Managing social and environmental accountability: an impression management perspective

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Abstract

Purpose – Corporate social behavior has become an important feature of business society. Organizations face the challenge to meet stakeholders' expectations, but also to report information on social and environmental issues. Drawing on accounting literature this study proposes a conceptual framework linking organizational impression management and social accountability.

Theoretical framework – This study is supported by literature on organizational legitimacy, impression management, and corporate social reporting to propose a theoretical framework to help understanding how organizations manage corporate social accountability in a context of institutional complexity.

Design/methodology/approach –This theoretical essay is drawn on recent accounting literature.

Findings – Corporate social reporting seems more reflective of impression management rather than of the release of functional accountability. Such practices appear to be motived by the quest of social legitimacy and the improvement of organizational image and the desire to obfuscate a negative performance.

Research, Practical & Social implications – These findings are of societal and ethical concern as impression management behavior may undermine the transparency of social and environmental reporting.

Originality/value – The conceptual framework proposed is useful for future studies aiming at understanding how organizations use impression management on their corporate social reporting in the accountability process. In this vein, we bridge the gap between organizational legitimacy, impression management, and social accountability.

Keywords – Accountability; Corporate Reporting; Corporate Social Responsibility; Impression Management; Legitimacy

1. Introduction

Relevant research in the field of Impression Management (IM) in a corporate reporting context highlights the importance that this instrument often has in organizational image, reputation and legitimacy. It is recognized that IM behaviors are part of the process of social influence (Tedeschi & Melburg, 1984). The concept of IM concerns how individuals present themselves to others in order to be perceived favorably and has been used to explain organizational behavior (Hooghiemstra, 2010). Thus, in the context of organizational communication, IM is considered an attempt to control and manipulate the impressions of relevant audiences (Stanton, Stanton, & Pires, 2004).

The literature suggests that an organization can be perceived as legitimate, because it acts in accordance with social expectations or because it successfully manipulates public expectations and perceptions about the organization (Deephouse, Bundy, Tost, & Suchman, 2017; Elsbach, 1994; Meyer & Rowan, 1991; Suchman, 1995). Organizations use IM to maintain an appearance of compliance with social values and expectations. Like most cultural processes, the management of legitimacy relies heavily on communication − in this case, communication between the organization and its multiples stakeholders (Elsbach, 1994). IM has been adopted and applied to explain the response of organizations dealing with the challenges to legitimacy (e.g., Hooghiemstra, 2000). But theorists argued that "legitimacy is a continually unfolding process in which different scenarios can be identified at different points in time" (Deephouse et al., 2017, p.4). Throughout the process, organizations can develop various strategies to ensure that their behavior is perceived as legitimate. It is recognized that IM strategies are intentionally and conscientiously exercised and have the potential to impair the quality of reporting (Merkl-Davies & Brennan, 2007).

Social situations requiring accountability from an actor foster IM (Merkl-Davies & Brennan, 2011; Roussy & Rodrigue 2018). The literature demonstrates that IM commonly occurs in corporate social reporting (Boiral, 2016; Cho, Laine, Roberts, & Rodrigue, 2018; Sandberg & Holmlund, 2015). Flexibility in reporting provide an opportunity to select specific pieces of information in order to present a favorable picture of organizations and to reinforce their legitimacy with society (Cho et al., 2018). By engaging in the presentation of information by means of bias and selectivity, organizations compromise transparency about their social and environmental impacts and perpetuates a myth of accountability (Cho et al., 2018; Solomon, Solomon, Joseph, & Norton, 2013). This study aims to develop a conceptual framework linking IM, social and environmental accountability, and organizational legitimacy. The proposition underlying this study and the proposed theoretical framework is the following: Corporate social reporting is more reflective of impression management rather than of the release of functional accountability. The conceptual framework is expected to be useful in future research, helping researchers to expose how organizations manage their legitimacy, with a focus on social and environmental accountability, using IM tactics in a context of institutional complexity.

The paper proceeds as follows. First, we review the wider literature on legitimacy and impression management in an accountability context. We also draw upon the relevant literature on social and environmental reporting, that has contributed with empirical evidence of these reporting as tool to manage impressions. Then, from this review we present a consolidated

accountability framework by linking reporting practice to an opportunistic behavior on the part of organizations. The paper ends with a discussion and suggestions for future research.

