ORGANISATIONAL LEGITIMACY AND SOCIAL AND ENVIRONMENTAL REPORTING RESEARCH: THE POTENTIAL OF DISCOURSE ANALYSIS

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Abstract

**Purpose:** The paper aims to highlight the value of discourse and interpretive approaches to the study of corporate social and environmental reporting – in particular in the consideration and analysis of organisational legitimacy.

**Design/methodology/approach:** Following a discussion of legitimacy and the relationship between legitimacy and social and environmental reporting, a review of extant social and environmental reporting research within accounting which considers legitimacy is undertaken. This review identifies research gaps within the current literature. Drawing on Thompson’s (1990) framework, an agenda for future research based on a discourse and interpretive approach to considering corporate social and environmental reports and legitimacy is provided.

**Findings:** The paper advocates for a consideration of legitimacy which recognises its complexities and nuances beyond what has been able to be achieved by content analysis and benchmarking studies. It promotes research on the production of corporate social and environmental reports, the messages contained in those reports, and on their reception (or consumption) and appropriation (or interpretation). It centres attention on the utilisation of discourse and interpretive approaches to further understanding on how reporting and reports work to produce and maintain (or not) organisational legitimacy.

**Research limitations/implications:** Extant accounting research on social and environmental reporting and organisational legitimacy has now fairly extensively researched ‘who’ is reporting, ‘what’ they report’, ‘how much’ they report, and to a lesser extent ‘why’ they might report. How reports and reporting information is constructed, communicated and interpreted and their potential effect remains underdeveloped. We expose gaps in current research and approaches to considering organisational legitimacy and social and environmental reporting from which future research may build.

**Practical implications:** Drawing on Thompson’s (1990) tripartite approach to the study of mass communication, we provide a range of suggestions for future research which help address gaps in the current literature on social and environmental reporting and organisational legitimacy.

**Originality/value:** The paper defines research gaps in the study of social and environmental reporting and organisational legitimacy. It suggests a future research agenda which might be undertaken to enhance understandings of attempts to produce and maintain organisational legitimacy through reporting which could also be extended to other corporate communication initiatives.

**Keywords:** Organisational legitimacy, social and environmental reporting, discourse

**Paper type:** Methodological
Introduction

Hopwood (2009) calls for more research in accounting and the environment. In particular, Hopwood (2009) notes two areas where further critical and facilitative research is needed: accounting and the creation of carbon markets; and corporate environmental reporting. We build on that call for research here in relation to corporate environmental reporting. In particular, we argue the potential of discourse and interpretive approaches in the study of social and environmental reporting, specifically with regards to investigating notions of organisational legitimacy. We suggest that such approaches can both recognise the complexity of the notion of organisational legitimacy, and provide insights and tools into its analysis, than what has been able to be achieved through content analysis and benchmark studies.

In agreement with Hopwood (2009, p. 434 and 437) once again, we explicitly recognise the links between corporate social and environmental reporting and legitimacy. It has been widely accepted that corporate social and environmental reporting has the ability to assist organisations in gaining, maintaining and increasing legitimacy through disclosure – ideally through notions of transparency and accountability. It has also been argued (see, for example, Milne and Gray (2007)) that such reporting has had other effects (intentional or unintentional) such as obfuscating certain realities – making some things visible while hiding others. We note here, however, that while a large body of accounting research has investigated organisational legitimacy and corporate social and environmental reporting and has added insight into the area, this is still an underdeveloped research area. Indeed, within the corporate social and environmental accounting and reporting literature legitimacy theory itself, despite being one of the most common perspectives utilised, remains an underdeveloped theory (Deegan, 2002; Tilling, 2002).

Past research in social and environmental reporting has now fairly extensively covered ‘who’ is reporting, ‘what’ they report, ‘how much’ they report, and to a lesser extent ‘why’ they may report. The ‘meaning’ of this reporting and the ‘effects’ of such reporting, however, have been significantly less well studied. How reporting information is both constructed and communicated and its potential consequences (both intended and unintended), we suggest, remains under-investigated. Primarily in the form of content analysis, extant research has gone some way in providing an understanding regarding report content (i.e. what is and what is not in the reports), but little is known about the messages that these reports entail, and the manner in which they are crafted and why. Moreover, only a little is known about the process and context of reporting, and the production and consumption/interpretation of messages contained in these reports. We suggest such research is needed if organisational legitimacy is to be seriously addressed. A task we believe is essential as, by remaining un-investigated, social and environmental reporting researchers run the risk of reaffirming organisational legitimacy rather than challenging it.

