of knowledge" (Christensen, 2002, p.166) (i.e., performativity approach to transparency[102]) on what compliance looks like, in the first years of the tax strategy initiative. This is in contrast to prior studies, including Belnap (2019) who focused on the similarity between the tax strategy disclosures of US companies, and Bilicka et al. (2020) and Xia (2020) who focused on exploring the change in corporate tax behaviour following the adoption of HMRC (2016a) tax strategy regulation.

6.3.2 Policy implications

The UK media interest in MNCs' tax practices highlights the importance of public tax shaming as a means of establishing the political salience of corporate tax avoidance and promoting calls for tax transparency (see Chapter 3). As noted by Oats and Tuck (2019, p.567) "[t]ax transparency is a fast-moving field with numerous players seeking to assert dominance in the debate […]". Therefore, from a policy perspective, regulatory bodies needed to act by enforcing new policy measures, such as HMRC tax strategy regulation (see Chapter 5). I view this initiative as a useful step towards fostering corporate tax transparency, particularly in relation to the information disclosed by companies in their approach to risk management and governance narrative (see Section 5.6.1.2 in Chapter 5).

In line with Holland et al. (2016, p.26) I posit that "[…] if greater disclosure about companies' tax decisions is deemed necessary […], then society cannot rely on voluntary disclosure". Although Vodafone's voluntary tax reporting (see Chapter 4) sets a first-mover advantage through which Vodafone "dominates" the tax reporting environment "rather than adjusts" to it (Freeman, 1982; DiMaggio and Powell, 1983, p.149). Nevertheless, I echo Ylönen and Laine's (2015) view that "[…] while voluntary discussion of taxation by the corporations is clearly a positive step, the only sustainable way of dealing with tax avoidance is by increasing the mandatory requirements for tax transparency". This view is also reflected in Holland et al.'s (2016) study which examined tax

[102] Transparency from a performativity lens is "far more than a matter of information transmission" (Albu and Flyverbom, 2019, p.284) because it "shape[s] and modif[ies] the organizations [it] seek[s] to render visible" (Albu, 2014; Flyverbom, 2016; Albu and Flyverbom, 2019, p.284).

disclosures in both annual reports and CSR reports of UK Companies, among which Vodafone, following their tax shaming by *The Guardian Tax Gap Series*, and found “variation [in the tax disclosures] both between companies and within companies […] suggest[ing] a lack of consensus as regards managers’ attitudes to tax avoidance” (Holland et al., 2016, p.26).

6.4 Limitations and recommendations for future research

The thesis has provided insights into the role of the media in rendering corporate tax avoidance a salient issue in the UK public sphere and pressurising companies to become more transparent about their corporate tax practices both in terms of voluntary and mandatory tax reporting. Nevertheless, the thesis has some limitations, which are discussed in relation to each of the three empirical studies. I also point out how these limitations may be overcome in future research.

6.4.1 Paper 1: Media coverage of corporate tax avoidance

In Chapter 3 I analysed the change in the salience of corporate tax avoidance in the UK media-agenda, by examining the different levels of coverage the UK newspapers assigned to corporate tax avoidance over time. Although, my search criteria[103] captured the different terms and phrases used by newspapers to refer to corporate tax behaviour (e.g., tax avoidance, tax dodging, tax evasion, tax abuses, tax planning, tax schemes, tax affairs, tax havens, etc.), I did not examine the evolution of those terminologies over time. Therefore, it would be interesting for future research to examine changes in terminology over time, for example, examining how discourse on corporate tax avoidance practices has changed over the last twenty years (i.e., since the publication of Oxfam’s landmark report in June 2000[104]) and the reasons for these changes (e.g., news leakages, corporate tax avoidance scandals, efforts of NGOs and tax activists, etc.).

Another avenue for future research would be to focus on examining a different type of media outlet, such as social media platforms (e.g., Twitter). In my study, I focused on newspapers, given

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[103] Required **“Tax!” (or a grammatical variation donated by the “!”) to** appear at the start of the article, i.e., in the article’s headline or lead paragraphs.

[104] Oxfam’s landmark report “*Tax Havens: Releasing the Hidden Billions for Poverty Eradication”* published on the 1st of June 2000 (Mayne and Kimmis, 2000) marks “one of the initial drivers of the tax justice movement” (Elbra and Eccleston, 2018, p.11).

their ongoing importance as agenda setters. In particular, I examined newspapers quoting either an NGO (e.g., Oxfam, ActionAid, Christian Aid) and/or a tax activist group (e.g., UK Uncut, TJN). However, one of the important channels that NGOs and tax activists used in publicizing corporate tax avoidance is social media platforms. For example, UK Uncut used Twitter to mobilise support for its campaign against tax avoidance (Taylor and Howorth, 2011). As noted by *The Guardian* "activists inspired by UK Uncut closed more than 30 Vodafone shops after the campaign went viral through the use of a Twitter hashtag – #ukuncut – which helps users share messages" (Lewis et al., 2010). Similarly, ActionAid in its "Tax Power" campaign which was aimed at "harness[ing] the Tax Power of people and governments […] to bring an end to […], tax avoidance of all kinds, […] and lack of transparency that make tax avoidance possible" (ActionAid, 2013, p.3), used the hashtag #TaxPower on different social media platforms, in particular Twitter. Further, Tax Justice Network (2013a) noted that ActionAid encouraged the public to join the conversation via re-tweeting or sharing ActionAid's social media posts.

Further, future research could focus on analysing the media coverage for tax avoidance practices of celebrities (see, e.g., Bramall, 2018), politicians, businessmen, or sports players. For instance, in July 2014, *The Times* exposed the involvement of many celebrities, including amongst others, singer Gary Barlow and TV presenter Anne Robinson, in aggressive tax avoidance schemes (Mostrous and Kenber, 2014). Similarly, in April 2016 the Panama Papers revealed that "[…] politicians, their families and close associates from around the world […] have been using offshore tax havens" (Garside et al., 2016). Furthermore, in November 2017 the Paradise Papers exposed that football player Gary Lineker avoided tax via using an offshore company to sell his holiday home in Barbados (Lion, 2017). Interestingly, *The Mirror* reported that Gary Lineker used social media platforms to defend himself via tweeting "I do pay my taxes properly and thoroughly, however hard some will claim otherwise" (Lion, 2017).

6.4.2 Paper 2: Vodafone's voluntary tax reporting

In Chapter 4 I conducted a case study to examine Vodafone's response to its public tax shaming via publishing voluntary tax disclosures. I solely focused on the narrative in this new corporate reporting genre "*Tax and our contribution to public finances*". However, these reports have an interesting visual representation dimension, given that there is a strong focus on images depicting individuals and groups of people located in third world countries. This seems to highlight the good citizenship dimension of corporate tax reporting which is the focus of the third empirical paper of the thesis. As noted by Brennan et al. (2009, p.797) "[v]isuals such as graphic highlighting, headings, bulleted or numbered lists, colour, shading, logos, may foreshadow verbal discussion or reinforce key points". Accordingly, future studies could build on prior research examining visuals in corporate communication mediums, including annual reports and CSR reports to examine visuals incorporated in tax reports (see papers by Bell and Davison, 2013 and Meyer et al., 2013 for a review of visual research in management studies).

Future research could also extend my study by conducting a comparative case study to examine the voluntary tax publications of other UK companies which have been subject to tax shaming. It would also be interesting to examine the voluntary tax disclosures of US companies that have been scrutinized for their tax avoidance practices.

6.4.3 Paper 3: Mandatory corporate tax strategy reporting

In Chapter 5 I examined the tax strategy narratives published by a sample of FTSE 100 companies following new HMRC tax strategy reporting regulation (HMRC, 2016a). In line with prior research which acknowledged the importance of CEO statements in annual reports and/or CSR reports (e.g., Mäkelä and Laine, 2011; Barkemeyer et al., 2014), I chose to focus my sample on tax strategy narratives with an incorporated CFO or Chairman statement. As noted by Forstater (2018, p.17) "[u]nbranded policies on plain paper tend to be most generic in content. […] [Reports including] photographs and a message from the chief financial officer are often more specific, and suggest that they are intended to be read". Nevertheless, I suggest that it would be interesting to examine tax strategy reports without CFO letters. Tax strategy reporting is a new corporate reporting practice. I thus need to gain a better understanding of the content of tax strategy reports by examining a wide range of tax strategy narratives, including those which do not include a CFO statement.

Another stream of studies could explore whether there is a relationship between tax strategy disclosures and the company's auditing firm. Jones et al. (2018) found evidence of a strong correlation between a MNC's tax haven network and its use of a Big 4 auditing firm, suggesting that auditors can have a significant impact on the tax avoidance behaviour of MNCs. As such, it would be interesting to see whether companies that use similar auditing firms adopt similar disclosures in their tax strategy narratives. Similarly, future research could explore if there is a relationship between industry sector and tax strategy disclosures. Belnap (2019), who examined the tax strategy reports of US companies, found evidence of a high degree of similarity between the companies' tax strategy disclosures suggesting that companies are copying one another or are relying on third parties to produce their tax strategy reports. Thus, it would be interesting to examine the degree of similarity between the tax strategy reports of UK companies and analyse whether similarities are driven by operating in the same industry, by employing the same auditing firm, or by other factors.

