

# What happened at Talvivaara?

## Five discourses of Corporate Governance

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*Abstract*— Talvivaara was a mining company located in Sotkamo, in the east of Finland. This is the story of what happened at Talvivaara starting from 2006 and ending with bankruptcy in November 2014. The data was gathered from *Helsingin Sanomat (HS)*, the leading daily newspaper in Finland. The aim of this study is to explore how corporate governance (CG) of Talvivaara was constructed in the articles to public. The results show that the media built up five discourses of CG. In the governance discourse the role and behavior of the CEO was dominant. The financing discourse highlighted the fact that investors and creditors who trusted the company lost their money. The market discourse related how the company could not adapt to the changes in the global market. The nature and people discourse focused on the exploitation of the environment, workers, and local residents. The discourse labeled as controlling relate to the attempts at control by shareholders, politicians, and authorities, which was described in terms of being too late and somewhat naïve. The study contributes to previous research on fallen companies that have shown ethical reasoning to be a cause of organizational failure.

*Keywords*— *Corporate governance, stakeholders, state-owned firms, role of board, controlling shareholders, mining company, Finland*

## I. Introduction

### A. Background

Talvivaara was a mining company located in Sotkamo, in the east of Finland. Its primary focus was on nickel and zinc. The biggest shareholder in Talvivaara was a firm called Solidium with 15.18 per cent of Talvivaara's capital stock. Solidium is wholly owned by the State of Finland and is a major shareholder in 12 listed companies in Finland (solidium.fi 2014). The Talvivaara polymetallic deposits at Kuusilampi and Kolmisoppi comprise one of the largest known sulfide nickel resources in Europe. Production at the mine Talvivaara started in October 2008 with the precipitation of the first metal sulfides. The initial operations of the company were very promising, but the new mine soon encountered several environmental and market issues, and its

soon its future looked increasingly uncertain. Talvivaara's draft restructuring program was submitted to the District Court of Espoo on 30 September 2014. On 6 November 2014, the Talvivaara Mining Company filed for bankruptcy (Erola 2014; talvivaara.com).

This is the story of what happened at Talvivaara starting from 2006 and ending with bankruptcy in November 2014. The focus is on corporate governance (CG) in terms of its broader framework from a stakeholder theory approach including corporate social responsibility. Research on CG has typically focused on relations between corporate behavior and the economic results of the company rather than the ethical aspects of CG. The principal-agent model has been the leading theoretical framework applied to CG issues (Cadbury 2002; Solomon and Solomon 2005). Recently, research has acknowledged the link between CG and corporate social responsibility (CSR) (Cheng et al. 2012; Del Baldo 2012; Fontrodona, and Sison 2006; Michelon and Parbonetti 2012). In corporate responsibility social, ethical and environmental issues are seen equally essential as the financial and managerial processes of the company. Indeed, the well-known corporate failures in the world have not been a result of financial issues but of ethical issues (Bruno et al. 1987, Tonge et al. 2003).

In this study I particularly focus on how CG in Talvivaara was represented in the media. The media reproduces values, beliefs, and codes of behavior of society as a whole (Herman and Chomsky 1988). The media conveys what to value, what is important, and how to behave, and is thus a powerful actor in the public discourses on business and environmental issues (Lule 2002; Takala 1998). The data were gathered from *Helsingin Sanomat*, the leading daily newspaper in Finland. *Helsingin Sanomat* published 422 articles related to the Talvivaara issue during the research period. Talvivaara's own websites, annual reports, and other information provided by the company were all important contributors to the data analyzed, and also helped construct the whole story of Talvivaara.

From the methodological point of view, there have been relatively few attempts to adopt broader methodological approaches to CG. Interpretative and qualitative methods are still rare, although in the recent years a growing volume of research has aimed to understand the phenomenon instead of using a large dataset focusing on causalities between CG and firm performance (Brennan and Solomon 2008). This study uses discourse analysis as its research method because it offers the flexibility to analyze text data. According to Fairclough (1998) there is a link between a social phenomenon and talking about it (Fairclough 1998; Ferguson 2005; Hines 1988;

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Sinclair 1995; Spence 2007). Fairclough (1998) defines discourses as practices that actually form or construct the objects of which they speak. Discourse analysis is taken to be the analysis of texts, and the term discourse can be defined as sets of statements that bring social objects into being (Fairclough 1998; Parker 1992).