2. Impression Management in organizations

2.1. Impression Management – a tool for organizational legitimacy

The concept of IM has its root in the literature on social psychology (Schlenker, 1980) and more recently in sociology (Tedeschi & Melburg, 1984). IM involves shaping the impression of an audience on a person, an object, an event, or an idea (Schlenker, 1980). Schlenker (1980, p. 6) defined IM as the "attempt to control images that are projected in real or imagined social interactions". Using a dramaturgical metaphor, Goffman (1959) explains IM as the performance of the self in relation to an audience.[1] The author demonstrated how the process of interaction between an actor and an audience permits the actor to communicate the desired identity to obtain specific outcomes in social interactions.

IM theorists have focused on how individuals manage their personal legitimacy, taking on roles, revealing social affiliations, and providing verbal explanations of their behavior following events that threaten their image (Elsbach, 1994; Leary & Kowalski, 1990). More recently, theorists have proposed that organization use the same strategies to manage organizational legitimacy (Boiral 2016; Cho, 2009; Cho et al., 2018; Diouf & Boiral, 2017; Elsbach, 1994; Ogden & Clarke 2005). Thus, although the concept originates in social psychology, it has been used more recently to explain organizational behavior (Aerts, 2005; Baraibar-Diez & Sotorrío, 2018; Bozzolon, Cho & Michelon, 2015; Hooghiemstra, 2010; Lee, Peterson, & Tiedens, 2004).

Leary and Kowalski (1990) describe IM as the process by which individuals seek to control the impressions others form of them. Organizations will be motivated to participate in IM if they believe that the organization's current image is incompatible with the image they desire to convey and to ensure that it matches the values and expectations of relevant audiences. In the context of corporate reporting, incidents involving organizational failures or constraints, such as negative environmental impacts or customer service issues, lead to a discrepancy between the desired image and the existing image and should therefore lead to an increase of IM behavior (Merkl-Davies & Brennan, 2007). Gioia, Hamilton and Patvardhan (2014, p. 129) defend the idea that "image is everything": image has become so important in the organizational domain that it has subtly dominated and transformed not only contemporary discourse but also substantive issues.

Organizations are subject to ongoing stakeholder demands. Organizations can passively conform to these pressures or actively shape them through IM (Bansal & Kistruck, 2006; Oliver, 1991). IM arises in situations where the norms and values of organizations are inconsistent with those of society (Deegan & Rankin, 1996; Mobus, 2005; Neu, Warsame, & Pedwell, 1998). Research on this subject illustrates how organizational actors produce images based on their understanding of public needs, beliefs and knowledge in order to achieve organizational goals (Bansal & Kistruck, 2006). Ginzel, Kramer and Sutton (2004) describe IM as an interactive process in which the organizational image is negotiated between the organization and the public. The way the audiences react to organization's IM strategies can lead to further IM attempts, resulting in an action / reaction cycle (Bansal & Kistruck, 2006; Ginzel et al., 2004; Roussy & Rodrigue, 2018).

The IM perspective has been adopted to explain the accounting practices observed across a full range of formats (e.g., narratives, graphics and images) (Beattie, Dhanani, & Jones, 2008). Using the dramaturgical metaphor of Goffman (1959), Neu et al. (1998, p.269) argue that narrative disclosures in corporate reports allow organizations to stage and control the "play" they want their audiences to see, to choose the "characters", to select the "script" and to decide which events will be highlighted and those that will be omitted. In the context of corporate communication, IM occurs when organizations select the information to be disclosed and presented in a way that distorts readers' perceptions of corporate performance (Brennan, Guillamón-Saorín, & Pierce, 2009; Neu et al., 1998). A possible result of this behavior is that the message transmitted is not neutral or bias free (Beattie et al., 2008; Merkl-Davies & Brennan, 2007).

In ambiguous situations, an organization may have more flexibility in its IM strategies (Bansal & Kistruck, 2006; DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Scott, 1995). Research has demonstrated how IM is a central part of the legitimization process (Arndt & Bigelow, 2000; Ashforth & Gibbs, 1990; Elsbach, 1994; Elsbach & Sutton, 1992; Erkama & Vaara, 2010). According to this perspective, the management of legitimacy often involves strategies aimed at presenting specific issues in order to promote interests and protect the power position of specific actors (Elsbach, 1994; Elsbach & Sutton, 1992; Erkama & Vaara, 2010; Oliver, 1991).