In achieving our aim of highlighting the value and potential of discourse and interpretive approaches to the study of corporate environmental and social reporting in the consideration and analysis of organisational legitimacy we structure the paper as follows. First, we discuss the notion of organisational legitimacy itself. Second, we recognise the relationship between social and environmental reporting and organisational legitimacy. Third, we research which considers legitimacy and social and environmental reporting followed by a discussion of the some recent emerging literature which does so from a discourse or interpretive perspective. Next we identify gaps in the literature, and drawing on Thompson (1990), recognise the potential of discourse and interpretive approaches in addressing these gaps. Here we outline
areas for future research. We conclude with comments as to how the potential of such approaches may be realised.

Organisational Legitimacy

Organisational legitimacy, which has its foundations in the works of Weber and Parsons (Suchman, 1995), is a vast area of investigation. Suchman (1995), who provides a review of the early literature, defines legitimacy as:

**Legitimacy** 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 (Suchman, 1995, p. 574, emphasis in original).

Suchman (1995) notes three aspects of legitimacy. First, legitimacy is *generalised* – it “represents an umbrella evaluation that, to some extent, transcends specific adverse acts or occurrences” (p. 574). It is in this respect that we note that legitimacy is primarily long-term rather than short-term. While individual events or actions may impact actual or perceived legitimacy, legitimacy transcends the specific. Second, legitimacy is a *perception or assumption* as it “represents a reaction of observers to the organization as they see it” (p. 574). Third, legitimacy is *socially constructed* as it “reflects a congruence between the behaviours of the legitimated entity and the shared (or assumedly shared) beliefs of some social group” (p. 547). Essential to these last two points is the social aspect of legitimacy; it involves social relations and practices.

Pfeffer (1981, p. 5) states that organisations seek legitimacy in order to ensure commitment and support for the organisation from its stakeholders, both external and internal. According to Dowling and Pfeffer (1975, p. 122) organisations “seek to establish congruence between the social values associated with or implied by their activities and the norms of acceptable behaviour in the larger social system of which they are a part”. Organisational legitimacy is seen to exist when the value systems of organisations which seek legitimacy and the social systems from which they seek legitimacy from are congruent. There is, therefore, a ‘legitimacy gap’ (Sethi, 1978) when actual or perceived behaviour of an organisation is at odds with social values and norms.

There are two streams of literature on organisational legitimacy – strategic and institutional. The strategic approach views legitimacy as somewhat controllable. It contends that “organizations are able to make strategic choices to alter their legitimacy status and to cultivate the resources through corporate actions, by adapting their activities and changing perceptions” (Aerts and Cormier, 2009, p. 3). One of the ways to do so is through communication. It is perhaps for this reason that the strategic approach, most often associated with Dowling and Pfeffer (1975), Ashforth and Gibbs (1990) and later Lindblom (1994), is seen most often in the social and environmental reporting research.

The institutional perspective (DiMaggio and Powell, 1991; Meyer and Rowan, 1991), in contrast, views legitimacy as a “set of constitutive beliefs” (Suchman, 1995, p. 576). Under this perspective managers’ decision making is downplayed – as too is conflict between organisations and constituents. The institutional perspective identifies that a “manager’s decisions often are constrained by the same belief systems that determine audience reactions” (Suchman, 1995, p. 576). Thus, from an institutional perspective, legitimacy empowers organisations “primarily by making them seem natural and meaningful; access to resources is largely a by-product” (Suchman, 1995, p. 576, emphasis in original). From an institutional
perspective therefore, focus is not placed solely on organisational communication strategies, but considers broader contexts and recognises them as fundamental in the constitution of organisational life.

These different perspectives have an effect on the way in which researchers approach the study of organisational legitimacy. However, as we discuss below, we see the potential for discourse and interpretive approaches in furthering the study of organisational legitimacy in social and environmental reporting research in both perspectives. We believe that such discursive and interpretive approaches can be used to consider both the strategic and institutional perspectives of legitimacy. Indeed, we suggest taking a comprehensive approach to legitimacy and reporting may in fact involve the consideration of both traditions. Before identifying the potential of such approaches however, we first discuss the links between legitimacy and social and environmental reporting, and thus why the study of such reports is relevant in the study of organisational legitimacy; and second, present extant literature in the social and environmental reporting field which claims to investigate legitimacy.