The aim of this article is to investigate how the CG of Talvivaara was presented in the texts published in Helsingin Sanomat. To do so, I conducted a discourse analysis and sought to answer the following question: *How corporate governance (CG) of Talvivaara was constructed in the articles to public*. There is a lot of research on successful companies, but only little is written of companies that fail as Talvivaara did. Failure may be caused by market, financial or managerial, or key employee issues (Ahrens et al. 2011; Bruno et al. 1987). In this study I endeavor to uncover some reasons for failure rooted in the lack of CSR in CG, in the process adopting the approaches outlined by Grey (2006) and Bebbington (2010). Gray (2006) questioned whether any research not directed at environmental issues could really contribute to knowledge about the planet (Gray 2006). Bebbington (2010) linked the conduct of life or business behavior to business governance. According to him, governance needs to address the fundamental ecological issue. Some people benefit from corporate activity while for others economic activity may deprive them of their lands, their livelihoods, and poison their communities and damage their health (Bebbington 2010). This is very true in the Talvivaara story too.

## B. Brief history of Talvivaara

In 2006, confidence in the future of Talvivaara was high. It was known that the Talvivaara region potentially held the largest sulfide nickel resources in Europe. Furthermore, it was expected that Talvivaara would employ 400 workers, which is a significant proportion of the workforce in the Kainuu area where the mine is located (HS 11.1.2006). The Kainuu area is the poorest in Finland with an unemployment rate of about 16 per cent (www.yle.fi 2.1.2015). The main owner of Talvivaara was a mining engineer, Pekka Perä, who had previously worked for a multinational steel company. Perä bought the rights for mining in Talvivaara in 2004, soon collecting 33 million euros from foreign investors to acquire land and buildings (HS 11.11.2006). The price of nickel was increasing, and it was calculated that the company could produce 33 000 metric tonnes of nickel a year. The value of the production was estimated to be 1.3 billion euros (HS 11.5.2007).

In June 2007, the parent company of the Talvivaara mine, Talvivaara Mining Company, was listed on the London Stock Exchange Main Market. The listing was very successful, and the company collected a financing of 302.5 million euros. Pekka Perä still owned more than a quarter of Talvivaara (HS 31.5.2007, 5.8.2007). At the end of 2007, the state-owned

railway company VR Group built a railway to the mine, and at the same time miners were trained by the Talvivaara company (HS 27.11.2007, 10.12.2007).

The building of Talvivaara continued in 2008. The value of the mine company was increasing rapidly, and was estimated at 1 billion euros in March 2007. The price of nickel, however, was falling and was 21 000 USD per tonne whereas a year earlier it was 51 000 USD per tonne. According to the Wall Street Journal the falling price was a great disappointment. In Talvivaara, this price drop was not seen as an issue, as Pekka Perä informed the media in August 2008 (HS 9.3.2008, 27.8.2008).

In February 2009, the Talvivaara nickel mine delivered its first nickel output to market. The first shipment of 100 metric tonnes of nickel product was sent from the Talvivaara mine to the Norilsk Nickel Harjavalta refinery (Talvivaara Annual Report 2009). The price was not high, at the lowest in 2009 it was about USD 10 000 per tonne, but increased to USD 16 000 (HS 7.7.2009). The amount of production was lower than had been expected, because the process was not easy and there were some technical problems with the extraction. In May 2009, the company obtained a secondary listing of its shares, this time on the NASDAQ OMX Helsinki Stock Exchange (HSE) (HS 7.7.2009). In June, Talvivaara announced an equity offer of up to 22,280,000 new ordinary shares representing approximately 10 per cent of the existing issued share capital.

The financial results for 2009 were disappointing with Talvivaara making a heavy loss of EUR 54.8 million, as against the previous year's loss of EUR 4.3 million. Talvivaara's turnover in 2009 was only 7.6 million. Metal prices had collapsed as a result of the economic crisis in the world market. In Western countries the demand for nickel was low. Talvivaara's net sales decreased because of technical problems encountered with starting production. Talvivaara's cash flow was EUR 100 million negative. In spite of the losses Talvivaara's equity ratio at year end was 44 per cent (HS 25.2.2010).

More challenges were coming. In March 2010, there was a system failure that led to a leak, and in October it became clear that the amount of nickel in Talvivaara had been highly exaggerated (HS 19.3.2010, 28.10.2010). However, the nickel price was increasing, and for the first time the company was able to generate profit from the operations, but the overall loss for the year 2010 was 13 million. The nickel production amounted to 10,382 metric tonnes, and in the Helsinki Stock exchange Talvivaara's share price rose sharply (HS 11.11.2010, Talvivaara Annual Report 2010).