The theoretical and empirical investigations indicate that the association between organizational actions and the words used to represent them is often ambiguous (Elsbach, 1994, Neu et al., 1998; Solomon et al., 2013). By mediating this relationship, corporate reports provide organizations with a way to ensure organizational legitimacy, without necessarily

changing their practices (Neu et al., 1998). Organizations opportunistically exploit information asymmetries between them and stakeholders through biases in reporting (Brennan & Conroy, 2013).

Accountability and IM share common roots in symbolic interactionism (Hall, Frink & Buckley, 2017). Corporate accountability generally refers to the “explanations or justifications of performance and actions to stakeholders to whom organizations are deemed to be accountable” (Boiral, 2016, p. 752). Organizations can respond to potential legitimacy threats by discharging accountability in narrative sections of corporate reports (Conway, O'Keefe, & Hrasky, 2015). But actors are embedded in “webs of accountabilities” (Hall et al., 2017, p.210). Corporate scandals have been linked to failures in accountability. Effective accountability requires transparency through honest reporting (Conway et al., 2015).

IM may imply reinforcing the organization’s socially desirable aspects or obfuscating less desirable aspects and thus attempting to manipulate the perceptions of organizational audiences (Brennan & Merkl-Davies, 2013). However, communicating even if it is about weak performance, permit an organization to apologize, justify or to blame others for its actions, thereby helping to maintain organizational legitimacy (Bansal & Kistruck, 2006). This means that organizations deliberately engage in IM and use the various organizational communication channels, such as annual reports or sustainability reports, to strategically manipulate perceptions and hence stakeholder decisions (Guillamón-Saorín & Osma, 2010; Yuthas, Rogers, & Dillard, 2002).

In the accounting literature, IM has been applied to explain the response of organizations dealing with the challenges of legitimacy. IM is used to gain, maintain, or repair organizational legitimacy by influencing organizational audiences’ perceptions on organizational performance or events so that they are perceived as congruent with corporate beliefs, values, and norms (Arndt & Bigelow, 2000; Beelitz & Merkl-Davies, 2012; Brennan & Merkl-Davies, 2013; Breton & Coté, 2006; Craig & Amernic, 2008; Elsbach, 1994; Gendron & Breton, 2013; Hooghiemstra, 2000; Linsley & Kajüter, 2008; Merkl-Davies & Koller, 2012; Ogden & Clarke, 2005). IM therefore implies creating an impression on the normative adequacy of organizational structures, processes, practices or results (Brennan & Merkl-Davies, 2013).

In addition, in times of crisis or organizational change, IM also enables organizations to manage their image and reputation (Beelitz & Merkl-Davies, 2012; McDonnell & King, 2013; Samkin & Schneider, 2010). In this context, Craig and Brennan (2012) recognized that organizations try to shape a new image of how they would like the organization to be perceived by the public − that is, what Abrahamsson, Englund and Gerdin (2011, p. 350) refer to as the

"desired future image". On the other hand, organizational reputation depends to a large extent on the daily impressions that audiences have of organizations − the projected image − through the symbolism, communication, and behavior of organizations (Craig & Brennan, 2012; Hrasky & Smith, 2008). A favorable reputation acts as a sedative on the constituents (Ashforth & Gibbs, 1990). Accordingly, Craig and Brennan (2012) point out that the organizations' annual reports are used not only for accountability but also to create organizational reputation, image and credibility.

Deephouse and Carter (2005) argue that organizational legitimacy and reputation have antecedents, social construction processes and similar consequences. They indicate, however, that legitimacy highlights social acceptance resulting from adherence to social norms and expectations, while reputation involves comparisons between organizations. To some extent, while reputation and image are related to the assessment of organizations, legitimacy is related to their acceptability in social norms and rules (Brennan & Merkl-Davies, 2013; Deephouse & Suchman, 2008). From this perspective, Doh, Howton, Howton and Siegel (2010) suggest that legitimacy is a necessary but not always sufficient condition to achieve a positive reputation; that is, legitimacy can be seen as a precursor or antecedent of reputation.