**Organisational Legitimacy and the Social and Environmental Report**

We draw the links between organisational legitimacy and social and environmental reporting by following Suchman’s (1995) definition noted above of legitimacy being *generalised*, a *perception or assumption*, and *socially constructed*.

First, organisational legitimacy is generalised (rather than based on the specific), and therefore a long-term, rather than short-term, construct. As Suchman (1995, p. 574) notes, legitimacy “transcends specific adverse acts or occurrences; thus, legitimacy is resilient to particular events, yet it is dependent on a history of events”. Legitimacy is also never fixed but an ongoing process by which the perceived legitimacy of an organisation is continuously evolving and (re)constituted through social enactment. The processes by which corporations seek to create, increase or maintain perceived legitimacy are essential elements in exploring corporate behaviour and corporate communication in relation to society and the environment (Bansal and Clelland, 2004; Phillipe, 2006). Social and environmental reporting, being a key way in which organisations communicate with their stakeholders, is therefore a useful site for investigation.

Second, the concept of legitimacy is directly tied to context and audience – it relies on constituent (Ashforth and Gibbs, 1990; Perrow, 1970). Legitimacy is, “the outcome of, on the one hand, the process of legitimation enacted by the focal organization, and on the other, the actions affecting relevant norms and values taken by other groups and organizations” (Dowling and Pfeffer, 1975, p. 125). “Legitimacy is a *perception or assumption* in that it represents a reaction of observers to the organization as they see it; thus, legitimacy is possessed objectively, yet created subjectively” (Suchman, 1995, p. 574). Organisations in modern society are accountable to a number of stakeholder groups who frequently hold conflicting expectations and views. This accountability to multiple parties is particularly evident with regards to social and environmental concerns. The process of legitimacy, therefore, is often seen as involving the ‘management’ of these stakeholder groups or individuals. Management of conflicting groups and/or individuals can be problematic as, for example, an attempt to increase/maintain/gain legitimacy with one group can trigger a series of events that can ultimately decrease it. Ashforth and Gibbs (1990) refer to this as the double-edge of organisational legitimacy.
Lastly, organisational legitimacy is *socially constructed*. It can be seen as a discursive product, achieved and maintained through social dialogue (Phillips, Lawrence and Hardy, 2004; Boje, Oswick and Ford, 2004; Suchman, 1995), and reliant on corporate communication (Allen and Caillouet, 1994; Arndt and Bigelow, 2000; Ashforth and Gibbs, 1990; Elsbach and Sutton, 1992; Lindblom, 1994; Pfeffer, 1981; Sethi, 1977; 1978; Westphal and Zajac, 1998). As Phillips et al. (2004, p. 64, our emphasis) argue, “actions that lead actors to try to gain, maintain and repair legitimacy are likely to result in the production of texts that leave traces. In such cases, texts are produced in order to establish, verify or change the *meaning* associated with the action.” Phillips et al. go on to argue that individual texts are more likely to become embedded in and influence discourse, and ultimately become legitimate and institutionalised (taken for granted), if they are produced by those with authority, are produced such that they conform to recogniseable and interpretable genres, and draw on other existing (and familiar) texts.

While these points clearly highlight the links between legitimacy and social and environmental reporting, it is for also for these reasons that we see the potential for discourse and interpretive studies to contribute to the field of research. We see value in investigating the legitimising function of the report, in particular, organisational attempts to maintain and/or (re)create organisational legitimacy through social and environmental reporting (i.e. how the corporate report legitimises organisations and systems of organising, for example see Tregidga, Milne and Kearins (2009) for an analysis of the construction and legitimising nature of organisational identity in relation to sustainable development). Before we turn to how such an approach may be taken, however, we review extant research in the field.