The beginning of 2011 was stable, and Talvivaara's finances were well balanced. The autumn brought the next challenge when a nearby lake was shown to have been contaminated by waste water leaking from the mine, and the company had to consider how to rejuvenate the lake, which was now heavily saline (HS 29.10.2011). At the same time, some local residents reported that they were suffering from the dust and odors produced by the mine, and property values

declined rapidly (HS 9.11.2011). The Finnish Ministry of the Environment began to question how the local Centre for Economic Development had controlled the environmental impacts of the nickel mining of Talvivaara. It was discovered that Talvivaara's emissions levels were many times higher than permitted limits. Environmental authorities were not able to estimate how bad the impact really was. Among other things, the emission of sulfate and manganese was higher than permitted over several years (HS 19.11.2011, 22.11.2011). The financial results for 2011 did nothing to alleviate Talvivaara's plight. The year's production goal was 30,000 metric tonnes of nickel, but only around half that amount was produced, resulting in another loss and an increase in liabilities (HS 17.2.2012, Talvivaara Annual Report 2011).

The first half of 2012 was a catastrophe. In March 2012, a worker died at the mine as a result of very high hydrogen sulfide content in the air (HS 16.3.2012). In April 2012, several dead birds were found in the Talvivaara mine process pool (HS 28.4.2012). The mining company initially tried to deny that the birds were dead in the pool but did then start to investigate the causes of the birds' deaths (HS 20.5.2012). The production of nickel remained low, partly because the company constantly had serious environmental problems that gave rise to a series of legal proceedings (HS 24.4.2012; 25.4.2012). Ferrous-metal water was discharged from the mine the south of Talvivaara (HS 21.3.2012). The lakes near Talvivaara were polluted, and still there was dirty water being discharged into the environment, including some containing uranium (HS 6.11.2012). The environmental authorities forced the mine to keep stopping production (HS 10.11.2012). Nobody knew how long it would take before the environment in general and the lakes in particular would be clean again (HS 11.11.2012). Financially, again, 2012 was not good. The loss for the year was as much as 103.9 million euros. However, the company had still cash (Talvivaara Annual Report 2012), and was considering share issue in the near future. Solidium, the largest Talvivaara shareholder that was itself owned by the Finnish state, was optimistic, and believed that there would be good opportunities for increased production as the price of nickel was expected to improve (HS 18.1.2013).

The extraordinary general meeting of the Talvivaara Mining Company held in March 2013 approved a share issue of 260 million euros in defiance of conservationists who tried to fend off the decision. Solidium was the largest investor and Minister Heidi Hautala (Green Party) justified the investment by saying that it was possible to clean up the environment only if the state stuck with the company (HS 9.3.2013). The operating loss for the first half of the year 2013 was nearly 44 million euros (HS 16.8.2013) and the company laid off 68 workers in August (HS 22.8.2013). Some of the biggest owners started to sell off their shares in Talvivaara (19.10.2013). The police authorities investigated environmental crimes committed by Talvivaara (19.10.2013), and the main owner Solidium tried to find a way out of the financial crisis that was predicted for the near future (7.11.2013). The cash was finally exhausted in November 2013 (HS 8.11.2013). Mining experts insisted that the mine

should be closed, but it was not possible to close a mine suddenly when the environment around it is in very bad condition (13.11.2013). The water problems continued throughout 2013 as a wet summer meant the pools at Talvivaara overflowed into local streams and rivers (HS 4.1.2014).

By the beginning of 2014, the company was on the verge of bankruptcy. The operating loss for the previous year 2013 was EUR 35.7 million, and the minority shareholders were furious at their losses (HS 1.5.2014, 1.10.2014). Helsinki OMX Stock Exchange ceased trading Talvivaara shares in the November 2014. The share price was EUR 0.03. Table 1 presents the main events affecting Talvivaara

## II. Data and method

The data for this study were collected from the media texts dealing with Talvivaara from the leading Finnish newspaper, *Helsingin Sanomat (HS)*, between 1 January 2006 and 6 November 2014. The period starts from the establishment of the Talvivaara mine and it ends on the day Talvivaara informed the media that the board of directors of Talvivaara Sotkamo had decided to apply for bankruptcy (www.talvivaara.com, 2.1.2015). The data were gathered from the electronic archives of *Helsingin Sanomat*. *HS* is Finland's most widely read daily newspaper and its circulation was 313 062 in 2013. (www.sanomalehdet.fi, 2.1.2014). Thus, the newspaper's reach is considerable; given that Finland's total population is 5.3 million. The paper followed events in Talvivaara quite closely, and the content of its articles and news is more diverse than in other Finnish newspapers.