6.5 Conclusion

Taxation is an important means of redistributing resources in society and funding public services. MNCs' failure to pay their 'fair share' of corporation tax limits the government's ability to fund public services, such as health and education (Lanis and Richardson, 2012) and deprives developing countries of tax revenues needed to improve public infrastructure and the lives of their citizens (Sikka, 2010). Corporate tax transparency has been suggested as a possible corrective to remedy allegedly inappropriate corporate tax practices (Oats and Tuck, 2019).

This thesis provides insights on the role and behaviour of three key social actors in the public debate on MNCs' tax practices, namely the UK media, NGOs and tax activists, and MNCs domiciled in the UK. Based on the findings of the three empirical studies I conclude that the media, in particular newspapers, (Chapter 3) played an important role in increasing the salience of corporate tax avoidance for the UK public. I highlighted the crucial role of NGOs and tax activists in the "public upheaval" regarding corporate tax practices (Anesa et al., 2019, p.30) by focusing on examining newspaper articles that quoted an NGO (ActionAid, Christian Aid and Oxfam) and/or a tax activist group (e.g., UK Uncut and TJN). I further find that Vodafone, a company which was publicly named and shamed for its tax behaviour, succeeded in turning its image around from a ‘sinner’ to a ‘model corporate citizen’ of tax transparency by being one of the first UK companies to publish tax reports (Chapter 4).

Finally, I find that FTSE 100 companies used their tax strategy narratives (Chapter 5) as “image-creation mechanisms” (Crowther, 2000, p.1845) to construct compliance with HMRC tax strategy regulation by exercising discretion regarding the content of their tax strategy narrative (e.g., key themes disclosed) and thus targeting their tax strategy reports at various stakeholder groups (e.g., HMRC, tax activists, NGOs). What is more, I conclude that FTSE 100 companies used an interplay of discursive antagonism, discursive co-operation (Luyckx and Janssens, 2016) and discursive validation (Glozer et al., 2019) to construct themselves as good corporate citizens, following public controversy on MNCs’ tax practices.

In sum, the thesis examines the recent demand for increased corporate tax transparency and corporate responses via mandatory and voluntary tax reporting in the UK. Empirical evidence suggests that this endeavour has been partially successful, with increased transparency in some areas combined with selective disclosures in others. Tax transparency is a contested issue and corporate tax reporting is an evolving practice providing rich opportunities for future research.

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Appendix 1.A: Timeline of key events relating to the public debate on corporate tax avoidance in the UK

Date		Event
November	1997	**EU** report "A package to tackle harmful tax competition in the European Union" (Commission of the European communities, 1997).
May	1998	**OECD** report "Harmful Tax Competition: An Emerging Global Issue" (OECD, 1998).
Early	2000	Foundation of the **OECD** "Global Forum on Transparency and Exchange of Information" (Radcliffe et al., 2018).
June	2000	**Oxfam** briefing paper "Tax havens: Releasing the hidden billions for poverty eradication" (Mayne and Kimmis, 2000).
March	2003	Foundation of the **Tax Justice Network (TJN)** (Tax Justice Network, 2019).
September	2004	**TJN** launched its International Secretariat […], garnering its first major international newspaper headline, in The Guardian (Tax Justice Network, 2019).
September	2005	**TJN** released its first major publication "Tax us if you can" (Tax Justice Network, 2005).
		Christian Aid's report "The shirts off their backs: How tax policies fleece the poor" (Christian Aid, 2005).
January	2007	**TJN** report "Mirror, mirror on the wall, who's the most corrupt of all? (Christensen, 2007).
May	2008	**Christian Aid's** report "Death and taxes: the true toll of tax dodging" (Christian Aid, 2008).
June	2008	**TJN** submitted its report "Tax havens creating turmoil" to the Treasury Committee of the House of Commons (Murphy, 2008).
September	2008	Global Financial Crisis deepened with the collapse of Lehman Brothers (Pham, 2010).
November	2008	**ActionAid's** briefing paper "Hole in the pocket: Why unpaid taxes are the missing link in development finance" (ActionAid, 2008).
February	2009	**The Guardian** tax gap series shamed more than 20 British companies for their secretive tax strategies" (Guardian, 2009d).
March	2009	**The Guardian** tax gap series "Barclays gags Guardian over tax" (Guardian, 2009a).
		Christian Aid's report "False profits: Robbing the poor to keep the rich tax-free" (Christian Aid, 2009).
September	2009	Restructuring of the **OECD** "Global Forum on Transparency […]" to include non- OECD countries (OECD, 2018d, Radcliffe et al., 2018).
October	2009	**TJN** introduced its Financial Secrecy Index (Tax Justice Network, 2009b).
November	2009	**The Independent on Sunday** in its article "Square Mile [London] too secretive, says report" (Walton, 2009).
August	2010	**Christian Aid** launched its "Trace the Tax" campaign to ask FTSE 100 companies to support calls for tax transparency (Christian Aid, 2011).
October	2010	**UK government's** steepest reduction in public spending in 60 years (Lyall and Cowell, 2010; Pimlott et al., 2010).
		Foundation of **UK Uncut**, which directed their first campaigning action against Vodafone (Dallyn, 2017).
November	2010	**The Guardian** "Vodafone stores across UK become focal point for anti-cuts protesters […]" (Gabbatt, 2010).
December	2010	**The Guardian** "UK Uncut targets Topshop and Vodafone over tax arrangements" (McVeigh, 2010).
		The Times "Tax avoidance protesters invade Topshop" (Times, 2010).
		The Times "UK Uncut […] if businesses did not engage in […] tax avoidance, public spending cuts […] would not […] be so great (King, 2010).
		The Independent "In an age of austerity, companies have a moral duty to pay; The protesters' [UK Uncut] view (Tobin, 2010).
		The Telegraph "Marks and Spencer targeted as tax protests widen" (Leach and Jamieson, 2010).

Key: *Social actors are shown in bold.*

Date		Event (cont.)
January	2011	**Christian Aid** and **SOMO** report “Tax Justice Advocacy: A Toolkit for Civil Society” (Christian Aid and SOMO, 2011)
February	2011	**The Guardian** “Uncut protesters target Barclays over tax avoidance” (McVeigh and Clark, 2011).
July	2011	**ActionAid’s** report “Tax responsibility: The business case for making tax a corporate responsibility issue” (ActionAid, 2011b).
October	2011	**ActionAid’s** report “Addicted to tax havens” (ActionAid, 2011a).
		The BBC “Tax havens: Is the tide turning?” (Mulvey and McClatchey, 2011).
		TJN Financial Secrecy Index Ranking 2011 (Tax Justice Network, 2011).
March	2012	**ActionAid’s** report “[…] UK anti-tax haven rules could cost developing countries – and the UK – billions. (ActionAid, 2012).
		NAO examination looked into the tax settlement disputes of five large multinationals (NAO, 2012).
June	2012	**G20 summit** “demanded action” from the **OECD** to tackle tax avoidance (Brauner, 2014, p.10).
July	2012	**TJN** released the second edition of its report “Tax us if you can” (Tax Justice Network, 2012).
August	2012	**Christian Aid** launched its “Tax Justice Bus Tour” campaign (Owens, 2013)
October	2012	**Reuter’s** “Special Report: How Starbucks avoids UK taxes” (Bergin, 2012b).
		The Sunday Times investigation into ebay and Ikea (Duke and Laurance**,** 2012).
November	2012	**PAC** hearing on the tax matters of Starbucks, Google and Amazon (Public Accounts Committee, 2012).
		The BBC (2012b) “Starbucks, Google and Amazon grilled over tax avoidance”.
		The Telegraph “Starbucks, Amazon and Google accused of being 'immoral'” (Ebrahimi, 2012).
		The Guardian “Google, Amazon and Starbucks face questions on tax avoidance from MPs” (Kiss, 2012).
December	2012	**The Independent** “UK Uncut stages Starbucks protests over coffee chain's tax affairs” (Diaz, 2012).
		Reuter’s “Special Report: Amazon's billion-dollar tax shield” (Bergin, 2012a).
		Reuter’s “Special Report: How the UK tax authority got cosy with big business” (Bergin, 2012c).
January	2013	**Christian Aid** Enough Food For Everyone IF campaign (Christian Aid, 2013).
February	2013	**OECD's** initial report on Base Erosion and Profit Shifting was issued (OECD, 2013b).
May	2013	**Reuter’s** “Special Report - How Google UK clouds its tax liabilities” (Bergin, 2013).
		The BBC “Google, Amazon, Starbucks: The rise of 'tax shaming'” (Barford and Holt, 2013).
		The Guardian “UK's top companies condemned for prolific use of tax havens” (Quinn and Ball, 2013).
June	2013	**The Financial Times** (2013) “UK Uncut plans sit-ins at HSBC bank branches”.
		The **G8** summit focuses on trade, tax and transparency (Tran, 2013).
July	2013	Launch of **ActionAid** “Tax Power” campaign across 20 countries among which the UK (ActionAid, 2013, Tax Justice Network, 2013a).
		OECD’s initial BEPS Action Plan report was issued (OECD, 2013a).
September	2013	**OECD and G20** countries adopted a 15-point Action Plan to address BEPS (OECD, 2019).
October	2013	**TJN** Financial Secrecy Index Ranking 2013 (Tax Justice Network, 2013b; 2013c).
February	2014	Launching of the **Fair Tax Mark** Scheme (Fair Tax, 2019b).