**Social and Environmental Reporting Research and Legitimacy**

Legitimacy theory has been embraced by many social and environmental accounting and reporting researchers, many of whom claim to ‘test’ legitimacy and find support, or limited support, for the concepts it entails (Brown and Deegan, 1998; Deegan and Gordon, 1996; Deegan and Rankin, 1996; Deegan, Rankin and Tobin, 2002; Deegan, Rankin and Voght, 2000; Magness, 2006; Patten, 1992; 1995; Walden and Schwartz, 1997). A number of these studies, we observe, favourably cite Lindblom’s (1994) development of Dowling and Pfeffer (1975) and Sethi (1975; 1978; 1979), and emphasise the role of corporate social and environmental reporting/disclosures in (1) correcting public misunderstandings of organisational performance, (2) altering the publics’ expectations of organisational performance, (3) communicating improved (social and environmental responsibility) performance, and (4) distracting the publics attention away from poor organisational performance. Yet, we also observe that these potential outcomes of corporate reporting are rarely, if ever, explicitly investigated empirically. Instead, and in the absence of investigating “publics” and their perceptions of disclosures, the presence of increased volumes or variety of corporate disclosures are assumed to fulfil some or all of these roles.

Except for a notable few studies (e.g., Buhr, 2002; Milne and Patten, 2002; Mobus, 2005; O'Donovan, 2002; O'Dwyer, 2002), legitimacy theory within accounting literature has been concerned largely with the reactive nature of organisational disclosure. In addition, a significant proportion of this research has focuses on industries that have been affected by a ‘disaster’ or ‘event’, and often one that is covered by the media (Deegan, Rankin and Voght, 2000; Patten, 1992; 2002; see also Allen and Caillouet, 1994; Elsbach and Sutton, 1992; 1999; 2000; Patten, 1995).

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1 See Deegan (2002) for a more comprehensive overview of published social and environmental accounting research which utilises legitimacy theory.
Elsbach, 1994). These studies, therefore, tend to focus on the corporate attempt to (re)build or repair legitimacy, and investigate legitimation as a reactive and short-term phenomenon. The strategic perspective discussed above, a view that legitimacy is to a certain extent controllable by organisations, has therefore been the overriding approach in this social and environmental disclosure research (Aerts and Cormier, 2009). Moreover, as Phillipe (2006) notes in respect to studies in management, but which seem equally as applicable to accounting-based work (Milne and Patten, 2002), most studies of organisational legitimacy focus on the antecedents of corporate communication, and fail to examine the outcomes or impact of that communication on organisational legitimacy and notions of legitimacy.

We would also argue that this previous empirical research has taken a somewhat limited and narrow view of legitimacy. Here we seek to highlight the earlier debate which occurred within the social and environmental accounting literature which questioned the ability of accounting to provide social and environmental accountability (see, Gray, Owen and Maunders, 1988; 1991; Parker, 1986; 1991; Puxty, 1986; 1991; Tinker, Lehman and Niemark, 1991). We suggest that research is needed which explores the concern that social and environmental accounting within corporations, in particular the corporate report, legitimises the corporation, and thus promotes continuing social injustice and environmental damage, rather than reducing it by putting the environment and society at the core.

As mentioned, content analysis is often utilised in studies of corporate social and environmental reporting associated with legitimacy theory examining amounts of disclosure in relation to size, industry membership and media pressure. While this approach yields some valuable information regarding the reporting of social and environmental information, in particular identifying ‘how much of what’ is being reported and by whom, it fails to add insight into ‘how’ this information is being communicated and with what effects. Apart from a few exceptions (e.g. Adams, 2002; Buhr, 2001; 2002; Harte and Owen, 1991; Owen, Swift and Hunt, 2001), research in the area prominently takes the form of quantitative analysis. Qualitative techniques, and specifically those focused on language, are well established within the accounting field (e.g. Cowton and Dopson, 2002; Hoskin and Macve, 1986; 1994; Loft, 1986). They are also beginning to emerge as a means to study corporations and their relationship with society and the environment, in particular with respect to reporting and communication.

