

# Bridging the Gap Between Legitimacy and Neutralisation Strategies in Sustainability Reporting

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**Abstract:** Amid global sustainability challenges, such as climate change, companies operating in different industries face increasing demands for accountability and transparency. To meet these demands, sustainability reporting (SR) has become a mainstream business practice in communicating companies' positive and negative sustainability impacts. This short paper aims to increase our understanding of how companies may release negative information while seeking to maintain their legitimacy. For this purpose, the paper bridges the gap between legitimacy strategies, impression management and neutralisation techniques by reviewing their associated literature. The nature of neutralisation techniques and how organisations use them in the SR context is underexplored by scholars. Finally, the paper presents prospective discussions of an ongoing study that examines negative sustainability disclosure in the tourism transportation context, namely the airlines.

**Keywords:** Sustainability, Legitimation Strategies, Impression Management, Neutralisation Techniques, Tourism Transportation

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## 1. Introduction

The international literature has highlighted the growing demand for accountability and transparency in corporate environmental responsibility issues (Fusco and Ricci, 2019), such as climate change. As stakeholders rarely witness companies' engagement in such issues directly, they must rely on information in corporate sustainability reporting (SR). The users of this information include shareholders who wish to evaluate companies' ability to transition to a lower carbon economy and activists and NGOs who use the information to pressure polluters to change their behaviour (Herbohn, Clarkson and Wallis, 2022). The credibility of this information is largely associated with external reporting standards, notably the GRI (KPMG, 2013), the most widely used SR standard (KPMG, 2020). However, prior literature has criticised such reporting as allowing for cherry-picking positive information (Ringham and Miles, 2018) while concealing negative (Talbot and Boiral, 2018; Talbot and Barbat, 2020). Another concern in this regard is how companies may strategically rationalise their negative disclosure or its omission to protect their *legitimacy*, that is, the conformation with social expectations (Palazzo and Scherer, 2006). However, the research on negative disclosure regarding these issues is underexplored (Einwiller and Carroll, 2020). Hence, this work-in-progress paper seeks to build a bridge between legitimacy strategies, impression management and neutralisation techniques, which may help future research advance our understanding of how companies address negative disclosure. The paper briefly reviews the associated literature and then presents prospective discussions of an ongoing study that examines negative disclosure in the tourism transportation context, namely the airlines.

## 2. Literature Review

In sociology, companies' discretion to release information about sustainability performance is often explained by the overlapping legitimacy theory, stakeholder theory, and institutional theory, which all essentially postulate that companies seek legitimacy for their operations, without which their existence can be undermined (Chen and Roberts, 2010). Ashforth and Gibbs (1990) recognise two general approaches to achieving legitimacy: 1) substantive and 2) symbolic management. The substantive approach entails activities that create real material change in the organisational goals and processes or socially institutionalised practices. It occurs, e.g., by meeting the performance expectations of those stakeholders upon which the firm depends for critical resources and increasing the quality and quantity of disclosure due to stakeholder demand (Herbohn, Clarkson and Wallis, 2022). Symbolic management focuses on the representations by which firms present their actions to others (Sandberg and Holmlund, 2015). Although symbolic management is often necessary to inform stakeholders about the organisation's substantive management efforts, firms may prefer to employ symbolic assurances only to preserve their flexibility and resources (Ashforth and Gibbs, 1990). In this situation, symbols can be employed to obfuscate or even change the meanings of the firm's substantive activities (Bansal and Kistruck, 2006). When such tactics are used routinely to shape the impressions that others hold of them, the practice can be called impression management (Sandberg and Holmlund, 2015).

Although prior literature has identified many impression management tactics in the organisational context, Hooghiemstra (2000) broadly distinguishes them into acquisitive and protective strategies, where acquisitive strategies are associated with positive acclaiming, mainly used in conjunction with successful or desired outcomes, and protective strategies are reactive and associated with negative disclosure whose employment involves various ‘excuses’ and ‘justifications’. Employing the latter can be associated with neutralisation theory.

Neutralisation theory (Sykes and Matza, 1957) seeks to explain why individuals who believe in the prevailing societal norms deviate from them with little or no remorse. Accordingly, such individuals view the norms as ‘qualified guides’ rather than ‘categorical imperatives’ and learn to use various neutralisation techniques to avoid violating them. While the literature on these techniques has traditionally been restricted to individuals, a growing body of research has applied this approach to organisations, including sustainability issues (Boiral, 2016). However, the research in the SR context is limited to a few studies in mining (Boiral, 2016; Talbot and Barbat, 2020) and energy sectors (Talbot and Boiral, 2018), summarised in Table 1.

