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great by  
deeds, not by  
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## **Critical Hermeneutics To Read Corporate Disclosures**

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# **Critical Hermeneutics To Read Corporate Disclosures**

by

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**Abstract:**

Corporate disclosures like annual reports, press communications, CEO letters to stakeholders function not only as faithful representations of organization's thoughts and actions but also as symbolic artefacts. These texts are institutionally constrained as they are collectively produced and strategically curated before being made public. Given these characteristics, objective-analytic methods, to make sense of what is going on, might be limited in their capabilities. We believe that symbolic artifacts are often laden with power, ideology and dominion; a critical turn is important to read between the lines. We need philosophies and embedded methodologies, therein, that legitimizes doubt as an epistemic stance and treats intention-impact mismatch and action-behaviour gaps not as anomalies but as analytically productive phenomenon. Therefore, in this paper, we suggest that Critical Hermeneutics, as a philosophy with entailed methodological protocols, might be suited to unravel what underlies disclosures, which often operates within legitimacy and signalling requirements. Critical Hermeneutics is grounded in interpretivism but goes further than other philosophies like phenomenology in suggesting that the researcher needn't be constrained by "author's intentionality" in interpreting the text. Author's intentionality can be questioned. The producer of the text belongs to a space-time that has to be studied extensively and understood deeply by engaging with their social, political, cultural, historical contexts. Then the interpreter puts themselves under scanner to understand their own space-time contexts or those of their audiences. The iterative interaction continues until what underlies these corporate disclosures start to give some coherent meaning that might underlie the texts.

**Keywords:** Critical Hermeneutics, Critical Theory, Corporate Disclosure, Responsible Reporting, Corporate Communications, Interpretivist Paradigm, Textual Analysis

A number of times in the corporate world, we want to explore “intentions” or “reasons” that lead corporations to invest in spaces that do not directly lead to creation or capture of economic value. Corporations are known to prioritize returns on their investment – but such investments are counterintuitive – therefore, we wonder. Research on greenwashing, impression management and so on abound; further, signalling theory and legitimacy theory have been shown in extant literature to suggest that corporate disclosures are often designed to function as symbolic artifacts rather than faithful representations of organizational behaviour, (Lindblom, 1994; Cho, Laine, Roberts & Rodrigue, 2015). Annual reports, sustainability narratives, and CEO letters may articulate progressive attitudes while masking intent-impact mismatch or attitude-behaviour gap. These tensions generate interpretive doubts: doubts about sincerity, about selective silence, and about whether there have been substantial action or strategic narrative from their side.

Essentially, corporations use official communication strategies to tell publics about their intentions or reasons; nonetheless, we wish to read between the lines to understand what is really going on. At such times, we look for methodologies that help us decipher their language. To interpret their spoken or written words, the interpreter needs an awareness about the worldview of the corporations as well as the worldview of the larger publics in the space and time that these words were delivered – absent any of these, the real intent or reasons behind the words might get obscured. Given this predicament, there have been calls in extant literature to suggest a philosophical framework or a methodology that can do justice to such an inquiry. This paper lays out Critical Hermeneutics to fill in this felt need.

Hermeneutics is set in interpretivism. It is both a philosophy as well as a set of methodological protocols that, in a broad spirit, informs qualitative inquiry (Prasad, 2002). The origin of the term hermeneutics is from “Hermes”, the messenger of Gods of ancient Greeks. To be able to

be a conduit for messages, Hermes had to be acquainted with both the contexts and the languages of humans as well as those of Gods, so that he could understand for himself what Gods wanted to communicate before he translated and articulated it to humans (Mueller-Vollmer, 1986).

Critical Hermeneutics extends Hermeneutics by embedding critical turn; it brings in power, ideology and domination as real elements in the usage of language. Further, both Heidegger and Gadamer rejected the notion that a human being is capable of being unbiased; all humans have prejudices. Therefore, they proposed Critical Hermeneutics as a philosophy, which embeds a set of methodological approaches that entail “working out” or “critical reasoning” to distinguish between legitimate and illegitimate prejudices (Butler, 1998, Heckman, 1983). Given both - the critical turn and the prejudices - present in language, Critical Hermeneutics is only one among those few philosophies, with embedded methodologies, that allows a researcher to question “author’s intentionality”. Critical Hermeneutics legitimizes doubt as an epistemic stance and treats intention-impact mismatch and action-behaviour gaps not as anomalies but as analytically productive phenomenon.