In general, the success of an IM strategy depends on an organization's ability to impose its views on stakeholders or on society in general (Scherer, Palazzo, & Seidl, 2013). Previous research has suggested that IM strategies are most effective when they emphasize organizational activity compliance with widely shared normative prescriptions (e.g., Elsbach, 1994; Erkama & Vaara, 2010; Westphal & Graebner, 2010; Zott & Huy, 2007). Credibility is an important factor in any IM process and has a significant impact on its effectiveness (Aerts & Cormier, 2009; Leary & Kowalski, 1990). In this context, credibility plays a key role for organizations that pursue legitimacy (Blanco, Guillamón-Saorín, & Guiral, 2013). This issue is particularly important for organizations operating in environmentally sensitive sectors (Blanco et al., 2013).

IM enables organizations to better managing their relationships with stakeholders (Bansal & Kistruck, 2006). In a study of CEO compensations, Zajac and Westphal (1995) found evidence that IM efforts had a positive influence on stakeholders. In turn, Bansal and Clelland (2004) found that IM reduced the market risk associated with a low environmental legitimacy. By providing stakeholders with a sense of trust in the organization as a whole, although they may question some of their specific practices, IM can deflect organizations from public scrutiny. However, organizations may face conflicting pressures from several stakeholders on whom they depend for resources and legitimacy (Raaijmakers, Vermeulen, Meeus, & Zietsma,

2015). The choice between different IM strategies is a challenge for organizations facing multiple stakeholders with different interests, since strategies designed to influence a particular group of stakeholders may have a distinct effect on another group (Bansal & Kistruck, 2006; Ginzel et al., 2004; Lamin & Zaheer, 2012). In this regard, Bansal and Kistruck (2006) note that organizations should be cautious in using IM strategies, especially in a context of skepticism on the part of stakeholders, arguing that IM can erode rather than build legitimacy.

2.2 Corporate Social Disclosure - an Impression Management strategy

IM strategies are used in shareholder meetings, press releases, annual reports, sustainability reports, memoranda and other corporate documents, as well as interviews and websites (Bansal & Kistruck, 2006; Elsbach, 1994; Ginzel et al., 2004; Zajac & Westphal, 1995). One of the main means available to perform this task is the use of accounts (Scott & Lyman, 1968). The language by which individuals or organizations justify their behavior when challenged by another social actor is an account (Gray, 2010). Accounts can be defined as verbal strategies that provide explanations for problematic organizational behaviors (Ginzel et al., 2004). In other words, verbal accounts are intended to influence perceptions of an organization's responsibility for a particular activity or event, or its valence (whether positive or negative) (Elsbach, 2003; Schlenker, 1980). The use of accounts allows avoiding the stigma of an accusation against behaviors considered socially unacceptable (Gray, 2010).

In the past decade, the importance attached to sustainable development issues has moved into the mainstream of public awareness (Cho et al., 2018; Diouf & Boiral, 2017; Pérez-Batres, Doh, Miller, & Pisani, 2012). The concept of sustainable development is currently embodied in the commitments of most major organizations around the world (Golob & Bartlett, 2007). Increasingly, stakeholders require organizations to demonstrate their commitment to different aspects of sustainability, such as corporate social responsibility (Robinson, Kleffner, & Bertels, 2011). In the last decade, the conception of corporate responsibility has been approaching the broader concept of sustainable development (Capriotti & Moreno, 2007). Sustainability is considered a broad "umbrella" that encompasses different aspects, with corporate social responsibility being one key element (Robinson et al., 2011, p.504).

Many of the large corporations observed this change in public awareness and, instigated by the pressure and interest of stakeholders, took action (Pérez-Batres et al., 2012). Perez-Batres, Miller and Pisani (2010) note that organizations need to meet the sustainability demands of a global society, with most of them engaging in some kind of sustainability activity as a way

to strengthen their reputation and protect their "social license to operate" (Robinson et al., 2011, p. 493).

Organizations nowadays assume an increasing body of social responsibilities, including a growing number of activities previously considered activities of the political system (Palazzo & Scherer, 2006). Previous research suggests that the dynamics that affect perceptions about social responsibility are significantly influenced by cultural and sociopolitical factors that operate in society (e.g., Belal & Roberts, 2010). The expectations of the public about organizations are not static; on the contrary, corporate social responsibility is an evolving concept (Lee & Carroll, 2011).