The discourse analysis started with observations I made when scanning the text data published in *HS* during the research period. In the first stage I used the key word Talvivaara, and found 422 texts published over the nearly nine-year study period. The data consists of various journalistic outputs: news, stories, columns, editorials, and commentary. Some of the texts included the key word Talvivaara but did not focus on the Talvivaara mine or CG and were therefore excluded from further analysis. The remaining texts were divided into smaller units, in total 444 pieces of text that relate to the same subject. At this stage I used the Atlas.ti program as a tool to make sense and classify the big data and ascribe a certain meaning to the primary quotations (Graneheim and Lundman 2004). I used the stakeholders approach, and connected every text with the relevant stakeholder. In this process I recognized the stakeholders and the numbers of linked quotations as follows;

TABLE I. STAKEHOLDERS MENTIONED IN HS TEXTS

Stakeholders	Number of quotations linked to the stakeholder
Board	3
Creditors	22
Employees	31
Environment	140
Environmental authorities	35
Investors	66
Market	35
Local residents	18
Pekka Perä	28
Politicians	30
Solidium	14
State	22
Total	444

The data presented in Table 3 was the source for the discourse analyses I made after this stage.

### III. Discourses

#### A. Governance discourse

The board of directors is the key actor in CG. The board is responsible for financial results as well as stakeholder issues (Solomon and Solomon 2005). In Talvivaara, the board was nearly invisible in the HS texts, attracting only a few references:

*“Talvivaara is a listed company with professional secrecy...”* (HS 7.11.2012)

*“The problem of Talvivaara is not the price of raw material but the mistakes made by the company’s directors.”* (HS 2.11.2013)

*“The board had a rapid meeting.”* (HS 7.11.2013)

The real governance of the company was identified with CEO Pekka Perä. At the beginning of the Talvivaara story, he was represented as a hero and a savior of the deprived Kainuu area. Pekka Perä collected the financing, built a mine, and provided employment:

*“Pekka Perä reported that the collected 310 million euros is enough to start the development work.”* (HS 31.5.2007)

*“The greatest nickel mine in Europe is carved out in the wilderness”* (HS 4.4.2007)

*“We need 400 workers after the production is started, said PP.”* (HS 10.12.2007).

Pekka Perä was a person who always trusted in his creation, the Talvivaara mine;

*“Business is solid at this price level...”* (HS 27.8.2008)

*“You may write what you want, and the price of our stock only continues to rise...”* (23.10.2010)

*“The finance of Talvivaara is stable...”* (HS16.12.2012)

When the situation was at its worst in 2012, Pekka Perä disappeared from the public eye for some weeks, and he was

expected to reappear and make a statement about the situation at the mine and the local environment.

*“Minister Hautala demands Pekka Perä appears...”* (HS 7.11.2012)

His role soon changed from the hero of the story to become its villain. In 2014, HS wrote of his huge earnings;

*“Pekka Perä has earned as much as 200–300 Finnish people in his Talvivaara years...”* (HS 8.11.2014).

In the governance discourse, the behavior of Pekka Perä is the most important, and the role of the board is almost unmentioned in the texts. HS, of course was not privy to what really happened in the boardroom, and it was Pekka Perä who relayed the information on governance. He was a colorful person, and he did not polish the messages he gave. When things were bad in Talvivaara, he did not give any information at all, choosing instead to remain silent.

#### B. Financial discourse

By the end of 2014, 59.5 per cent of the shares in Talvivaara were owned by householders. Corporations, including Solidium, owned 30.1 per cent of the shares. The other shareholders were financial and insurance corporations, public institutions, non-profit institutions, foreign states and nominee registered shareholders (Talvivaara.com). Trading on the London Stock Exchange started successfully in June 2007, and Talvivaara collected of 302.5 million euros in financing. The secondary listing of Talvivaara’s shares was on the HSE in May 2009. In 2012 the share price was dropping, and there was a lack of funds when the income from market was continuously too small and the company was non-profitable:

*Talvivaara’s share price has fallen 62 per cent* (HS 29.4.2012)

*Talvivaara estimates that the production of nickel will not rise* (HS 16.10.2012)

In the beginning of 2013 Talvivaara made a new share issue; *Talvivaara announced on Thursday it would apply for a share issue of EUR 260 million of capital. The state-owned Solidium have announced their participation... (18.2.2013)*

Some big public institutions like the pension company Ilmarinen left the company in April 2013. The minority shareholders were confused and angry, because the information to them was too restricted:

*The minority investors criticize Talvivaara for not informing them of the decision of the big investors to leave Talvivaara* (HS 17.4.2013).