In management research, one can use critical hermeneutics to read CEO letters, management discussions and analysis reports, sustainability reports, voluntary disclosures, public communiques and so on to critically examine and analyse the intent behind corporate communications. Generally, financial documents like annual reports and published news articles have been extensively used for textual analysis in extant literature (Etzion & Ferraro, 2010; Nwagbara & Belal, 2019; Faisal et al., 2012; Fuoli, 2012), for example by using content analysis, grounded theory building, and so on, wherein, researchers read and interpret the meaning behind the spoken or written words. However, these methodologies differ from Critical Hermeneutics in a significant way – Critical Hermeneutics allows the researcher to

read between the lines! Critical Hermeneutics allows researcher to question “author’s intentionality” behind those spoken or written words. In this paper, we lay down Critical Hermeneutics for reading between the lines!

### **Hermeneutics: The Philosophy, Principles and Methodology of Critical Hermeneutics**

There are various constitutive philosophies of interpretivism. While interpretivism rejects the notion of an objective reality, there are differences in these philosophies in how they understand the process of construction of these realities. Since their philosophies differ; their resulting methodological approaches to be followed vary significantly, often confusing researchers about tenets of one vis-à-vis the others (Prasad, 2005). Sometimes, synthesis is possible among these philosophies while at other times, due to their history of origin and significant differences in their stances, there is little chance of any synthesis. Prasad (2005) refers to them as post-positivist traditions and clubs their approaches, whenever they belong to coherent philosophies, for conducting social science enquiry. Some of these interpretivist philosophies are – a. *Phenomenology*- the philosophical tradition that seeks to understand the world through directly experiencing the phenomena. The phenomenological movement was initiated by Husserl. Philosophers and researchers of phenomenology believe in presenting people’s lived-in experiences by firstly presenting an in-depth and thick description of phenomena in question through extensive immersion in the field, then resorting to reduction that involves suspending or bracketing the phenomena to arrive at some commonality or themes or some coagulation, which then helps the movement on to the discovery of essence or the core meaning of the phenomenon; while in the whole process ensuring that author’s intentionality that refers to the total meaning of the phenomenon, which is often more than what is given in the perception of a single perspective, is always covered (Merleau-Ponty, 1962). b. *Symbolic Interactionism (SI)* – It is an offspring of Husserl's phenomenology but with a strong departure from it, in that it is

influenced by Mead, who believed that individuals and society do not have ontological independence – even the self is a social construction learned from a very young age during their interactions with the generalized others. Through these interactions, individuals develop the capability to objectify themselves as others see them and begin to build something like the Cooley’s “looking glass self” (1918). Blumer (1969) advanced SI philosophy and related methodologies being followed by contemporary SI researchers with three fundamental assumptions of SI. First, that in them, objects have no meanings other than what human beings assign to them and that the human beings act towards them based on these meanings attached to them. Second, that these meanings arise from how one human interacts with other human beings or with society. Third, these meanings are continuously in the process of modification through a series of individual interpretations. Therefore, the individual researcher becomes not only the observer and analyst of the social realities but also is a significant contributor of the same. Also, this individual observer is himself or herself a constitution of their interactions with society. c. *Hermeneutics* – It is another offshoot of phenomenology that has its origins in the writings of Martin Heidegger, a disciple of Husserl, but with a sharp departure from phenomenology, in that it outrightly rejects the idea of suspending personal opinions to indulge in interpretive narration while carrying out the description. Following the same stance, it rejects the principle of reduction by bracketing the phenomenon to arrive at some coagulation to derive an essence finally. The essence is the main reason for any phenomenological enquiry (Kafle, 2011, van Manen, 1990). According to van Manen (1990) “essence makes a thing for what it is” while Heidegger (1977:3) described essence as “the way in which it remains though time for what it is”. However, Heidegger’s hermeneutic researcher is pre-disposed towards uncovering than towards accuracy and, therefore, focuses on creating in-depth accounts of the phenomenon by filtering them through their intuition and judgement. Hence, there is a difficulty of suspending one’s understanding during bracketing, as phenomenology demands,

towards the discovery of the essence (Cohen, 2001). Therefore, both SI and Hermeneutics are offshoots of Husserl's Phenomenology, but both make a sharp departure by bringing the researcher to the forefront in the discovery of the essence of phenomenology.