Key: *Social actors are shown in bold.*

Date		Event (cont.)
October	2014	**Oxfam** report “Even it up: Time to end extreme inequality” (Oxfam, 2014).
		ActionAid UK started its “Town against tax dodging” campaign (Adams, 2014).
		Christian Aid published its report “Tax for the common good: A study of tax and morality (Christian Aid, 2014).
November	2014	**Luxembourg leaks** (ICIJ, 2014).
		The Guardian “Luxembourg tax files: how tiny state rubber-stamped tax avoidance on an industrial scale” (Bowers, 2014).
February	2015	The **OECD** released guidelines for CbCR
March	2015	Finance Act 2015 requiring multinationals to submit a country-by-country report to **HMRC** starting 1st January 2016 (HMRC, 2017).
April	2015	Diverted profits tax (HMRC, 2015a).
July	2015	**ActionAid’s** report “Levelling Up: Ensuring a fairer share of corporate tax for developing countries” (ActionAid, 2015a).
October	2015	**ActionAid** “New global plan to tackle tax avoidance has ignored the world’s poorest countries” (ActionAid, 2015b).
November	2015	**TJN** Financial Secrecy Index Ranking 2015 (Tax Justice Network, 2015a; 2015b).
		ActionAid, **Christian Aid** and **Oxfam** paper “Getting to good –Towards Responsible Corporate Tax Behaviour (ActionAid et al., 2015).
March	2016	**Oxfam** called on politicians to put an end to financial secrecy and tax havens in “Anti-Corruption Summit” in London (Oxfam, 2016).
April	2016	**Panama Papers** (ICIJ, 2017b).
		The Guardian “Mossack Fonseca: inside the firm that helps the super-rich hide their money” (Guardian, 2016).
May	2016	“Anti-Corruption Summit” in London
June	2016	**HMRC** requiring multinationals to publish their business tax strategy on their websites starting 15th September 2016 (HMRC, 2016a).
July	2017	**Oxfam** briefing paper “Making tax Vanish” (Oxfam, 2017).
November	2017	**Paradise Papers** (ICIJ, 2017a).
		The Guardian “Paradise Papers leak reveals secrets of the world elite's hidden wealth” (Garside, 2017).
January	2018	**TJN** Financial Secrecy Index Ranking 2018 (Tax Justice Network, 2018a; 2018b).
February	2018	**The B Team report** “A new bar for responsible tax: […]” (B Team, 2018).

Key: *Social actors are shown in bold.*

Appendix 2.A: Tax themes in newspaper articles

	Theme	Explanation/Examples	Total 01-06-2000 till 26-10-2010	Total 27-10-2010 till 31-06-2019	Total
1	**Agricultural/farm subsidies**	Common Agricultural Policy (CAP).	**42**	**2**	**44**
2	**Articles' amendments**	Corrections and clarifications.	**0**	**3**	**3**
3	**Asylum seekers and migrants/immigrants**	Policy.	**1**	**3**	**4**
4	**Banks**	Banking crisis, executives' pay, bonuses windfall tax, interest rate cuts, etc.	**6**	**17**	**23**
5	**Brexit**		**0**	**5**	**5**
6	**Budget issues**	Austerity measures and budget cuts.	**9**	**31**	**40**
7	**Celebrities/Politicians/businessmen tax avoidance**	Bono U2, David Cameron, Jeremy Corbyn, John McAfee, Michael Caine, Katie Melua, George Michael, Gary Barlow, Mark Owen, etc.	**8**	**77**	**85**
8	**Charitable donations**	Gift aid, tax relief, and tax-deductible donations.	**56**	**27**	**83**
9	**Charities**	Tax breaks, scandals, political bias, bribery, campaigns, etc.	**8**	**83**	**91**
10	**Child**	Benefits/ tax credit, custody laws, and labour policy.	**4**	**5**	**9**
11	**Christmas**	Shopping and gifts.	**1**	**3**	**4**
12	**Climate change and Green energy**	Policies, funding, projects, green tax, carbon tax, summits, etc.	**2**	**19**	**21**
13	**Coffee production**	Excess coffee beans crisis, and windfall tax on coffee companies.	**2**	**0**	**2**
14	**Companies**	Changes to profits/revenues, struggles, ownership, speculations, etc.	**3**	**7**	**10**
15	**Corporate tax**	Corporations engaging in or facilitating tax avoidance.	**145**	**1,031**	**1,176**
16	**Corruption**	Bribery, fraud, corruption, terrorism and money laundering.	**1**	**5**	**6**
17	**Cost and standard of living**	Cost of living/budgeting and living standards.	**3**	**0**	**3**
18	**CSR**	Accountability, human rights, business policies, corporate citizenship, etc.	**4**	**5**	**9**
19	**Demonstrations, strikes and boycotts**	Activists' demonstrations, calls for boycotts, online campaigns, marches and strikes.	**0**	**13**	**13**
20	**Duplicates**	Same article duplicated.	**50**	**813**	**863**
21	**Education**	Funding, schools (tax breaks), reforms, university tuition fees.	**2**	**4**	**6**
22	**Equality and human rights**	Equality and Human Rights Commission reforms.	**1**	**1**	**2**
23	**Festivals and performances**	Glastonbury festival, and U2 band performances.	**0**	**2**	**2**
24	**Food system**	Food banks, dairy production, farmland project, malnutrition, and land rights and tax.	**2**	**9**	**11**
25	**Football**	Piracy, corruption, efficiency and fairness.	**0**	**5**	**5**
26	**Footballers tax avoidance**	Players/clubs/managers tax avoidance and use of tax havens.	**2**	**11**	**13**
27	**Foreign/overseas/international aid**	Charities hypocrisy, aid budget and austerity, aid-cash wasted, aid to fight poverty and terrorism, and aid channelled via tax havens.	**26**	**61**	**87**

	Theme (cont.)	Explanation/Examples	Total 01-06-2000 till 26-10-2010	Total 27-10-2010 till 31-06-2019	Total
28	**G8 and G20**	Summits, initiatives, reviews, security, and achievements.	**2**	**5**	**7**
29	**Global and British economy**	Globalisation, world bank, IMF (International Monetary Fund), Global Sustainable Development Goals, debt crisis, capitalism, etc.	**5**	**13**	**18**
30	**Government**	Campaigns, conferences, elections, policies, referendums, etc.	**8**	**27**	**35**
31	**Highlights**	Different topics mentioned, read rolling, and the guide pick of the day.	**6**	**33**	**39**
32	**Honours**		**2**	**1**	**3**
33	**Individuals' tax issues**	Income Tax and National Insurance, Individuals tax avoidance and use of tax havens, tax return, non-residents 90-day tax rule, etc.	**11**	**18**	**29**
34	**Inequality**	Global inequality (poverty), income inequality (gender and economic), Wealth inequality (wealth tax), and price of plutocracy (inequality breeds instability).	**4**	**47**	**51**
35	**Inheritance tax**	Inheritance tax avoidance, woodlands sale, and financial products to reduce inheritance tax.	**5**	**17**	**22**
36	**Interviews**		**0**	**5**	**5**
37	**Investment**	Currency investment scheme, stock market, FTSE 100 Index, high-risk speculation, and owning shares in firms based in tax havens	**1**	**9**	**10**
38	**Liberty tax scheme**	Allowing stars, celebrities, singers to avoid tax.	**0**	**5**	**5**
39	**Military forces and wars**	Funding military operations, and Mozal Aluminium smeltering project.	**7**	**3**	**10**
40	**Non-dom**	Tax rules, status, and HSBC leaked files on Non-dom.	**9**	**11**	**20**
41	**Oil and gas companies**	Royalty, windfall tax, and Petroleum Resource Rent Tax (PRRT).	**0**	**11**	**11**
42	**Other taxes**	Salt tax. sugar tax, bedroom tax, air travel tax/frequent flyer tax, council tax, fast fashion tax, tax on alcohol, second-home ownership-garden tax, etc.	**5**	**16**	**21**
43	**Other terms**	Taxi(s), taxing, taxes (meaning duties), tax you with, taxonomy, taxidermied, taxidermy, taxiing, taxiway, taxed (meaning concerned), and taxonomist.	**23**	**24**	**47**
44	**Other topics**	Brain drain, car maintenance, cruelty in 'care homes', hospital parking charges, visa denials to campaigners, journalists and academics, etc.	**11**	**16**	**27**
45	**Patent**	Patent reform to develop medicines for poor countries, and patent protection.	**2**	**0**	**2**
46	**Pensions**	Tax, pension funds (invested in finance schemes linked to tax havens), and retirement.	**3**	**6**	**8**
47	**Politicians' tax affairs**	Politicians and David Cameron's family tax affairs.	**0**	**4**	**4**
48	**Print edition of an online article**		**33**	**505**	**538**