Philanthropy is a strategic tool designed to respond to external pressures imposed by the government and the public by mitigating the adverse effects of other social activities (Gan, 2006). In this way, organizations can use business philanthropy as a strategic tool to cleaning up negative representations of their social responsibility (Werbal & Wortman, 2000). To that end, the greater the need for political influence over a government or the public, the more organizations tend to donate to charity (Gan, 2006). Donations can be seen as public relations gestures to help to cultivate a positive, socially responsible image in the eyes of the public (Gan, 2006). Love and Kraatz (2009, p. 321) suggest that stakeholders will be less quick to judge negatively organizations involved in a potentially negative strategic decision (e.g., a downsizing strategy) when they have a record of "good behavior". Corporate philanthropy helps mitigate or compensate for a corporate image of irresponsibility by creating "good news" that highlights positive corporate actions (Bansal & Clelland, 2004, p. 96) and generates a more favorable image (Jia & Zhang, 2015). Accordingly, philanthropy is a way of cultivating a relationship between organizations and their stakeholders (Jia & Zhang, 2015).

Godfrey (2005, p. 788) argues that corporate philanthropy − a corporate social responsibility aspect − is a "positive moral capital" that acts "as character evidence on behalf of the firm" when it is caught performing undesirable activities. Organizations strategically use corporate philanthropy and their foundations to project an image of a socially responsible company (Werbel & Wortman, 2000). Carroll (2011, p. 429) adds that the same logic must apply to other aspects of corporate social responsibility, inasmuch as most of them can also act as "character evidence".

Gan (2006) suggests that all organizations derive benefits from intangible strategic assets, such as the reputational capital that corporate donations provide. Social initiatives can help an organization to build "reputational capital" which improves the capacity to raise funds, financial performance and creates competitive advantages (Peloza, 2006, p.62). Gan (2006)

considers that donations are especially crucial for organizations with high visibility. Greater visibility motivates organizations to carry out more socially responsible activities because the most visible organizations are under more scrutiny of stakeholders and society to be better corporate citizens (Chiu & Sharfman, 2011). In today's business environment, intangible assets, such as reputation, are increasingly important in determining the market value of an organization (Robinson et al., 2011).

The strategic perspective on corporate social responsibility underscores that organizations seek to make stakeholders aware of improvements in their social performance, because there are perceived benefits associated with being considered socially responsible (Bansal & Clelland, 2004; Cho et al., 2018; Doh et al., 2010). Pressures on organizations to demonstrate they behave as good corporate citizens have contributed to the development of a whole business around reporting and analyzing organizations' sustainability activities (Robinson et al., 2011). The Global Reporting Initiative provides guidelines for corporate social reporting and is generally considered the most reliable and accepted reporting framework (Cho, Guidry, Hageman, & Patten, 2012; Boiral, 2017; Gray, 2010). The use of standards such as the Global Reporting Initiative should contribute to preventing IM strategies by standardizing the external request of the reports. However, while external standards have the effect of "disciplining" the behavior of companies, they can also be used as tools to manage impressions (Diouf & Boiral, 2017, p.648). In this vein, the literature suggests that sustainability reports are often interpreted as tools for social legitimation and IM strategies (Cho et al., 2018; Diouf & Boiral, 2017; Talbot & Boiral, 2018).

From the point of view of organizations, corporate social responsibility has become increasingly important, since it is considered an activity of legitimizing the organization in the eyes of society (Capriotti & Moreno, 2007; Du & Vieira, 2012; Hooghiemstra, 2000; Neu et al., 1998). Stakeholders' concerns about organizations' social and environmental performance have been the subject of IM practices (Bansal & Kistruck, 2006; Hooghiemstra, 2000; Neu et al., 1998; Rodrigue et al., 2013). Corporate social reporting as a strategy of IM can contribute to improving the reputation of organizations (Hooghiemstra, 2000). However, the strategic nature of voluntary social and environmental disclosures is also consistent with the view that these disclosures are an useful device to reduce the effects on organizations of events perceived as unfavorable to the organizational image (Cho, 2009; Tilling & Tilt, 2010).

Corporate social disclosures help to manage the organization's relationship with relevant audiences, shaping external perceptions and thus influencing the public's image of the organization and its activities (Neu et al., 1998). For example, the expression of commitment

to the environment creates a positive impression on stakeholders (Bansal & Kistruck 2006; Boiral, 2016; O'Donovan, 2002; Wilmhurst & Frost, 2000), and is an effective way of managing perceptions of legitimacy (Bansal & Clelland, 2004). Freedman and Stagliano (2008, p. 478) suggest that an organization belonging to an environmentally sensitive sector that ignores the public's demand for a certain level of environmental management runs the risk of being labeled a "bad corporate citizen". Such labeling may have negative economic consequences. However, through the disclosure of environmental information that meets the expectations of society, the organization can be perceived as legitimate and thus avoid some negative consequences, even if it has poor environmental performance (Freblman & Stagliano, 2008). In this regard, Hopwood (2009, p.437) underlines that social and environmental reporting can be used "as a corporate veil, simultaneously providing a new face to the outside world while protecting the inner workings of the organization from external view". Thus, environmental disclosures are used to manage stakeholder impressions on environmental performance (Boiral, 2016; Cho & Patten, 2007; Neu et al., 1998, Patten, 2002; Rodrigue et al., 2013).