Discourse and Interpretive Research on Social and Environmental Reporting
Our call for more research taking a discourse approach to the study of corporate social and environmental reporting and legitimacy can be seen as both a reflection of, and an addition to, the growing interest and appeal in discourse analytic studies. Discourse based research publications studying corporations and their relationship with the environmental and society, and particularly with respect to reporting, have a short history. Many of the studies do not look specifically at corporate social and environmental reports (for example, Ice, 1991; Livesey, 1999; 2001; 2002b; Milne, Kearins and Walton, 2006; Tsoukas, 1999), but some do. Studies that analyse language use in reports, one of the areas which we identify the need to build, are Buhr and Reiter (2006), Laine (2005), Livesey (2002b), Livesey and Kearins (2002), Milne, Tregidga and Walton (2009), and Tregidga and Milne (2006). Spence (2007a and 2007b), analyses reporting and its effects through interviews with social and environmental reporting managers, this is another area in which we recognise the need for further investigation below.
Buhr and Reiter (2006) explore how one company’s (Noranda) disclosure contributes to and reflects the broader discourse of environmentalism over time. Buhr and Reiter analyse six reports (three early reports and three more recent reports) to examine how Noranda constructs its relationship with nature and society, and also to consider the various environmental philosophies embedded in the reports. From their analysis of the reports they note an overall anthropocentric approach throughout and the dominance of the social contract stance. Furthermore, with respect to the ‘meaning’ of sustainable development, Buhr and Reiter note that “Noranda’s use of the term sustainable development (as well as other related concepts) changes from year to year” (p. 23).

Acknowledging that sustainable development means different things to different people in different contexts, Laine (2005) critically assesses how the concept of sustainable development is constructed in the report disclosures of Finnish listed companies. Using the analytical method of interpretive textual analysis, he examines meanings attached to the term ‘sustainable development’ in report disclosures. From this analysis, Laine (2005, p. 409) concludes that “Finnish listed companies employ the rhetoric of weak sustainability in their disclosures related to sustainable development, subsequently reinforcing the societal discourse of ‘business can deliver sustainable development’”.

The studies conducted by Livesey (2002a) and Livesey and Kearins (2002) engage in discourse analysis of corporate sustainable development reports by leading international reporters Shell and the Body Shop. In her 2002 study, Livesey analyses Royal Dutch/Shell Group’s 1998 report and the discursive struggle that occurred as the organisation ‘embraced’ the concept of sustainable development; she reveals the knowledge/power dynamics within reporting. Overall, Livesey (2002a, p. 314) concludes that “Shell’s ‘embrace’ of the concept of sustainable development has transforming effects on the company and on the notion of sustainability itself”. Livesey and Kearins (2002) focus on metaphor use and its implications in The Body Shop’s 1997 and Shell’s 1998 reports. Livesey and Kearins (2002) use Foucauldian-inspired discourse analysis to show how these texts both reflect and influence the socio-political struggle over the meanings and practices of sustainable development. They find that the metaphors of transparency and care are prominent when describing the rationale for such reporting and identify that these metaphors both influence, and have the potential to reconstruct the relationship between business and society.

Two studies investigate language use in New Zealand corporate reports. Tregidga and Milne (2006), in a longitudinal analysis of one NZBCSD member organisation’s reports (Watercare Services) investigate the link between text and context. From their analysis, they conclude that through the rhetoric of management expertise, leadership and the triple bottom line, Watercare presents itself as ‘doing’ sustainable development. Milne et al. (2009) investigate the language used in eight New Zealand Business Council for Sustainable Development (NZBCSD) member reports and in pronouncements made by the NZBCSD itself. They identify themes utilised in the construction of sustainable development and begin to show how organisations and the reports which they produce, while engaging in the discourse around sustainable development, may serve to reinforce the business as usual position. This study also finds examples of language and theme ‘sharing’ between the corporate reports and the NZBCSD pronouncements.

Studies by Spence (2007a; 2007b) also take a discourse or interpretive approach to the study of social and environmental reporting. Spence (2007a) interviews social and environmental reporting managers to investigate target audiences of social and environmental reports.
Spence (2007a), drawing on autocommunication theory, surmises that corporate employees are targeted in order to embellish the corporate ego. In a further study Spence (2007b), informed by Laclau and Mouffe’s discourse theory, explores the construction or reproduction of capitalist discourse through the social and environmental reports. Spence (2007b) finds that “the business case appears to shape and constrain the ideologies that underpin and are communicated through SER” (p. 855) and characterises social and environmental reporting as “an organisational practice that discursively alights business interests with extra-business interests” (p. 856).

The above studies, all in different ways, provide insight into the corporate social and environmental report and reporting and organisational legitimacy. They focus on the role of reporting in constructing the corporate response to the social and the environment (most often through the discourse of sustainable development) and also their effect on creating legitimacy or influencing understandings of what might be considered legitimate organisations. We see the further potential in this form of analysis in developing insights into social and environmental reporting and organisational legitimacy. We turn to a discussion of this now considering the gaps in the field and how discourse based approaches may work towards addressing such gaps.