	Theme (cont.)	Explanation/Examples	Total 01-06-2000 till 26-10-2010	Total 27-10-2010 till 31-06-2019	Total
49	**Robin Hood Tax**	Tobin Tax, and tax on financial transactions.	**44**	**28**	**72**
50	**Super-rich/wealthy individuals tax avoidance**	Tax avoidance (evasion, dodging, breaks, etc.), wealth creation, use of tax havens, massive tax cuts, etc.	**16**	**24**	**40**
51	**Tax havens**	Bankruptcy, corruption, history, World's most beautiful tax havens, role on loan crisis, trusts laws, referendums, etc.	**5**	**14**	**19**
52	**Tax system**	Fairer tax redistribution, international tax reform, Britain's tax system, OECD efforts in Global tax harmonization, Pay As you Earn system (PAYE), shadow economy, etc.	**8**	**16**	**24**
53	**Theatre shows/TV programme/plays/documentaries/books/blogs**	Addressing politics, on tax avoidance, or on tax havens.	**0**	**14**	**14**
54	**Tobacco industry**	Lobby groups and excise tax on tobacco.	**0**	**3**	**3**
55	**Twitter trends, top business stories and call for research**	Twitter trends, top 10 business stories (amoung which tax avoidance), and research on tax evasion/avoidance.	**2**	**3**	**5**
56	**UK Uncut and TJN**	Against budget cuts, arrests (police and court), hurting ordinary shoppers, as an example to follow by National Union of Students, etc.	**0**	**35**	**35**
57	**Unions**	Boots Pharmacists' Association Union recognition battle.	**0**	**1**	**1**
58	**VAT**	Value Added Tax	**3**	**4**	**7**
59	**Welfare system**	Bill, fraud, and reform.	**2**	**7**	**9**
60	**Woodlands sale**	Forestry owners.	**0**	**1**	**1**
	Total		**595**	**3,176**	**3,762**

Appendix 2.B: Number of articles on corporate tax avoidance by newspaper: 01 June 2000 - 26 Oct. 2010 and 27 Oct. 2010 - 31 May 2019

Newspaper	Newspaper (Nexis)	01 June 2000- 26 Oct. 2010	27 Oct. 2010 - 31 May 2019	Total
Tabloids				
Red-top				
The Mirror	The Mirror and The Sunday Mirror mirror.co.uk	1 (2%)	63 (98%)	64
The Sun	The Sun (England) Sunday Sun (UK) thesun.co.uk	1 (3%)	31 (97%)	32
Mid-market				
The Express	The Express The Sunday Express Express Online	2 (12%)	15 (88%)	17
Daily Mail	Daily Mail and Mail on Sunday MailOnline	3 (2%)	117 (98%)	120
Broadsheet				
Guardian	The Guardian (London) The Observer (London)	75 (19%)	310 (81%)	385
Daily Telegraph	The Daily Telegraph (London) The Sunday Telegraph (London) telegraph.co.uk	5 (7%)	69 (93%)	74
The Times	The Times (London) The Sunday Times (London) thetimes.co.uk	11 (9%)	115 (91%)	126
Independent	The Independent (United Kingdom)	6 (4%)	129 (96%)	135
Business Press				
Financial Times	Financial Times (London) Financial Times Online	41 (18%)	182 (82%)	223
Total		**145 (12%)**	**1,031 (88%)**	**1,176**

Note: Percentages are rounded to the nearest whole number.

Appendix 2.C: Number of articles on corporate tax avoidance over time across UK newspapers

Newspapers	No. of articles pre-UK Uncut: 01 June 2000 - 26 October 2010)											No. of articles post-UK Uncut: 27 October 2010 - 31 May 2019									
	01 June 2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**26 October 2010**	**27 October 2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**31 May 2019**
Broadsheet																					
Guardian	2	1	2	3	5	6	4	5	15	27	5	22	40	52	60	14	41	40	22	14	5
Telegraph	0	0	0	0	0	0	1	0	1	2	1	4	18	25	12	1	2	4	2	1	0
Times	0	0	0	0	1	1	0	0	0	8	1	7	6	24	21	7	11	17	12	10	0
Independent	0	0	0	2	0	0	0	0	1	2	1	5	11	25	32	4	13	28	8	2	1
Business Press																					
FT	0	0	1	1	4	7	5	3	4	13	3	10	19	28	32	17	30	23	9	7	7
Tabloids																					
Mirror	1	0	0	0	0	0	0	0	0	0	0	0	7	9	4	3	9	17	1	6	7
Sun	0	0	0	0	0	0	0	0	1	0	0	1	3	4	1	2	0	12	6	1	1
Express	0	0	0	0	0	1	0	0	1	0	0	1	2	3	2	0	0	1	3	2	1
Daily Mail	0	0	0	0	0	0	1	1	0	1	0	4	16	25	27	11	6	10	8	8	2
Total	3	1	3	6	10	15	11	9	23	53	11	54	122	195	191	59	112	152	71	51	24

Appendix 2.D: Number of articles on corporate tax avoidance over time across newspaper types: Tabloids (redtop and mid-market), broadsheet and business press

Newspapers	**No. of articles pre-UK Uncut: 01 June 2000 - 26 October 2010**											**No. of articles post-UK Uncut: 27 October 2010 - 31 May 2019**										**Total**	**% of total**
	01 June 2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**26 October 2010**	**27 October 2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**31 May 2019**		
Broadsheet	2	1	2	5	6	7	5	5	17	39	8	38	75	126	125	26	67	89	44	27	6	720	61%
Tabloids	1	0	0	0	0	1	1	1	2	1	0	6	28	41	34	16	15	40	18	17	11	233	20%
• **Redtop**	1	0	0	0	0	0	0	0	1	0	0	1	10	13	5	5	9	29	7	7	8	96	8%
• **Mid-market**	0	0	0	0	0	1	1	1	1	1	0	5	18	28	29	11	6	11	11	10	3	137	12%
Business Press	0	0	1	1	4	7	5	3	4	13	3	10	19	28	32	17	30	23	9	7	7	223	19%
Total	3	1	3	6	10	15	11	9	23	53	11	54	122	195	191	59	112	152	71	51	24	1176	

Note: Percentages are rounded to the nearest whole number.

Appendix 2.E: Number of articles on corporate tax avoidance over time across political stances: Left, centre, right and business press

Newspapers political stances	**No. of articles pre- the establishment of UK Uncut (01 June 2000 till 26 October 2010)**											**No. of articles post the establishment of UK Uncut (27 October 2010 till 31 May 2019)**									
	01 June 2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**26 October 2010**	**27 October 2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**31 May 2019**
Left wing	3	1	2	3	5	6	4	5	15	27	5	22	47	61	64	17	50	57	23	20	12
Centre	0	0	0	2	0	0	0	0	1	2	1	5	11	25	32	4	13	28	8	2	1
Right wing	0	0	0	0	1	2	2	1	3	11	2	17	45	81	63	21	19	44	31	22	4
Business Press	0	0	1	1	4	7	5	3	4	13	3	10	19	28	32	17	30	23	9	7	7
Total	3	1	3	6	10	15	11	9	23	53	11	54	122	195	191	59	112	152	71	51	24

Appendix 3.A: Summary of the different corporate social actors' views on tax avoidance and tax transparency