It is known that the volume of social and environmental disclosure of organizations in their various formats has increased rapidly during the last two decades (Brown & Deegan, 1998; Deegan & Gordon, 1996; Diouf & Boiral, 2017; Farneti & Guthrie, 2009). These largely voluntary disclosures have become a widespread phenomenon in the business world and are an example of organizational communication in which language and symbolism are used (Mäkelä & Laine, 2011). For example, in a longitudinal study of Marks and Spencer's annual reports, Campbell (2000) examined how the organization uses corporate social disclosures to manipulate stakeholder perception. The results presented support the argument that corporate social disclosures are used as a means of constructing reality. In addition, others studies suggest that organizations use rhetorical devices regarding social and environmental issues to persue greater corporate legitimacy (e.g., Mäkelä & Laine, 2011; Milne, Tregidga, & Walton, 2009).

Stakeholders pay increased attention to organizations' social responsibility practices (Diouf & Boiral, 2017). Although some of the attributes of corporate social responsibility are easily observable, sometimes it becomes difficult for stakeholders to assess whether an organization is or is not socially responsible (Doh et al., 2010). Many organizations simultaneously engage in socially responsible and irresponsible behavior (Strike, Gao, & Bansal, 2006), making net assessment of corporate social responsibility particularly difficult (Doh et al., 2010). In this context, the role of information asymmetry between organizations and stakeholders on the performance of corporate sustainability can be critical (Lourenço, Callen, Branco, & Curto, 2014).

One mechanism by which stakeholders are able to assess the corporate social performance is via the guidelines of third-party organizations promoting sustainable development and corporate citizenship rankings and evaluations conducted by magazines and financial institutions (Doh et al., 2010). These rankings include, for example, the “Most Admired Companies” ranking (which includes a social responsibility dimension), the “Best Companies to Work for”, the “Most Ethical Companies”, and also the various sustainability indexes that provide guidance to stakeholders regarding the social performance of organizations (Doh et al., 2010; Lourenço et al., 2014).

If stakeholders have difficulty distinguishing between good and bad social performers due to evaluative uncertainty (Rao, 1994; Scott, 1995), the endorsement of a recognized social index may contribute with new information on social performance (Doh et al., 2010). The third-party assessment organizations are institutional mediators who provide a normative benchmark for organizations seeking to achieve a positive reputation (Doh et al., 2010; Rao, 1994; Rindova, Williamson, Petkova, & Sever, 2005; Robinson et al., 2011). The inclusion on a social index can provide external support to the organization's legitimacy in the field of corporate social responsibility (Doh et al., 2010). Because these entities have many resources and often have access to better information, their opinions influence stakeholder perceptions of organizations' social responsibility (Cho et al., 2012). Institutional mediators provide a normative benchmark for organizations seeking to achieve a positive reputation, as well as guidance to stakeholders about organizations practices (Doh et al., 2010). Inclusion in a social index can provide external support to the organization's legitimacy in the field of corporate social responsibility (Doh et al., 2010).

Within the social and environmental domain, the Dow Jones Sustainability Index is considered one of the most visible proclaimed indicators of excellence in corporate sustainability (Cho et al., 2012; see also Fowler & Hope, 2007). For organizations that have made the strategic decision to invest in sustainability, credibly signaling this commitment can be challenging (Robinson et al., 2011). The association with a recognized best-in-class index is intended to reflect the leadership in terms of corporate sustainability (Cho et al., 2012; Fowler & Hope, 2007; Lourenço et al., 2014). However, the Dow Jones Sustainability Index has been criticized for its overweighting of financial performance in relation to the organization’s social or environmental attributes (Fowler & Hope, 2007). In addition, the high reliance on internal and external communication documents provided by organizations suggests that membership in the Dow Jones Sustainability Index may be influenced more by what organizations say (what they disclose) than what they do (their performance) (Cho et al., 2012).