**Extant Gaps and the Further Potential of Discourse in the Analysis of Social and Environmental Reporting and Organisational Legitimacy**

In outlining the gaps in the extant corporate social and environmental reporting literature in relation to organisational legitimacy, and in suggesting a future research agenda, we draw on the work of Thompson (1990). Thompson’s tripartite approach to the analysis of symbolic constructions also highlights the value of a discursive approach to the analysis of social and environmental reports and legitimacy (see Ferguson (2007) for his discussion on how Thompson’s tripartite approach can help address the shortcomings in extant accounting studies which analyse various accounting texts). Thompson’s three part approach “was proposed as a method for studying symbolic constructions represented in media where there is a division between the production and reception of messages” (Arnold, 1998, p. 674). Thompson’s (1990) tripartite approach consists of: 1) socio-historical analysis and the production and transmission of the message; 2) an analysis of the construction of the message; and 3) a socio-historical analysis of the reception and appropriation of the message. Noting a division between the production and consumption of corporate social and environmental reporting messages, similar to that identified by Thompson in relation to media messages, and considering the relationship between reporting and legitimacy explored above, we extend Thompson’s (1990) approach to both identify gaps in the extant literature and identify areas for future research.

Thompson’s (1990) tripartite approach, through the acknowledgement of the distance between the production and consumption of messages, allows for the recognition of the complexity of the communication process while indicating domains where consideration is needed in analysis of symbolic constructions. We suggest that it is difficult to do justice to the analysis of reports and their effects without the consideration of the complex processes of report production and consumption and the acknowledgement of the context within which the producers, reports, and audiences are situated. Discourse and interpretive approaches and methods, we identify, provides a means and focus for analysis of such links, recognising the complexities involved. We now identify areas where such research is needed and the kinds if studies which might be undertaken. We explicitly recognise below the potential to enhance our understanding of social and environmental reporting and organisational legitimacy.
through data collection methods such as interviews and observation, alongside the analysis of reports themselves and other forms of corporate communications.

Analysing the Production and Transmission of the Messages

The first domain identified by Thompson’s (1990) tripartite approach, and isolated by Arnold (1998) is the socio-historical analysis of the production and transmission of the message. We note that one gap in the literature on corporate social and environmental reporting and legitimacy is in relation to the production of corporate social and environmental messages. We suggest that socio-historical analyses explicitly theorising the production of corporate messages using a discourse or interpretive method are needed.

Building on Adams (2002), O’Donovan (2002), O’Dwyer (2002), Spence (2007a; 2007b), further investigation of the production of corporate social and environmental reports would help to understand not only the factors and motives evident in the production of reports, but also provide insights into the intended and/or avowedly-intended messages and accounts contained within them. This understanding, we believe, might be achieved by more explicitly theorising the production of such information as organisational communication, corporate rhetoric and public relations, impression management and identity construction (e.g., Albert, Ashforth and Dutton, 2000; Alvesson, Ashcraft and Thomas, 2008; Beniot, 1995; Brown and Humphreys, 2006; Cheney, 1983; 1991; 1992; Cheney and Christensen, 2001; Cheney and Dionisopoulos, 1989; Cheney and Frenette, 1993; Cheney and Vibbert, 1987; Elwood, 1995; Heath, 1992; 1993; 1994; 2000; 2001; Hooghiemstra, 2000; Stanton, Stanton and Pires, 2004; Toth, 2000). And closely coupled to these ideas are those of organisational reputation and reputation management (e.g., Bromley, 1993; 2000; Caruana and Chircop, 2000; Deephouse, 2002; Fombrun and Shanely, 1990; Fombrun and Van Reil, 1997; 2003). Skerlap (2001), however, argues that a great deal of public relations research is not grounded in a theory of discourse and, following Cheney and Christensen (2001), that much organisation communication literature ends at the organisational boundary and is overly organisation-centric – a view we would argue, based on the review above, applies equally to many analyses of corporate communication found in the accounting literature. Some care is needed, then, to follow those (e.g., Cheney, Heath) that emphasise the discursive and rhetorical aspects of organisational communication and public relations and work at the “intersection of public relations, organisational communication, speech communication and rhetoric” (Skerlap, 2001, p. 177).