Social actor	Perspective on tax avoidance	Perspective on tax transparency
Administrative		
HMRC	"[…] involves bending the rules of the tax system to gain a tax advantage that Parliament never intended" (HMRC, 2016b).	"[…] publication of tax strategies will ensure greater transparency around a business's approach to tax to HMRC, shareholders and consumers" (HMRC, 2015b).
Oversight		
Parliament	"[…] there is no statutory definition of what tax avoidance consists of" (Seely, 2018, p.3).	"[…] public 'country-by-country reporting' to show, for each tax jurisdiction in which multinationals do business, their revenue; their profit before income tax; the income tax paid and accrued; total employment; capital; retained earnings, and tangible assets" (Parliament, 2016b).
Tax advisers		
EY		"[…] the communication of an organization's approach to tax planning and compliance as well as the amount of tax it pays in order that stakeholders have confidence that a fair share of tax is being paid" (EY, 2013, p.3).
PwC		"Tax transparency comes in many forms: narrative around strategy and governance, further numeric insight into tax results or telling the wider story of the company's contribution" (PwC, 2014, p.2).
KPMG	"Evasion is a criminal offence, […]. By contrast avoidance is not illegal". "[…] through an ethical or moral lens. […] one involves breaking the law and the other doesn't" (Morgan, 2017).	"[…] transparency […] allow tax authorities easier access to the information they need to assess business activity […], enabling governments to adjust laws when they are not obtaining the intended results" (McCormick, 2018).
Deloitte	"[…] tax strategies of big business […] leading to unfair outcomes" (Deloitte, 2015).	"[…] tax transparency requires; "(1) understanding your stakeholders, (2) making and explaining your case, and (3) gathering the information that is required to drive these communications" (Deloitte, 2014, p.2).
NGOs		
Oxfam UK	"[…] tax avoidance will continue to deprive governments rich and poor of revenue needed to provide essential services and tackle poverty" (Kramers, 2017).	"A lack of transparency over what profits are made and what taxes are paid by MNCs in every country in which they operate makes it hard to identify abusive tax practices" (Oxfam, 2017, p.4).
ActionAid UK	"Developing countries are known to lose huge sums to tax avoidance, including by British companies, […]" (O'Sullivan, 2014).	"[…] information that enables stakeholders in every jurisdiction where it has a subsidiary, branch or tax residence to see how its taxable income, profits and gains are calculated and internationally distributed; and to understand all significant determinants of the tax charge on those profits" (ActionAid et al. 2015, p.19).
Fair Tax Mark	"[…] aggressive avoidance […] distort our economy and destroy the opportunity for businesses to compete fairly" (Fair Tax, 2016, p.2).	"[…] transparency about; (1) company's structure and ownership, (2) company's accounts, (3) tax paid, (4) tax policy, and (5) CBCR (Oxfam, 2017; Fair Tax, 2018b).

Social actor (cont.)	Perspective on tax avoidance	Perspective on tax transparency
Tax activists		
Tax Justice Network (TJN)	"'tax avoidance' arises because it hinges on the question of whether the tax arrangement is legal or not" (Tax Justice Network, 2018c).	"[…] disclosure rules (transparency), […]" (Tax Justice Network, 2018d). "[…] Tax Justice Network's (FSI), published on January 30th, 2018, was another step towards transparency" (Harari, 2018).
UK Uncut	Tackling tax dodgers as an alternative to the brutal cuts in public services (UK Uncut, 2018).	
International development organizations		
OECD	"[…] tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations" (OECD, 2018c, p.4).	CbC reporting requirements which will have major impacts on transparency of multinational enterprises and their operations (OECD, 2013c).
Media		
BBC	"Google, Amazon, Starbucks: The rise of 'tax shaming'" (Barford and Holt, 2013).	"Ministers back down on tax haven company registers" (BBC, 2018).
FT	"UK Uncut to stage tax avoidance protests" (Houlder, 2014)	"Liberal Democrats want multinationals to publish tax returns" (Mance, 2018).
Guardian	"OECD hopes tax reforms will end era of aggressive avoidance" (Bowers, 2015).	"End financial secrecy in UK's overseas territories" (Guardian, 2018).
Public	"Unethical [/illegitimate] conduct" (Anesa et al., 2019, p.29).	Detailed corporate tax disclosures.

Appendix 3.B: Keywords used in identifying the substantive legitimation strategies/ themes

1. Substantive Strategies	**Keywords within context (pages and or sentences)**	
1.1 Role performance/ Conduct actual change		
1.1.A. Country by Country Reporting	**Keywords in pages** Our [total/ economic] contribution, [country] by country (2013, 2014, 2015, 2016, 2017, 2018, 2019)	
1.2 Coercive isomorphism		
1.2.A. Addressing its commitment to transparency	**Keywords in sentences** **Transparency** A policy of full transparency Transparency report Interest in tax transparency Commitment [committed] to tax transparency Initiatives to increase transparency Support(s) increased transparency Commitment to corporate transparency Highest form of transparency Increasing transparency Transparency in [the creation and execution of] our Tax Strategy […] For transparency **Transparent** Achieving a transparent and effective balance Transparent metric(s) In a manner [that/which] is also transparent A transparent, fair and effective system of taxation.	**Transparent (Cont.)** On transparent and commercially validated market terms Transparent way **Disclosure(s)** Increase the range and depth of disclosure Full disclosure Increasing levels of disclosure Additional voluntary disclosures Additional disclosure **Unambiguous/ ambiguity** As unambiguous as possible With no room for ambiguity Remove(s) [any/the] potential for [perceived] ambiguity **Greater insight/ clearer/ detailed** Provide(ing) [a] greater insight Provide a detailed view Provides a clearer indication **No hesitation in sharing this information**
1.3 Alter resource dependencies		
1.3.A. Engaging with civil society, NGOs, corporate tax activists	**Keywords in sentences** Met a number of stakeholders Engage its stakeholders and the public Discussions with a wide range of stakeholders In response to specific feedback from […] stakeholders In response to requests from […] stakeholders Welcome engagement with	Grateful to [all] / [Oxfam and ActionAid] Grateful for their insights and suggestions In light of the continued interest […] (NGOS) NGOs […] have placed an increasing focus **And Keywords in pages** Appendix: List of stakeholders
1.4 Alter socially institutionalized practices		
1.4.A. Engaging with governments and industry-wide associations	**Keywords in sentences** Engages with governments Member of an industry group Leading industry representative Membership of bodies	Founding member Engage constructively with the OECD [the commission] [and governments] Contributed to work undertaken by Global Reporting Initiative […]

Appendix 3.C: Keywords used in identifying the symbolic legitimation strategies/ themes

2. Symbolic Strategies	**Keywords within context (pages and/or sentences)**	
2.1 Associate with symbols		
2.1.A. Changing of tax advisor	Ernst & Young EY (2013-2016)	BDO LLP (2017-2019)
2.1.B. Picturing itself as a leading example in tax reporting	**Keywords within sentences** 'truly outstanding tax reporting' PwC […] award Transparency report First telecoms and technology company One of very few companies In the absence of any formal requirement Does not require […] to be published […] no hesitation in sharing this information publicly.	Comprehensive nature of our public disclosures Most comprehensive publication More than meet the UK government's requirements Long-established tax strategy Long met such a requirement Made on voluntary basis Voluntary report/ reporting Voluntary approach to tax reporting
2.1.C. Supporting initiatives that promote public trust	**Keywords in sentences** Public [can] trust Trusted by the public Public faith Public interest	Public understanding of, and trust in, the tax system Increasing understanding […]in the interests of all parties Bond of trust
2.2 Espousing socially acceptable goals		
2.2.A. Embedding tax practices in corporate's values by reporting on its tax policy, principles and conduct	**Keywords in sentences** Operating sustainably Acting (act) with integrity [honesty, and transparency] Acting responsibly and ethically.	**And Keywords in pages** Tax conduct and principles (2013, 2014, 2015) Tax strategy, conduct and principles (2016) Tax policy, conduct and principles (2017) Vodafone's Tax Strategy, Code of Conduct and Tax Principles (2018) Vodafone's Tax Principles and Strategy (2019)
2.2.B. Addressing tax and emerging markets	**Keywords in pages** Tax and emerging markets (2016, 2017, 2018, 2019)	
2.3 Ceremonial conformity/ Alter perceptions		
2.3.A. Presenting factual arguments through reporting on contributions and investments made in the UK and across countries of operations	**Keywords in sentences** **UK** £ Million/ € Million £ Billion/ € Billion	 **In all countries of operation** £ Million/ € Million £ Billion/ € Billion

2. Symbolic Strategies (cont.)	Keywords within context (pages and/or sentences)	
2.3 Ceremonial conformity/ Alter perceptions (cont.)		
2.3.B. Acting in the interest of its shareholders, other stakeholders and society at large.	**Keywords in sentences** Act in the interests of their shareholders Company's responsibilities to society [as a whole] Obligations to [its] shareholders Benefits for society (as a whole) Meet their responsibilities Broader social responsibilities Commitment/ responsibilities to wider society	Stakeholders' expectations Protect value for our shareholders/ shareholder value In the interests of all our stakeholders Obligations to a very wide range of stakeholders Provide certainty for all stakeholders In [all] shareholders' interests
2.3.C. Using two-sided persuasion, i.e., government's perspective and Vodafone's perspective	**Keywords in pages** Why does Vodafone pay little or no UK corporation tax?	The HMRC/Vodafone Controlled Foreign Companies settlement
2.3.D. Abiding by the tax rules	**Keywords in sentences** Legal obligations to pay tax Compliant in law and regulation Will only enter into […] transactions […] approach to taxation is justifiable Will only adopt business structures […] genuine […]. Not enter into [the kind of] artificial arrangements Not to enter into [such] artificial arrangements Not artificially transfer profits Artificially diverting/ (to divert) profits Genuine economic activities. Timely compliance with all relevant statutory tax obligation	Comply fully with […] legal and regulatory obligations Comply in full with local tax rules/ Conform to the rules Not entered into [any such alleged] special agreements Are not 'brass plate' activities/ (companies) Do not operate in […] countries on […] blacklist No artificial tax avoidance activities. Neither artificial arrangements/ Not artificial in nature Not pay more tax than is properly due In accordance with OECD [best-practice] transfer pricing Follow the OECD best-practice guidelines Make our first […] (CbC Report) […] to […] (HMRC) (CbC) report, as submitted to HMRC
2.4 Manipulate perceptions		
2.4.A. Highlighting factors beyond tax environment for setting up business operations	**Keywords in page "segment"** (2013, 2014, 2015, 2016, 2017, 2018, 2019) Multinationals, governments and tax "Factors beyond the local tax environment"	
2.4.B. Reporting on other types of taxes and payments	**Keywords in sentences** A very wide variety of additional taxes (50/60) Different types of taxation Different types of contributions	Illustrative list of the types of taxes paid Payment types **And keywords within pages** **Appendix:** Taxation types/ Types of taxation Definitions for the OECD CbCR table

