

“*whole environmental agenda*” through a fiduciary lens. The comments in this paragraph (designated collectively as [Extract 3], X-ih) suggest the same substituted position as above: a confirmatory position (re the pro bono role) that shifts to a negotiated position (re the salaried role).

A similar cognitive movement appears from speakers in other occupational contexts. The next extract, from a representative of a professional society, indicates a confirmatory position regarding the use-value of environmental narratives, resolving in a negotiated position with respect to the expressed intentions of his members.

[Extract 4] *Carbon reporting is used only for the corporate governance angle. It's useful for proxy voting ... We are not willing to negotiate on these issues until such time as it is clear they are material to the interests of our members* (C-ih)

A substituted position in a different direction (from oppositional to negotiated) appears in the next extract.

[Extract 5] *If a company provides a carbon intensity figure we would have to reverse-engineer it into the financial statements. It would help if there were a standard financial measure used so we could compare a company to its peers.* (F-ih)

Extract 5 above, supplied by an analyst employed by a US public-sector pension scheme, gives that because environmental narratives are not standardized in the sense of informational items in financial statements, they do not informational value. The extract concludes that if “standardization” were to occur, the narratives might be found of value.

Like extract 5 above, an oppositional to negotiated movement is observed in the following extract.

[Extract 6] *Reporting does not influence investment decisions in and of itself. Companies are generally careful to ensure that material price implications that may be reflected in their disclosures are addressed before they are disclosed. This will change only once there is a price on carbon.* (D-fi)

In extract 6 above, environmental narratives are found wanting in terms of the customary rationalities of investment management. A certain modification becomes a condition of acceptance (“*only once there is a price on carbon*”).

The same speaker related that he had lobbied regulators on “*that single issue*” (the usefulness of information), opining that “*the most critical policy in Australia is a price on carbon emissions*” and that “*the soft stuff that has come out is not going to change until we get that*” (collectively, [Extract 7], D-fi). These comments, again, describe an oppositional to negotiated movement.

Observed substituted reading positions

Confirmatory → negotiated

Oppositional → negotiated

The semantic field (Lakoff 2010) of “Usefulness” is pivotal in the substituted reading positions identified above. All but three interviewees had collected environmental narratives for some years, yet none had used them for any practical purpose. One interviewee, the head of the environmental research department of an asset management company in London’s financial district, related that she was not in the practice of reading environmental narratives as they information they contained was “*soft*” (the term also appears in extract 7 above). Useful information was that which could be used to identify exploitable economic “*opportunities*.” This attitude, held widely in the sample, did not prevent participants in this study from *collecting* environmental narratives, ready for the day that they might be used. Extract 8 below, supplied by a senior investment officer of the largest occupational public-sector pension scheme in the US, illustrates this “wait-and-see” attitude.

[Extract 8] *It’s important not to go too fast on this issue but to take each step persistently. We’ve just announced our decision to integrate ESG [the acronym is widely used in the financial markets to denote “environmental, social, and governance” considerations] into everything we do.* (AD-pm)

4 Regulators’ communications

Interviewees were asked to discuss material issued by environmental regulators in the US, Europe, and elsewhere between 2002 and 2010, a volatile period in environmental politics. This material discusses – invariably in a hortatory style – existing and presaged measures such as emissions permits trading mechanisms, accounting measurement of emissions volumes, emissions taxes, and energy-usage subsidies. As expected, the interview extracts in this category are strongly rhetorical, most promoting positive self-

definitions. Unexpectedly, however, the analysis identifies a complex set of reading positions.

A typical negative connotation in respect of environmental regulation is that “governments” had “got it wrong.” The following extract is indicative.

[Extract 9] *This [that the generation of industrial pollutants is currently uncOSTed] is a market failure and that governments haven't corrected it themselves through primary legislation is a profoundly sad indictment of the policy environment. We have set out what the markets need in detail. We have sent in what is wrong with the carbon markets. Policy-wise, we have set out the things we would like to see changed and then, from a global perspective, we have stated the kind of deal that we need. In short, it needs to be global; there needs to be a carbon market; it needs to be fungible; and the U.N. must realize that it is not communicating to the financial markets. (Z-ih)*

Negative allusions and lexical repetition in extract 9 (“*what is wrong with the carbon markets, market failure, carbon market, financial markets*”) suggest that financialization and sustainable development are the speaker’s dominant rationalities.² Negative allusions to a problem (“*profoundly sad indictment*”) are rhetorically paired with a solution in the form of financial institutions. The legitimacy of that pairing is emphasized using lexical repetition and anaphora (“*we have set out, we have sent in, we have set out, we have stated*”) followed by “*it needs to be, there needs to be, it needs to be*”). These aspects are sufficient to characterize extract 9 as a substituted reading position (moving from negotiated to oppositional).