As this evolution of phenomenological philosophies progressed, the differences in philosophies of SI or Hermeneutics started entering into their principles of scientific enquiry and thereby into the methodological approaches employed in each of them. One can observe this process. Coyne (1995) argues that contemporary hermeneutics has four distinct perspectives, viz. conservative, pragmatic, critical and radical, that is in use to understand and interpret language. Classical hermeneutics, which developed from early age hermeneutics with refinements proposed by Dilthey and Schleiermacher, is nearer to phenomenological principles. Schleiermacher argued that since texts stand for long times before it gets interpreted, one needs to understand that their production is a complex process of the author's personal history, social location and specific world view; the interpreter is, therefore, needed to play the role of a "cultural broker" mediating between ages, places, and mindsets (Bauman, 1978). Dilthey refined this principle further by borrowing from the tenets of SI principles by stating that the actor himself is a product of interactions with his surroundings, and therefore, reconstruction requires going beyond author's mindsets to an exploration of his cultural milieu. Therefore, as classical hermeneutics got established in social sciences as a method of textual analysis, one can find a progression in philosophical stance; hermeneutics does not bear any similarity to other methods of textual analysis like those of content analysis or grounded theory building and so on, which assume that the substance of textual understanding can be found entirely within the text itself. Hermeneutics is defined as the theory or philosophy of interpretation or meaning (Bleicher, 1980). Hermeneutics believes that the meaning of any text can be discerned, only if we look into conditions that go into its constitution. Therefore, the concept of hermeneutics circle was promulgated, which is one of the iterative spirals of understanding,

wherein, “the part” (that is the text) can only be understood from “the whole” (that is the cultural context), while the whole, in turn, can only be understood from the parts (Prasad, 2005).

Critical Hermeneutics, which is a tradition of interpretation of spoken or written words in the interpretivist paradigm (Prasad, 2005). The critical hermeneutic worldview has origins in Heidegger’s philosophy (phenomenology and hermeneutics) and was propagated further in Hermeneutics methodology by Gadamer (1975), who significantly advanced Heideggerian “preunderstanding”, which is captured by the term “prejudice” by Gadamer. Gadamer believed that humans cannot exist as beings without their prejudices. He stated that “a prejudice is a provincial legal verdict before the final verdict is out” in the classic, *Truth and Method* (1975: 240), by stating that - these prejudices needed to be accepted first for what they were and then should undergo “working out” or “critical reasoning” to distinguish between legitimate and illegitimate prejudices (Butler, 1998, Heckman, 1983). To not acknowledge human prejudice, for what it is, in any social science research, is about succumbing to what Gadamer frequently speaks of - creating a “tyranny of hidden prejudice” (1975: 239-240). Critical hermeneutics was further propagated and expounded upon as a philosophy and as a methodology by thinkers like Habermas, Schleiermacher, Dilthey and Ricoeur (Prasad, 2005).

Therefore, with the advent of Heidegger and Gadamer, Hermeneutics took a different turn - moving the question of interpretation away from author’s intention and their cultural milieu to the relationship between the text and the interpreter (Prasad, 2002; Heckman, 1983). Heidegger states that interpretation occurs within everyday lives led by the interpreter and are, therefore, grounded in what he calls “fore structures of understanding”, which is variously captured in “prejudices” by Gadamer; though Gadamer (in *Truth and Method*, 1962) talks about productive and unproductive prejudices and ways to deal with the latter during the course of interpretation

with the text. In accordance, Paul Ricoer (1971, 1991) took this turn of hermeneutics into more critical directions for any meaningful understanding of the text – towards the advent of Critical Hermeneutics, wherein, he proposed that both “hermeneutics by suspicion” and “hermeneutics by faith” need to be employed comprehensively together for any meaningful understanding of the text as the interactions between the text and its interpreter happens in an iterative spiral and evolutionary process. Thus, critical hermeneutics gives primacy to understanding a text within its context viz. hermeneutic circle, but also simultaneously proposes that it is the iterative relationship between the text and interpreter that should lead to a meaningful understanding of a phenomenon under study.