2. Symbolic Strategies (cont.)	Keywords within context (pages and/or sentences)	
2.5 Alter social norms/ Change external expectations		
2.5.A. Reinforcing the meaning of corporation tax	**Keywords in pages** Understanding tax (2013, 2014) “There are several important factors to take into account” Background to this report (2015) “There are several important factors to take into account”	Tax, companies and society (2016) “There are several important factors to take into account” Corporate responsibilities and obligations (2017, 2018, 2019) “Five areas that are a common source of confusion” “Clarification on five areas of confusion”
2.5.B. Addressing the competitiveness of the tax regimes	**Keywords in sentences** Competitive tax regimes Competitive and regulatory pressures Competitive UK tax system Tax incentive(s) Competitive/ significant advantage(s) Purposefully shape their taxation regimes/ policies Tax rules to incentivise (or disincentivise) As few impediments as possible Adjust their tax regimes Competitive best practice Intended to attract Attractive tax regime Variations […] between the tax regimes	Shape their local tax regime Competition between countries Fair tax competition Tax regimes to incentivise Governments working individually and collectively Governments working collectively […] individually. Governments working multilaterally […] countries operating unilaterally. Governments […] disagree with each other Disagreements between governments Different laws Different perspectives Tax regimes […] creatures of politics […] economics
2.5.C. Reporting on the unclarity of the tax law	**Keywords in sentences** Law […] unclear Unclear tax regulations Broad range of interpretations	Inconsistencies and flaws in […] legislation [National] tax regimes and international taxation norms […] opaque/ highly complex National and international taxation systems are complex
2.5.D. Defining key tax terms, i.e., tax havens	**Keywords within sentences** A number of different definitions A more nuanced definition	The term is relative **And keywords in pages** **Appendix**: Glossary [of key tax terms]

2. Symbolic Strategies (cont.)	**Keywords within context (pages and/or sentences)**	
2.5 Alter social norms/ Change external expectations		
2.5.E. Reporting on public misunderstanding/ debate/ scrutiny	**Keywords within sentences** Public debate [and scrutiny] Public misunderstanding Public [and political] scrutiny People confuse revenues with profits Common source(s) of confusion Areas of confusion A source of public confusion Lack/ (paucity) of understanding Campaigners in taxations/ tax campaigners	Conflated in the public's minds Wholly incomprehensible to the wider public For […] wider public […] are largely incomprehensible Public, political and media debate Media reporting/ (outlets) Luxleaks/ Panama papers/ Paradise papers Focus of the debate/ Focus of these papers Loss of public confidence/ Public loses confidence Growing public distrust Increasingly difficult […] to persuade the wider public
2.5.F. Highlighting governments measures that prevent double taxation and restrict illegal tax behaviour	**Keywords in sentences** **Double taxation** [Treaties and] intergovernmental agreements Pan-regional [and bilateral] cooperation agreements **Artificial arrangements/ Profit shifting** Governments […] maintain/establish(ed) measures that/to restrict companies from entering into artificial arrangements	 **Transfer pricing** Require(ing) multinational companies to apply 'transfer pricing' rules to inter-company activities Pay close attention to how companies implement transfer pricing arrangements
2.5.G. Reporting on the complexity of the financial affairs of multinationals	**Keywords in sentences** Settlement is highly complex Financial affairs […] unavoidably complex Unavoidably complex financial affairs Tax uncertainty […] significant challenge Complex [commercial] transactions	 Complex accounting treatments International accounting rules […] are complex Larger businesses are more complex The way […] businesses operate […] provides a challenge to long-established tax systems
2.7 Offering Accounts*		
2.7.A. Justifying the tax practice by the existence of similar tax practices in other jurisdictions	**Keywords in sentences** The UK is no different Vodafone is [therefore] no different Similar rules In common with a number of other companies In common with/ as with all multinational companies Most governments In common with any other […] (EU) member state	 In line with [that of] many other EU member states In line with those of many other member states Standard practice in many countries As is the case in many member states A standard part of most countries' administrative tax practices A standard feature of the tax regime in many countries

Note: * No evidence of the symbolic legitimation strategies 2.6. Denial and concealment and 2.8. Offering Apologies was found.

Appendix 3.D: Examples of substantive legitimation strategies/ themes used by Vodafone in its tax reports

Strategies	**Illustrative example**
1.1 Role performance/ Conduct actual change	
1.1.A. Country by Country Reporting	"In this section of the Report we provide an overview of our total contribution to public finances *on a country by country* cash paid basis, covering every jurisdiction in which there is a registered Vodafone entity. (Tax Report, 2017, p.19; 2018, p.26) "In this appendix, we have published table 1 of the [OECD] CbCR, as filed with tax authorities for 31 March 2017." (Tax Report, 2019, p.76).
1.2 Coercive isomorphism	
1.2.A. Addressing its commitment to transparency	"Vodafone has long demonstrated its *commitment to transparency through publishing details* of its Tax Code of Conduct, Tax Risk Management Strategy and, more recently, this report." (Tax Report, 2015, p.6)
1.3 Alter resource dependencies	
1.3.A. Engaging with civil society, NGOs, corporate tax activists	"*We welcome engagement with civil society groups*, non-governmental organisations *(NGOs)* and *corporate tax activists*, many of *whose insights have shaped this Report* over the years." (Tax Report, 2018, p.18; 2019, p.17)
1.4 Alter socially institutionalized practices.	
1.4.A. Engaging with governments and industry-wide associations	"Vodafone *regularly engages with governments* – typically through public consultation processes or in *our role as a member of an industry group* – to provide our perspective on how best to balance the need for government revenues from taxation against the need to ensure sustainable investment." (Tax Report, 2013, p.3; 2014, p.4; 2015, p.6; 2016, p.13; 2017, p.14; 2018, p.18; 2019, p.17)

Appendix 3.E: Examples of symbolic legitimation strategies/ themes used by Vodafone in its tax reports

Strategies	Illustrative example
2.1 Associate with symbols	
2.1.A. Changing of tax advisor	*EY* (2013-2016) *BDO LLP* (2017-2018)
2.1.B. Picturing itself as a leading example in tax reporting	"In 2012, Vodafone became the *first telecoms and technology company* in the world to publish a report setting out, on a country-by-country basis, its total contribution to public finances in the countries in which it operated. We remain *one of very few companies* to do so and have updated this report annually since that year." (Tax Report, 2016, p.1)
2.1.C. Supporting initiatives that promote public trust	"It is […] in the interests of every responsible business to *support the operation of fair, effective and predictable tax regimes that are trusted by the public* and that meet governments' public financing needs." (Tax Report, 2018, p.3)
2.2 Espousing socially acceptable goals	
2.2.A. Embedding tax practices in corporate's values by reporting on its tax policy, principles and conduct	"We are committed to *acting with integrity in all tax matters*. We always seek to operate under *a policy of full transparency with the tax authorities* in all countries in which we operate, *disclosing all relevant facts in full*, while seeking to *build open and honest relationships* in our day-to-day interactions with those authorities, *in line with our Tax Code of Conduct*, which is contained within our Tax risk management strategy." (Tax Report, 2013, p.2; 2014, p.3; 2015, p.6; 2016)
2.2.B Addressing tax and emerging markets	"Vodafone is a significant contributor to the development of a number of economies *across Africa*." (Tax report, 2016, p.15; 2017, p.16)
2.3 Ceremonial conformity/ Alter perceptions	
2.3.A. Presenting factual arguments through reporting on contributions and investments paid in the UK and across countries of operations	"Our contribution, […], in 2015-16 we paid the UK *Government £257 million, in cash, in direct taxes of all kinds* – for example, we are one of the biggest business rates taxpayers in the UK. We also paid the UK Government *£34 million in cash for non-tax items* including spectrum and collected *£721 million in indirect taxes* on the Government's behalf." (Tax Report, 2017, p.12)
2.3.B. Acting in the interest of its shareholders, other stakeholders and society at large.	"It is entirely possible to achieve an effective balance between a company's *responsibilities to society as a whole* and *its obligations to its shareholders*; in fact, we believe that a commitment to the first is integral to the achievement of the second." (Tax Report, 2016, p.6)
2.3.C. Using two-sided persuasion, i.e., government's perspective and Vodafone's perspective	"Vodafone's UK corporation tax position is therefore *determined by UK capital allowances for UK investment and UK debt interest relief on borrowings from UK banks and financial institutions*, set against a (relatively very low) level of UK profit. […], *our overseas financing subsidiaries have no bearing on our UK corporation tax position* and we *do not artificially transfer profits to minimise tax payments to the UK Exchequer*." (Tax Report, 2014, p.3; 2015, p.5; 2016, p.12)