Three dual positions are observed with respect to regulators’ communications. The following extract provides a confirmatory position in respect of the potential economic benefits of environmental regulation and a negotiated position in respect of the outcomes observed to date.

[Extract 10] *Governments need to provide the right kind of subsidies so that investors – meaning long-term investors – will bring their acts and their money to the table. (N-ih)*

² At the time of interview, the interviewee supplying extract 9 held an advisory position in a British insurance company and a pro-bono membership of the Aldersgate Group, a potentially influential lobby group of financial institutions, industrial companies, and parliamentarians that has set out to influence the passage of environmental regulation in England. The references to “we” in extract 9 are, on enquiry, references to the activity of the Aldersgate Group.

The periphrastic adjective “*right kind*” in extract 10 above connotes that the speaker (a senior executive of a Scandinavian insurance company) endorses revenue-creating measures but not cost-creating measures. The double metaphor (“*bring their acts and their money to the table*”) refers to the bargaining table of environmental regulation and, perhaps, to the similarity that investing has with card games.

Another observed position is both confirmatory and oppositional.

[Extract 11] *Will America make the same mistakes as Europe has with cap-and-trade markets? Cap-and-trade to my mind has been an abject failure so far – the carbon price is too low. Whether it’s actually achieved any carbon reduction is very debatable.* (X-ih)

In extract 11 above, financialization and ecological modernization are endorsed in the comments “*the carbon price is too low*” and “*Whether it’s actually achieved any carbon reduction,*” respectively. An oppositional stance with respect to regulators’ communications is indicated by modified clauses (“*same mistakes, abject failure, too low, very debatable*”).

Three interviewees, without prompting by the researcher, suggested how regulators’ communications might further their interests. The following extract provides one set of suggestions.

[Extract 12] *Just from an investment perspective, all we need is certainty. That’s all legislators need to do – provide us with certainty of legislation. But for as long as you don’t know what the price of carbon is, for as long as you don’t know what the legislation will be, for as long as you don’t know what disclosure is going to be, absolutely nothing’s going to happen. Policy makers have done nothing that we can use. We should be buying and selling the companies that stand to win and lose from policy measures. We cannot, because we don’t know who will win or lose. If we don’t know what the cost of carbon is, then we don’t know which companies are active in environmental management, because they don’t tell us.* (N-ih)

The plural pronoun in extract 12 above sets up an us-and-them division. Anaphoric repetition (“*for as long as you don’t know*” appears three times) frames a challenge and an ultimatum (“*absolutely nothing’s going to happen*”). Another set of anaphora (“*we don’t know who, we don’t know what, we don’t know which*”) suggests a dismissive reading position. Accordingly, extract 12 is characterized as a dual negotiated and oppositional position.

Observed dual reading positions

Confirmatory & negotiated

Confirmatory & oppositional

Negotiated & oppositional

The range and complexity of the identified reading positions above warrant a summary.

The relevant extracts fall into two groups. One group, which might be called “passive,” finds environmental regulators’ communications relevant in so far as they indicate broad economic trends. The other group, which might be labeled “activist,” seeks to modify environmental regulators’ communications such that they would match the purposes of financial institutions.

For “passive” readers, the institution of the index – what might be called a conformance rationality – serves to bracket environmental issues along with broad, macroeconomic issues considered as a matter of course in the portfolio construction process. The following extract, supplied by a director of an information research department of a North American funds management group, illustrates the “passive” group.

[Extract 13] *Climate investing is more likely to be about single companies rather than across sectors. The sector view is shaped by reading the tea leaves on the macro view of the economy. After forming a sector view, we decide whether we are underweight or overweight. (D-ih)*

The “*underweight or overweight*” phrase in extract 13 above suggests the salience of a conformance rationality in passive-styled, index-tracking portfolio investors (the majority of the sample).

In contrast, “activist” readers seek to shape environmental regulation (and also companies’ responses to environmental regulation) such that financial institutions benefit economically (refer to extract 12 above, “*We should be buying and selling the companies that stand to win and lose from policy measures.*”).

It is noted that institutional influences are relevant across both groups. A penultimate extract illustrates.

[Extract 14] *Carbon trading is just a thing that’s out there – we’ll have a look at it when we have to. When this came up in open discussion this morning with our wider investment group, we told them we’re having a look at it. The instant response was “That’s five years.” Now in any normal client mandate, a comment “That’s five years” means “That doesn’t exist, it doesn’t matter, that’s five years.” (N-ih)*

The interviewee giving extract 14 above, who at the time worked as a sustainability advisor at a British insurer, explained that “*five years*” is a term used widely in the financial community to refer to irrelevant information. In the usual course of business, events expected outside the scope of a five-year horizon, such as those typically heralded in environmental regulators’ communications, would not reach the desks of the investment team. In the words of another interviewee, “*It’s difficult to break the investment bank mould*” (Y-ss) [Extract 15].