The cash was used up by the November 2014;

*Power over the mining company Talvivaara Sotkamo was transferred from the creditors of the bankruptcy to the public liquidator (29.11.2014).*

It was known that the shareholders could not recover their investments from Talvivaara, and the creditors’ situation was weak as well. The environmental damage had to be rectified, and it was unclear, how this could be done and who would

pay. Shareholders, creditors, and the environment were all losers in the Talvivaara case.

The financial discourse relates how the cash to support Talvivaara's operations came from investors and creditors, and the income gained from sales on the market was inadequate. It was apparent within two or three years of the Talvivaara mining commencing operations that the company's income and financial results were very poor, and still it succeeded in collecting money from investors time and again. The investors firmly trusted in the company's success that never happened. There were about 60 000 minority household investors who lost their money, maybe because they trusted that a company mostly owned by the state could not fail. The state-owned Solidium recorded its ownership in Talvivaara to zero.

### C. Nature and people discourse

The start of the Talvivaara story in Sotkamo was like a fairy tale. The mine was expected to provide work and wellbeing. However, there was some concern about how tourism would fare in the same area as the mine.

*"There are already 650 workers in Talvivaara, that is the second biggest site in Finland"* (HS 10.12.2007)

*"There are 813 000 square meters of buildings, walls and roofs are 120 000 square meters, concrete wall 5 5 500 square meters..."* (HS 12.6.2009)

*"In Talvivaara everything is big."* (HS 28.9.2010).

Within a few years the workforce faced extensive lay-offs;

*"Today Talvivaara is a swearword among the Kainuu people"* (HS 27.4.2014)

Local people and tourism suffered from the smell and the pollution of the environment. The lakes were contaminated and fishing ceased;

*"In the sauna, when I threw water on the hot stones, my eyes were stinging"* (HS16.11.2012)

*"The houses, land, and lakefronts are worthless"* (HS 9.11.2011)

However, the local people had been loyal to the mine for long time because it provided them with employment. The greatest damage was done to the vulnerable ecosystem. The production method of Talvivaara needs soaking and bacteria, which means that the process cannot be stopped short, and water from the waste pool had leaked into the ecosystem for years; *"The leaking water includes a big quantity of uranium. Talvivaara is no success story. It is a huge failure which overshadows Finnish society"* (HS 8.11.2012).

The nature and people discourse emphasizes the responsibility the Talvivaara mine had to local people and their natural environment. It is a discourse full of an innate sadness. The local people had obtained their living from nature for hundreds of years until Talvivaara came. The Kainuu people were fishermen, farmers, hunters and employed in tourism, which lived from fresh air and clean nature (Erola 2014).

### D. Market discourse

There was no doubt that Talvivaara had a fine future. In 2007 HS wrote;

*"Talvivaara could produce 33 000 (metric) tonnes of nickel per year"*. (HS 11.5.2007).

*"The production of Talvivaara is 2.5 per cent of the consumption in the world"* (HS 28.10.2007).

Talvivaara was dependent on a world market price of nickel that was changing rapidly. When the price fell, it was not seen as a problem;

*"Business is solid at this price level, and even at a much lower level..."* (HS 27.8.2008)

The local people started to follow how the price was changing as the mine was so important to the Sotkamo area. After the initial promising years, issues were identified in 2010:

*"The development of the price and the problems of production create difficulties..."* (HS 25.2.2010)

The difficulties continued and finally Talvivaara admitted them:

*"The unprofitable mining company thinks that the price of its major product is uncertain"* (HS 18.8.2011).

Overall, a reason for the profit or loss was the market price of nickel:

*"The result of Talvivaara was better thanks to the higher price of nickel"* (HS 18.2.2011)

The potential volume of production was overestimated, and together with the turbulence of the nickel price Talvivaara could never reach the cash flows expected. When production was rising, the price was falling and when the production stayed low, the price was rising, just as the market was used to acting. Because of the environmental issues the mine was closed by the authorities many times, causing production to stop.