Strategies (cont.)	Illustrative example
2.3 Ceremonial conformity/ Alter perceptions (Cont.)	
2.3.D. Abiding by the tax rules	"We will only enter into commercial transactions where the *associated approach to taxation is justifiable* under any reasonable interpretation of the underlying facts, as well as *compliant in law and regulation*." (Tax Report 2013, p.2; 2014, p.2; 2015, p.6)
2.4 Manipulate perceptions	
2.4.A. Highlighting factors beyond tax environment for setting up business operations	"[…] decisions are influenced by [we consider] *a wide range of factors beyond the local tax environment*, including: the stability and predictability of the political, regulatory and social environment, […], the availability of relevant skills within the local labour force, labour costs, and the cost of operations, […]" (Tax Report, 2013, p.2; 2014, p.2; 2015, p.3; 2016, p.8; 2017, p.8; 2018, p.9)
2.4.B. Reporting on other types of taxes and payments	"Businesses also pay *a very wide variety of additional taxes*: as the Appendix demonstrates, corporation tax is only one of almost *50 different types of taxation* paid by Vodafone's operating businesses every year." (Tax Report, 2013, p.1; 2014, p.1)
2.5 Alter social norms/ Change external expectations	
2.5.A. Reinforcing the meaning of corporation tax	"Corporation tax' is not the same as 'all taxes paid by a company'." (Tax Report, 2017, p.6; 2018, p.7)
2.5.B. Addressing the competitiveness of the tax regimes	"[…] many governments [methodically and] *purposefully shape their taxation regimes [policies] in order to compete with other countries* in attracting [to attract] international businesses and capital [to their country] and [thus in turn] [therefore] stimulate [stimulating] [economic activity], job creation and skills development." (Tax Report, 2015, p.3; 2016, p.8; 2017, p.8; 2018, p.9; 2019, p.9)
2.5.C. Reporting on the unclarity of the tax law	"[…], *tax law[s]* is [are] often *unclear* and *subject to a broad range of interpretations*." (Tax Report, 2013, p.2; 2014, p.3; 2015, p.6; 2016, p.9; 2017, p.9; 2018, p.12; 2019, p.12)
2.5.D. Defining key tax terms, i.e., tax havens	"[…] *different definitions of the term 'tax haven'. At its simplest*, […]: if the tax regime in Country A has a lower headline or effective tax rate than County B, then through the eyes of the people of Country B, Country A could be considered to be a 'tax haven'. […]. *A more nuanced definition* of the term 'tax haven' focuses on national tax policies which [that] have the effect of incentivising activities that are ring-fenced from the local economy, […] specific to individual companies […] largely artificial in nature and designed purely to minimise tax. (Tax Report, 2015, p.4; 2016, p.10, 2017, p.10; 2018, p.13; 2019, p.13)
2.5.E. Reporting on public misunderstanding/ debate/ scrutiny	"The amount of tax paid by large companies is a matter of *significant public debate and scrutiny*." (Tax Report, 2013, p.1; 2014, p.1; 2015, p.1).
2.5.F. Highlighting governments measures that prevent double taxation and restrict illegal tax behaviour	"[…], *various treaties and intergovernmental agreements* ensure multinational companies *are not subject to 'double taxation'* […]." "Governments also maintain *measures that restrict companies from entering into artificial arrangements* to move profits from one country to another lower-tax destination." (Tax Report, 2013, p.2; 2014, p.2; 2015, p.3; 2016, p.8)

Strategies (cont.)	Illustrative example
2.5 Alter social norms/ Change external expectations (Cont.)	
2.5.G. Reporting on the complexity of the financial affairs of multinationals	"[…], the financial affairs of large multinational corporations are *unavoidably complex*: we typically process and submit more than *12,000 [10,000] tax returns* to tax authorities around the world every year." (Tax Report, 2013, p.2; 2014, p.3; 2015, p.6; 2016, p.9; 2017, p.9)
2.7 Offering Accounts*	
2.7.A. Justifying the tax practice by the existence of similar tax practices in other jurisdictions	"[…], all over the world, governments seek to encourage companies to create jobs and build infrastructure develop a range of tax incentives to attract new capital investment. The *UK is no different*" (Tax Report, 2014, p.3; 2015, p.5)
Note: No evidence of the symbolic legitimation strategies 2.6. Denial and concealment and 2.8. Offering apologies was found.	

Appendix 4.A: (1) List of the 76 FTSE 100 Constituents September 2016- December 2019

	Name	ICB Industry Name	ICB Sector Name
1.	ADMIRAL GROUP	Financials	Non-life Insurance
2.	ANGLO AMERICAN	Basic Materials	Industrial Metals and Mining
3.	ANTOFAGASTA	Basic Materials	Industrial Metals and Mining
4.	ASHTEAD GROUP	Industrials	Industrial Transportation
5.	ASSOCIATED BRIT.FOODS	Consumer Staples	Food Producers
6.	ASTRAZENECA	Health Care	Pharmaceuticals and Biotechnology
7.	AVIVA	Financials	Life Insurance
8.	BAE SYSTEMS	Industrials	Aerospace and Defense
9.	BARCLAYS	Financials	Banks
10.	BARRATT DEVELOPMENTS	Consumer Discretionary	Household Goods and Home Construction
11.	BHP GROUP	Basic Materials	Industrial Metals and Mining
12.	BP	Energy	Oil, Gas and Coal
13.	BRITISH AMERICAN TOBACCO	Consumer Staples	Tobacco
14.	BRITISH LAND	Real Estate	Real Estate Investment Trusts
15.	BT GROUP	Telecommunications	Telecommunications Service Providers
16.	BUNZL	Industrials	General Industrials
17.	BURBERRY GROUP	Consumer Discretionary	Personal Goods
18.	CARNIVAL	Consumer Discretionary	Travel and Leisure
19.	CENTRICA	Utilities	Gas, Water and Multi-utilities
20.	COCA-COLA HBC	Consumer Staples	Beverages
21.	COMPASS GROUP	Consumer Discretionary	Consumer Services
22.	CRH	Industrials	Construction and Materials
23.	DCC	Industrials	Industrial Support Services
24.	DIAGEO	Consumer Staples	Beverages
25.	EXPERIAN	Industrials	Industrial Support Services
26.	FERGUSON	Industrials	Industrial Support Services
27.	FLUTTER ENTERTAINMENT	Consumer Discretionary	Travel and Leisure
28.	GLAXOSMITHKLINE	Health Care	Pharmaceuticals and Biotechnology
29.	GLENCORE	Energy	Oil, Gas and Coal
30.	HARGREAVES LANSDOWN	Financials	Investment Banking and Brokerage Services
31.	HSBC HOLDINGS	Financials	Banks
32.	IMPERIAL BRANDS	Consumer Staples	Tobacco
33.	INFORMA	Consumer Discretionary	Media
34.	ICTL.HTLS.GP.	Consumer Discretionary	Travel and Leisure
35.	INTL.CONS.AIRL.GP.	Consumer Discretionary	Travel and Leisure
36.	INTERTEK GROUP	Industrials	Industrial Support Services
37.	ITV	Consumer Discretionary	Media