**Table 1 Neutralisation techniques identified in past studies**

Neutralisation Technique	Description	Source
Distancing from the reported impacts	Corporate actor places the negative impacts in a broader context, notably of time and space, or focuses on the uncertainties surrounding the impacts or the legality of corporate operations.	(Boiral, 2016)
Dilution of responsibilities	Corporate actor suggests the responsibilities for the impacts are beyond their control as the sum of actions by various actors and circumstances causes them.	(Boiral, 2016)
Claim of net positive value	Corporate actor claims that the environmental harm will be corrected or balanced. Overlooking the negative impact allows the actor to emphasise its environmental responsiveness or neutral impact. The technique is generally associated with offsetting practices.	(Boiral, 2016)
Denial of significant impacts	Corporate actor relativises and minimises the company’s environmental issues.	(Boiral, 2016) (Talbot and Barbat, 2020)
Minimising the impact of non-measured emissions	Corporate actor minimises the importance of unmeasured emissions either by emphasising the importance of other sources of emissions and the insignificance of the unmeasured elements and/or affirming that this practice is widespread in the industry.	(Talbot and Boiral, 2018)
Excuses and future commitments	Corporate actor apologises for the non-disclosure of certain information and promises significant improvements to the measuring system in the coming years.	(Talbot and Boiral, 2018)

While the use of neutralisation techniques seems consistent in the above literature, providing insights into the rhetorical strategies companies use to rationalise, justify or limit negative disclosure, such studies can also be seen as critical of business. However, critical studies can have an optimistic agenda when exposing companies’ problems with SR. As Ashforth and Gibbs (1990) highlight, businesses attempting to increase legitimacy through symbolic means may find themselves in vicious circles where stakeholders become sceptical about companies’ actions, which may motivate companies for subsequent symbolic practices, ultimately decreasing their legitimacy. From a critical perspective, exposing neutralisation techniques is essential because continuous justifications for and limiting negative disclosure will likely perpetuate various sustainability issues. One such issue is climate change, in the context of which Talbot and Boiral (2018) highlighted the need to analyse the quality of emissions disclosure from different sources.

### 3. Discussion and Final Ideas

In light of the above review, the nature of neutralisation techniques and how carbon-intensive industries report their emissions provides a societally important yet underexplored research avenue. Considering the industry’s significant environmental impacts, airlines’ SR has received surprisingly little attention from critical researchers. Accordingly, the ongoing study aims to assess the extent and quality of the emission disclosure in airlines’ FY19 reports to increase our understanding of how an environmentally unsustainable industry discloses negative information. The sample of disclosures is delimited to reports following the GRI Standards, as they are often regarded as the highest disclosure standards. However, companies claiming to adhere to the GRI may not necessarily do so. Hence, the study adopts a counter-accounting approach, which in the area of SR can be

understood as the process of combining corporations' accounts with external accounts "in view of verifying, complementing or countering organizations' official reports on their performance and achievements" (Boiral, 2013, p. 1037). In this research, the procedure is realised by comparing airlines' emission disclosure with the GRI Standards. The research also realises that the released information can be misleading, even without being incorrect, based on the assumption that companies can use neutralisation techniques to place their actions in a different perspective in the minds of stakeholders. To examine this assumption, the analysis draws upon thematic analysis to identify patterns of more explicitly stated justifications for negative disclosure, combined with critical discourse analytical methods to analyse more latent meanings.

The preliminary research has provided evidence that non-disclosure and non-compliance with the GRI Standards exist in airlines' emission disclosure, raising questions about the potential symbolic use of the GRI and the credibility of such reporting. The final results are expected to shed light on the extent and nature of the non-compliance. Analysing and categorising neutralisation techniques and their possible intentions will also be the focus of further research. Although the results will be limited to the sample provided, they are expected to serve wider implications. As societal concerns over various sustainability issues are growing, the demand for more meaningful SR is also likely to increase, and the integrative view of legitimacy strategies, impression management, and neutralisation techniques may guide others to look for defects in SR in other industries.

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