5 Concluding remarks

Three observed rationalities of the participants in this study deserve mention. First, an “opportunism” rationality describes a strategy to take cash windfalls where available. Portfolio-holding financial institutions in the business of supplying cash payments to members and policyholders can be expected to treat liquidity preservation as a central rationality. Second, a “fiduciary obligation” rationality refers to the legal responsibilities of persons responsible for investment schemes to pursue only those opportunities expected to “maximize” the economic interests of scheme members. In point, participants in this study feared that because capital markets are not concerned primarily with environmental considerations but with economic considerations, that having concern for the former *may be seen* as potentially compromising clients’ interests. Third, a “conformance” rationality refers to a conservative management approach whereby the financial assets held in the portfolio are made to conform to the composition of major equity and bond securities exchanges. Risk-sensitive financial institutions tend to make decisions in a self-referential fashion, surround themselves with close networks of analysts and advisors (Roberts et al. 2006) and, generally, are careful not to be seen as mavericks. These rationalities, we claim, contributed to the cognitive frames through which participants in the study interpreted environmental regulation and environmental narratives.

Figure 1 below provides a visual summary of the empirical outcomes discussed in the two sections above.

Unitary reading positions (shown in Figure 1 below as free circles) represent a minority (five interview extracts) and emerge only in the category of environmental narratives. The majority of the interview extracts exhibit relatively more ambiguous reading positions.

The two substituted reading positions in the environmental narratives category (confirm→negotiate; oppose→negotiate) suggest a cognitive process in readers that oscillates between rejection and endorsement. The observed

Text Genre	Confirm Position	Negotiate Position	Oppose Position
Environmental Narratives	● → ←	●	●
Environmental Regulators' Communications	●.....● ●.....●	→ ●.....●	

Figure 1: Identified reading positions.

Free circles depict unitary reading positions corresponding to the categories shown. Solid directional lines depict “substituted” reading positions. Dotted double-stopped lines depict “dual” reading positions.

indeterminacy might be associated with our observation that although all participants had collected environmental narratives, none had found a use for them. To explain further, we would mention once more the commonplace rationalities of financial investing. The participants in this study approved of financialization, eco-modernization, and sustainable development where it was recognized in environmental narratives. This approval did not lead, however, to wholesale endorsement of the “code” of environmental narratives.

Two further rationalities that this group of readers requires are absent from environmental narratives. We might label these two (absent) rationalities as “opportunism” (desire to take cash windfalls where available) and “fiduciary obligation” (translating as routine priority given to economic considerations). We suggest, accordingly, that these lacunae contextualize the “wait-and-see” attitude inferred from the substituted reading positions.

Turning now to the pronouncements of environmental regulators, the only substituted position identified is “negotiate→oppose,” which we explain as a product of readers’ frustrated search for economic opportunities in this type of hortatory text. Figure 1 denotes dual reading positions as double-stopped dotted lines. Three dual positions are observed (“confirm” and “negotiate”; “confirm” and “oppose”; and “negotiate” and “oppose”). It might be expected that mutual concern for environmental issues and economic interests would present difficulties for financial institutions. In that regard, it is not so surprising to observe cognitive dualities. The dual reading positions echo a tension noted in some of the interview extracts between an “other-directedness,” something akin to

altruism or religious fervor, the legitimacy of which is more often in doubt, and a more narrow regard for economic considerations, the legitimacy of which is never in much doubt.

It is noted that none of the interview extracts contain mention of the “precautionary principle” that marks early pronouncements such as 1992’s Rio Declaration on Environment and Development. In terms of typical capital market rationalities, the precautionary principle would justify a financial institution having regard to costly pollution mitigation measures in order to stem greater costs in the future. The outcomes of the present study are suggestive, however, that the financial community has not framed “the Environment” using a precautionary logic. The interview extracts are marked, rather, by rationalities that can be associated with economic opportunism.

This article has finessed Stuart Hall’s reading positioning scheme to include less determinative positions lying between and astride the “accept,” “negotiate,” and “reject” reading positions. The wide range of constructions from a relatively homogenous group of participants is unexpected in terms of conventional finance theory and, generally, is supportive of a social semiotics approach. The empirical observations presented above suggest that reading positions are properly characterized as dynamic, particularly in situations where texts exhort readers to endorse specific ideological codes. In that respect, the outcomes of this study suggest that reading theories point to complex phenomena deserving of further research. In point, the depth of insights obtainable with the framework suggests its wider use in discourses where the institutional status of reader groups is important.

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