	Name (cont.)	ICB Industry Name	ICB Sector Name
38.	JOHNSON MATTHEY	Basic Materials	Chemicals
39.	KINGFISHER	Consumer Discretionary	Retailers
40.	LAND SECURITIES GROUP	Real Estate	Real Estate Investment Trusts
41.	LEGAL & GENERAL	Financials	Life Insurance
42.	LLOYDS BANKING GROUP	Financials	Banks
43.	LONDON STOCK EX.GROUP	Financials	Investment Banking and Brokerage Services
44.	MONDI	Basic Materials	Industrial Materials
45.	MORRISON(WM)SPMKTS.	Consumer Staples	Personal Care, Drug and Grocery Stores
46.	NATIONAL GRID	Utilities	Gas, Water and Multi-utilities
47.	NEXT	Consumer Discretionary	Retailers
48.	PEARSON	Consumer Discretionary	Media
49.	PERSIMMON	Consumer Discretionary	Household Goods and Home Construction
50.	PRUDENTIAL	Financials	Life Insurance
51.	RECKITT BENCKISER GROUP	Consumer Staples	Personal Care, Drug and Grocery Stores
52.	RELX	Consumer Discretionary	Media
53.	RIO TINTO	Basic Materials	Industrial Metals and Mining
54.	ROLLS-ROYCE HOLDINGS	Industrials	Aerospace and Defense
55.	ROYAL BANK OF SCTL.GP.	Financials	Banks
56.	ROYAL DUTCH SHELL A(LON)	Energy	Oil, Gas and Coal
	ROYAL DUTCH SHELL B	Energy	Oil, Gas and Coal
57.	RSA INSURANCE GROUP	Financials	Non-life Insurance
58.	SAGE GROUP	Technology	Software and Computer Services
59.	SAINSBURY J	Consumer Staples	Personal Care, Drug and Grocery Stores
60.	SCHRODERS	Financials	Investment Banking and Brokerage Services
61.	SEVERN TRENT	Utilities	Gas, Water and Multi-utilities
62.	SMITH & NEPHEW	Health Care	Medical Equipment and Services
63.	SMITHS GROUP	Industrials	General Industrials
64.	SSE	Utilities	Electricity
65.	ST.JAMES'S PLACE ORD	Financials	Life Insurance
66.	STANDARD CHARTERED	Financials	Banks
67.	STANDARD LIFE ABERDEEN	Financials	Investment Banking and Brokerage Services
68.	TAYLOR WIMPEY	Consumer Discretionary	Household Goods and Home Construction
69.	TESCO	Consumer Staples	Personal Care, Drug and Grocery Stores
70.	TUI (LON)	Consumer Discretionary	Travel and Leisure
71.	UNILEVER (UK)	Consumer Staples	Personal Care, Drug and Grocery Stores
72.	UNITED UTILITIES GROUP	Utilities	Gas, Water and Multi-utilities
73.	VODAFONE GROUP	Telecommunications	Telecommunications Service Providers
74.	WHITBREAD	Consumer Discretionary	Travel and Leisure
75.	WPP	Consumer Discretionary	Media
76.	3I GROUP	Financials	Investment Banking and Brokerage Services

Appendix 4.A: (2) References for the tax strategy reports of the 76 FTSE 100 companies

I conducted my search for the tax strategy reports on company websites from 9th to 14th June 2020. I noted the financial year-end of each report I examined. However, according to HMRC's (2016a) tax strategy regulation "[…] latest strategy must be available to the public free of charge, until the following year's strategy has been published". This means that companies do not need to archive earlier editions of their tax strategy publications. Hence, the links to the tax strategy reports provided below may reflect later editions[105] of the tax strategy reports examined in my study.

Admiral Group 2019. *Tax Strategy 31 December 2019.* [Online]. Available at: https://admiralgroup.co.uk/our-business/corporate-governance/tax-strategy. Accessed June 14, 2020.

AngloAmerican 2019. *Tax Strategy 31 December 2019.* [Online]. Available at: https://www.angloamerican.com/~/media/Files/A/Anglo-American-Group/PLC/investors/annual-reporting/2019/tax-strategy-december-2019.pdf. Accessed June 14, 2020.

Antofagasta 2018. *Tax Strategy 31 December 2018.* [Online]. Available at: https://www.antofagasta.co.uk/about-us/corporate-governance/tax-strategy/. Accessed June 14, 2020.

Ashtead Group 2020. *Tax Strategy 30 April 2020.* [Online]. Available at: https://www.ashtead-group.com/about-us/governance/tax-strategy/. Accessed June 14, 2020.

Associated British Foods 2019. *Tax Strategy 14 September 2019.* [Online]. Available at: https://www.abf.co.uk/documents/pdfs/policies/abf_tax_strategy.pdf. Accessed June 14, 2020.

Astrazeneca 2020. *Approach to Taxation 31 December 2020.* [Online]. Available at: https://www.astrazeneca.com/content/dam/az/Sustainability/A2E303_AZ%20Approach%20to%20Taxation%202.0.pdf. Accessed June 14, 2020.

Aviva 2019. *Aviva Tax Strategy 31 December 2019.* [Online]. Available at: https://www.aviva.com/social-purpose/policies/. Accessed June 14, 2020.

BAE Systems 2019. *Tax Strategy in Annual Report 31 December 2019.* [Online]. Available at: https://www.baesystems.com/en/our-company/sustainability/sustainability-reporting/annual-report. Accessed June 14, 2020.

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[105] Most of the changes in the reports are in the financial year the report covers. What is worth noting is that GSK replaced its 2 pages tax strategy report for 31st December 2019 (which I examined) with an extensive 13 pages report incorporating a CFO letter. The new edition of its GSK tax strategy report "[…] was approved by […] Group Audit and Risk Committee on 13 October 2020 and by the Board on 15 October 2020". That is to say, after my period of data collection 9th-14th June 2020.

Barclays 2019. *Our approach to tax in the UK in the Country Snapshot Report 31 December 2019.* [Online]. Available at: https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2019/Barclays%20PLC%20Country%20Snapshot%202019.pdf. Accessed June 14, 2020.

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British Land 2020. *Our Approach to Tax 31 March 2020.* [Online]. Available at: https://www.britishland.com/sites/british-land-corp/files/about-us/corporate-governance/our-approach-to-tax-fy20.pdf. Accessed June 14, 2020.

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Carnival 2018. *Our Approach to UK Tax 30 November 2018.* [Online]. Available at: https://carnivalcorporationplc.gcs-web.com/governance/approach-uk-tax. Accessed June 14, 2020.

Centrica 2020. *Our Group Tax Strategy 31 December 2020.* [Online]. Available at: https://www.centrica.com/media/4196/tax-strategy-2020.pdf. Accessed June 14, 2020.

Coca-Cola, H. 2019. *UK Tax Strategy 31 December 2019.* [Online]. Available at: https://ie.coca-colahellenic.com/content/dam/cch/ie/documents/about-us/landing-page/cchbcni-tax-strategy-fy19.docx. Accessed June 14, 2020.

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CRH 2019. *UK - Tax Objectives, Strategy & Governance Framework 31 December 2019.* [Online]. Available at: https://tarmac.com/wp-content/plugins/tarmac.com/components/downloads/file-download.php?download_id=8146. Accessed June 14, 2020.

DCC 2018. *Tax Strategy 31 March 2018.* [Online]. Available at: https://www.dcc.ie/~/media/Files/D/DCC-v2/documents/pdfs/tax-strategy-23-march-2018.pdf. Accessed June 14, 2020.

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Appendix 4.B: List of the 24 FTSE 100 Constituents that has not been "continual members" from September 2016- December 2019

Name	ICB Industry Name	ICB Sector Name	Reason for Exclusion
1. AUTO TRADER GROUP	Technology	Software and Computer Services	Included from December 2018
2. AVEVA GROUP	Technology	Software and Computer Services	Included from June 2019
3. BERKELEY GROUP HDG.	Consumer Discretionary	Household Goods and Home Construction	Included from September 2017
4. CRODA INTERNATIONAL	Basic Materials	Chemicals	Included from October 2016
5. EASYJET	Consumer Discretionary	Travel and Leisure	Excluded from June 2019 to November 2019
6. EVRAZ	Basic Materials	Industrial Metals and Mining	Included from January 2018
7. HALMA	Industrials	Electronic and Electrical Equipment	Included from December 2017
8. HIKMA PHARMACEUTICALS	Health Care	Pharmaceuticals and Biotechnology	Included from September 2016 to May 2017 Then, from December 2018 to May 2019 And, from September 2019 to December 2019
9. JD SPORTS FASHION	Consumer Discretionary	Retailers	Included from June 2019
10. JUST EAT	Consumer Discretionary	Consumer Services	Included from December 2017 till November 2018 Then, from March 2019 till September 2019 And, from December 2019
11. M&G	Financials	Investment Banking and Brokerage Services	Included from October 2019
12. MEGGITT	Industrials	Aerospace and Defense	Included from September 2019
13. MELROSE INDUSTRIES	Financials	Investment Banking and Brokerage Services	Included from April 2018
14. NMC HEALTH	Health Care	Health Care Providers	Included from September 2017
15. OCADO GROUP	Consumer Staples	Personal Care, Drug and Grocery Stores	Included from June 2018
16. PHOENIX GROUP HDG.	Financials	Life Insurance	Included from March 2019
17. POLYMETAL INTERNATIONAL	Basic Materials	Precious Metals and Mining	Included from September 2016 to November 2016 Then, from September 2019
18. RENTOKIL INITIAL	Industrials	Industrial Support Services	Included from March 2017
19. RIGHTMOVE	Technology	Software and Computer Services	Included from June 2018
20. SCOTTISH MORTGAGE	Financials	Closed End Investments	Included from March 2017

	Name (cont.)	ICB Industry Name	ICB Sector Name	Reason for Exclusion
21.	SEGRO	Real Estate	Real Estate Investment Trusts	Included from June 2017
22.	SMITH (DS)	Industrials	General Industrials	Included from December 2017
23.	SMURFIT KAPPA GP. (LON)	Industrials	General Industrials	Included from December 2016
24.	SPIRAX-SARCO ENGR.	Industrials	Industrial Engineering	Included from December 2018