Several opportunities exist for researchers interested in social and environmental reporting and organisational legitimacy in relation to the socio-historical production of messages. Studies analysing report production could consider the institutions promoting or supporting reporting internationally or in various locales (see Levy, Brown and de Jong (2009) for a critical analysis of the Global Reporting Initiative (GRI)), investigate the advice or other messages they have given over time and track leader-follower behaviours through a focus on intertextuality and/or interviews with those promoters or supporters. Further, interviews focused on why the message/reports was written, what was ‘meant’ or intended by the message, and an analysis of report producers’ reactions to the content of their messages and reports. Published research in this area has sort to investigate mangers or report writers motives and factors associated with the production of the report (for example see Adams, 2002; Campbell, 2000) rather than an investigation of why managers/report writers say what they say, or why they say some things and not others. Studies analysing the construction of the message or messages, such as the choices made when deciding on ‘what is to be said’ and ‘how it is to be said’ could be undertaken focusing on the use of particular
language/image/medium choices, language tools (e.g. metaphors), and style (i.e. layout and the use of images). In a bid to get beyond corporate platitudes and generalities, we advocate seeking out actual report-writers and focusing attention on specific features and examples of text. Opportunities for ethnographic research could also be sought wherein a participant-observer may be able to sit alongside report producers and attend meetings where elements of reporting are discussed and decisions made on orientation and content. Such studies need to recognise the inseparable relationship between text (including images etc) and context and therefore must consider how context (i.e. the reporting context in the form of such things as the GRI Guidelines; and the organisational context such as organisational culture and place/location) affects the production of such corporate messages. We suggest such an understanding of the production of corporate social and environmental reports is an important element in addressing the gap in the literature identified and also achieving a more holistic insight into social and environmental reporting and organisational legitimacy.

**Analysing the Construction of the Messages**
The second domain identified by Thompson (1990) and isolated by Arnold (1998) is the discursive analysis of the construction of the message. From a review of the extant social and environmental reporting literature research into ‘what is said and what is not said’ and in particular ‘how it is said’ is required. Through recognising the productive nature of discourse various objects, concepts and subjects become open to investigation. Previous research undertaken by Laine (2005), Livesey and Kearins (2002), Milne, Tregidga and Walton (2009), Springett (2003), and Tregidga and Milne (2006) has begun to investigate the corporate construction of sustainable development. However, how other concepts such as corporate social responsibility and nature, and individuals or groups such as stakeholder and organisations themselves (e.g., Tregidga, Milne and Kearins, 2009), are represented within the texts are also worthy of investigation. Spence (2007b) too, has gone some way to add insight into the construction of the reporting discourse and its implications. However, more opportunities exist here.

Furthermore, analysis of the discursive construction of relationships between organisations and stakeholders (e.g. organisations and indigenous peoples, organisations and the environment) need to be explored to examine how such relationships are portrayed and enacted within the discourse. Such research may begin with the reporting archive itself, tracing changes over time. It may gain permission to interrogate corporate documentation such as stakeholder surveys or feedback via website engagement seeking out the connections between that information and what ultimately appeared in the reports. Again, it could usefully connect with report producers through interviews. It could involve attendance at organisation-stakeholder meetings as a participant observer comparing the discussion there to the ensuing report content. Analysis of shadow reports and reporting (see Dey, 2007; Ruffing, 2007) and their effect (or not) on reporting messages could also be an approach taken. Further comparisons could be undertaken alongside or beyond the reporting archive with other corporate communications, such as material appearing on corporate websites, publicity and advertising. These are areas where future research could assist in providing insight into the construction of the corporate message and provide clarity surrounding the intended and/or avowedly-unintended messages and accountings contained within the reports.

**Analysing the Reception and Interpretation of the Messages**
The third domain proposed in the study of symbolic constructions by Thompson (1990) is a socio-historical analysis of the reception (or consumption) and appropriation (interpretation)
of the message. This, we note, is another gap in the social and environmental reporting and organisational legitimacy literature.