The market discourse ascribes the success and failure of Talvivaara to the market price of nickel, a factor beyond the control of Talvivaara. Nickel was the main product and the volume produced was far lower than expected. The mine tried to start to mine uranium as well but, probably fortunately, did not get permission. So, Talvivaara was not able to adapt to the market situation.

### E. Control discourse

The control discourse appeared late, in fact too late, in the HS texts. The first news of the environmental authorities' failure to control the mine's operations were published in HS at the end of 2011:

*"The control in Talvivaara has failed totally."* (HS 22.11.2011)

By that point it was clear that Talvivaara had not complied with its environmental permissions, and had exceeded the amount of waste allowed for several years. This was a shock that the environmental authorities could not handle. They were

ineffective throughout 2012; the waste from the mine was leaking and they could do nothing. The environmental authorities only threatened to stop the mine's production, but could not do so immediately:

"... the situation at the mine gives no reason for sanction. However, if the mine continues to violate its obligations, the authorities will stop it" (HS 10.5.2012).

In 2013, the authorities awoke, and began to frequently demand Talvivaara documented the amount of waste entering the ecosystem; however, it was too late and when the scale of the catastrophe became clear to the environmental authorities they were totally powerless to avert it. The authorities were faced with a fait accompli that they had done nothing to prevent.

The state-owned Solidium was the main shareholder of Talvivaara alongside the CEO, Pekka Perä. However, according to reports in HS, the state and Solidium completely neglected their supervisory and controlling roles. Solidium was mentioned for the first time as late as in the beginning of 2013. In January 2013, HS wrote, "*Solidium is still optimistic about Talvivaara*" at a point when the environment was in catastrophically polluted. A month later Solidium reported that it was ready to finance Talvivaara even more than was expected. Solidium had been silent for years, and now it could not admit that it had lost the game. The politicians now became active, and looked to shift the blame to others:

The Minister for the Environment blamed Solidium (HS 25.11.2011) and the previous ministers (HS 10.11.2012); The minister blamed Pekka Perä (HS 7.11.2012); The Minister of Economic Affairs denied that there was a problem at all; "*Talvivaara will survive, the worst is past*" (HS 5.3.2013).

To summarize; the control discourse occurred too late, and it was inadequate. The controlling stakeholders were naïve, neglected their responsibilities totally, and believed the explanations they received or even did not receive from the company.

#### iv. Summary and discussion

The aim of this study was to determine which discourses on CG elicited from HS constructed the public image of Talvivaara. Using a stakeholder approach and discourse analysis method I revealed five discourses that constructed the CG of Talvivaara to the readers of the newspaper. The discourses represented governance, financing, nature and people, market and controlling of the company. The CG discourses of Talvivaara speak in many ways of the conduct of the company (Gray 2006).

For a company to be successful it must be well governed (Solomon and Solomon 2005). The governance discourse emphasizes the behavior of CEO Pekka Perä. The role of a CEO is important, because he or she is the example and ethical leader for others in the company (Fassin and van Rossim 2009; Tonge et al. 2003). Pekka Perä was often seen in public stating his brave messages, but in the worst moments of the

situation he disappeared. Corporate governance is a mechanism through which outside investors protect themselves against the insiders (Becht et al. 2003; Ingley et al. 2011; La Porta et al. 2000). In the financing discourse, the most visible tendency was the trust of creditors and investors in the firm as well as the lack of control over it. High consequence risk means potentially catastrophic events (Giddens 1991). In Talvivaara high risk was realized. The nature and people discourse reported how local people lost their jobs, health, and their local environment (Roberts et al. 2005; Capasso and Dagnino 2014). The market discourse was something that Talvivaara could not affect at all; the market price of nickel was falling and rising, and the board showed no facility to estimate the coming changes in market. The financial result of the company stayed very low, and shareholders did not get their money (Eisenhardt 1989; Solomon and Solomon 2005). Finally, the control over Talvivaara's performance was inefficient, too late, and without direction. The realization of several risks was possible (Coffee 2005; Solomon and Solomon 2005). At the beginning of its life, Talvivaara was portrayed in the HS texts in a very positive light, with reports focusing on its providing wellbeing in Kainuu. The positive portrayal soon evaporated as the unethical behavior and illegal acts became apparent. As in the case of Enron and Arthur Andersen, we can say that Talvivaara collapsed because of its weak CG (Sison 2009). It failed in governance, financing, market and controlling issues that all are key factors in CG. Finally, the firm left its environment and the local people in a catastrophic state.

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