Critical Hermeneutics recognizes that the specific cultural milieu of the production of the text and that of the interpreter are different. The interpreter would only argue a certain view of the text and context in question depending upon their “hermeneutic horizon”, which refers to the historical-cultural context of the text and of the interpreter. However, this mismatch of hermeneutic horizons might not be pejorative rather it might be a blessing in disguise, if this tendency and mismatch are recognized and accepted a-priori, such that, one can take advantage of the mismatch in producing what is referred to as “fusion of horizons” (Prasad, 2002; Heckman, 1983). Hermeneutics recognizes that these mismatches can’t be controlled for in any textual analysis, as the texts that are produced have another level of abstraction from the actor himself. A produced text often entails symbolism. A CEO letter is a piece of communication that not only informs the readers of the facts about the firm that the CEO wants to convey, but also, it might be a tool for reinforcing some norms of creating shared understanding with the stakeholders, or of stating symbolically that the firm believes in taking its stakeholders together. A CEO letter might be a tool of signalling transparency as well and so on. Language analysis has long had included the value of symbolic meanings along with factual content (Prasad & Mir, 2002; Butler, 1998); symbolism is the mainstay of hermeneutics.

In fact, Wittgensteinian's social science and the methods of language analysis drawn from them closely resemble those of critical hermeneutics (Heckman, 1979). Both Gadamer and Wittgensteinian believed that human animals are uniquely endowed in having language, which is not available to animals. It is through language that "the world" is revealed to the humans, in a way, that is not available to animals. However, because of this fact anything outside of language is not disclosed as a part of that "world" to humans, as well. Therefore, human beings are enclosed in language. However, both the philosophers differ in the perspective that while Gadamer would argue that "in language we live", Wittgenstein would argue that "in language we know" (Heckman, 1986). Nevertheless, both of them insist that the analysis of human sciences can be exclusively linguistic analysis. Similarly, both of them would have a common refusal for "author's intentionality" or they both would reject the phenomenological principle of trying to get into the author's mind as in the classical hermeneutics. Hodder (1993) states that authors might be separated from the texts that they produced by huge space and time. Texts are, therefore, distinguishable from speech and action because they can be witnessed or studied even when their original creators are no longer present. Therefore, it pays to accept that "the meaning of a text always goes beyond the author" (Gadamer, 1975: 264). In other words, the specific motive of the author in the production of the text becomes unimportant and all aspects of texts, including their critiques or biases and so on, become subjects of analysis (Prasad, 2002; Heckman, 1983; Butler, 1998).

## **Conclusion**

In this paper, we argue that in a world of intention-impact mismatches and attitude-behaviour gaps of corporate communications, we need philosophies and embedded methodologies, therein, that legitimizes doubt as an epistemic stance and treats intention-impact mismatch and action-behaviour gaps not as anomalies but as analytically productive phenomenon. Towards

this objective, we proposed Critical Hermeneutics as a philosophy with a set of methodological protocols that can be employed to read between the lines! Also, human beings – researchers as well as authors of the texts – are liable to be prejudiced. The proposed methodology should be able to “work through” these prejudices to ensure which one are worthy of consideration as one progresses into enquiry. Finally, the history, context, space and time in which the author made these statements need to be made a part of the methodology. To this end, hermeneutic circle and hermeneutic horizon needs to be the core of the methodology. Hermeneutic circle suggests iterative study of parts of the phenomenon in question and whole of the space-time contexts (social, cultural, historical) in which the phenomenon occurred, till a clear picture emerges. Hermeneutic horizon is about intending to create fusion of horizons between the timing of creation of text and timing of its study by the researcher, till time becomes insignificant dimension in the interpretation of the text. Both hermeneutic circle and hermeneutic horizon are central anchors of the laid down protocols of Critical Hermeneutics. We suggest that researchers should attempt to go beyond the obvious, and look into entailed power, ideology and dominion – therefore, question “author’s intentionality”.

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