Understanding the consumption/reception and interpretation of corporate social and environmental messages by internal and external publics is, we believe, critically important to the study of organisational legitimacy. Despite Mathews’ (1984, p. 204, our emphasis) definition or Social Responsibility Accounting as the “voluntary disclosure of information, both qualitative and quantitative, made by organisations to inform or influence a range of audiences”, we know relatively little about how potential or intended audiences are informed or influenced. Work that adds to and extends Chan and Milne (1999), Danastas and Gandenne (2006), Deegan and Rankin (1997), Milne and Chan (1999), Milne and Patten (2002), O’Dwyer, Uneman and Bradley (2005), O’Dwyer, Uneman and Hession (2005), and Tilt (1994), therefore, is also needed. Milne’s (with others) work focuses on decision reactions to environmental disclosures, but is limited to the investment decision reactions of traditional stakeholders and provides few insights into how such messages are interpreted, and what they may ‘mean’ to recipients. Similarly, the surveys of O’Dwyer et al., Danastas and Gadenne, Deegan and Ranking, and Tilt are informative of the information perceptions of a wider range of non-traditional stakeholders, but are limited to general perceptions of report attributes (e.g. usefulness, credibility, relevance, sufficiency) and (potential) reporting regulations (e.g. mandatory audits). As such, they too fail to shed much light on corporate communication, message reception and interpretation.

Exploring the impact of language on users is as yet not investigated; and consequently, we know very little about the consumption or interpretation of such messages. Furthermore, the legitimation potential of such language is also something which has still not been substantively investigated. Who the audiences (both intended and unintended) are (building on the work of Spence (2007a)), how they read the reports, and what they focus on in the reports and why they read such reports are open to analysis. Access to report distribution lists and report readers’ feedback where the latter is collected by the reporters could be sought. Interviews with, and surveys of report audiences – eliciting responses from readers and non-readers – are central to understanding the usefulness of both individual reports and the reporting genre as a whole. It would be interesting to know whether reporting information met or even exceeded readers’ expectations. Participant observations in reporting award decision meetings, if possible, could also add another dimension lacking in the literature.

Recognising the Potential of Discourse in the Analysis of Social and Environmental Reporting and Organisational Legitimacy

A key contribution of discourse and other interpretive methods is the ability to investigate the links between discourse (text, images, social practices etc) and organisational legitimacy. How organisational legitimacy is (or might be) produced throughout the reporting processes (at all stages of Thompson’s tripartite framework) and its context is an issue for critical analysis. It focuses on the politics of discursive struggle, aspects of which may remain hidden in the textual archive. While literature (e.g., Gray, Kouhy and Lavers, 1995; Larringo-Gonzalez and Bebbington, 2001; O’Dwyer, 2003; Owen, Gray and Bebbington, 1997) refers to issues of ‘capture’, ‘appropriation’, and ‘agendas’, it is the more subtle aspects of these notions where we suggest discursive studies can add insight. Owen et al., (1997) assert that capture is a complex idea involving the subtle processes that are far from obvious, and in which language plays a crucial role. We note that how report content, in particular language/image use within reports, produces legitimacy, either intentionally or
otherwise is open to investigation through a discursive or interpretive perspective. Previously, research has sought to argue that more disclosure occurs due to external (and, in fewer cases, internal) pressures and more disclosure is an attempt to produce legitimacy. However, little is said about the nature of these disclosures in terms of the language/image/social practices they use and create (including what is included and excluded and the adaption and translation of social issues), and the effect of this language on audiences. We foresee discursive based studies providing a framework for the development and extension of legitimacy within social and environmental reporting and accounting research. A discursive approach facilitates the investigation and production of truths and power and legitimisation effects they produce.

We identify the fundamental importance of context in the analysis of social and environmental reports and organisational legitimacy and advocate a consideration of context in future analyses. In recognising the effect of context on reports, and also the reverse effect of reports on context, researchers can gain greater insight into corporate social and environmental messages. We suggest that there is a need to understand the role of micro-contextual factors such as auditing, verification, the use of guidelines such as GRI, and reporting awards at the organisational level, and macro-contextual factors, regulations, media and political discourse, in the analysis of the production, construction and consumption of corporate social and environmental messages. As already identified by Milne, Tregidga and Walton (2009) and Tregidga and Milne (2006), there are clear and evident links between text and contexts in the construction of corporate messages on or constructions of sustainable development. These studies begin to explore the links between texts and their context through analysis of language and discourse, however, we suggest that the potential of discourse and interpretive analysis to aid understanding in this area (and in considering images, production of social relations etc) is presently under realised.

References


Thompson, J.B. (1990), Ideology and Modern Culture, Stanford University Press: Stanford, CA.