Stakeholders are concerned whether an organization is a good corporate citizen and is behaving according to the expectations of society (Lamin & Zaheer, 2012). Cho and Hong (2008) have found evidence that the public tends to be cynical about corporate social responsibility activities following a crisis. The authors also noted that the more famous an organization is, the more likely there were cynical comments about its social responsibility activities. The public tends to disregard acts of social responsibility that appear to be motivated by profit, and suspect of organizational actions that appear to use some stakeholders (e.g., employees or customers) as a way to benefit shareholders, rather than treating them as an end in themselves (Lamin & Zaheer, 2012).

3. Proposal of a theoretical framework

We live in a world of perceptions, and organizations need to manage the perceptions of the different stakeholders in order to maintain/gain legitimacy. In addition, the society is becoming more aware of the relevance of social and environmental issues. This demand from the institutional environment for organizations to be accountable for their social and environmental actions may lead organizations to adopt IM tactics to manage perceptions and provide accounts demonstrating that they are good corporate citizens, as represented in Figure 1.

Corporate social reporting has become in the last decades an important research field. Although organizations have increased their corporate social reporting, the quality and reliability of those reports have been questioned. Instead of increasing corporate accountability, it can be argued that these disclosures are selective and biased (Cho et al., 2018). The framework proposed, and illustrated by Figure 1, highlights the need for researchers to consider in their analysis the extent to which corporate social and environmental reporting may be more reflective of IM rather than of the discharge of functional accountability, working as a response to address legitimacy challenges.

[insert Figure 1 here]

4. Conclusion

IM has been identified as occurring in any situation where an organization attempt to influence the attitudes, opinions, and behavior of organizational audiences. From this perspective, corporate reporting on social and environmental issues might represent a tool aimed at controlling and manipulating stakeholders' perceptions. Organizations use IM to

maintain an appearance of compliance with social values and expectations. Like most cultural processes, the management of legitimacy relies heavily on communication − in this case, communication between an organization and its multiples stakeholders (Elsbach, 1994). IM has been adopted and applied to explain the response of organizations dealing with the challenges to legitimacy (Deephouse et al., 2017). In situations featuring complexity, where organizations are confronted with incompatible demands from stakeholders, they may be uncertain on how to respond (Raaijmakers et al., 2015).

Social situations requiring accountability from an organization foster IM through the rendering of an account to an audience by the organization and the deliverance of a verdict from the audience following the account (Roussy & Rodrigue, 2018). Organizations can take various strategies to ensure that their behavior is perceived as legitimate. It is recognized that IM strategies may result in a biased reporting. By reducing exposure to social and political pressures, corporate social reporting is an instrument of legitimation (Cho et al., 2012).

Research have discussed the role of social and environmental reporting in giving incremental information to stakeholders (Sandberg & Holmlund, 2015). Nonetheless, the quality and reliability of social and environmental reports have been largely questioned in the literature. Critics argue that these disclosures tend to be selective and biased and, thus, do not enhance corporate accountability (Cho et al., 2018). It seems that social and environmental reporting may be more reflective of IM rather than of the discharge of functional accountability suggesting a response to the legitimacy challenge (Conway et al., 2015). In this vein, IM can be “the tool which perpetuates a myth of accountability” (Solomon et al., 2013, p.196).

Accountability is still in the nascent stage as a scholarly research domain and much is unknown about this construct (Hall et al., 2017). To help with this, we developed a framework drawn from the relevant literature that sets out accountability reporting on social and environmental issues, organizational legitimacy and IM behavior. This paper, therefore, brings together a wide range of constructs into a single framework. By this way, we contribute to the accountability literature by highlighting the relevance of IM in compromising the quality of corporate social reporting which can result in capital misallocation. We acknowledge that this work is of societal and ethical concern as the voluntary social reporting allows organizations to project a discourse imbued by significant bias. Employing the framework developed in this research may enable further insights on whether IM behavior in accountability reporting is reflective of company or sector specific circumstances within either public or private sectors. Recently, scholars have begun to acknowledge that organizations are “embedded in a web of conflicting interests” (Raaijmakers et al., 2015, p.85), a valuable avenue of future research is to

explore how actors resolve complexity in the accountability process using the framework proposed.

Notes

[1] Erving Goffman (1959), who used the analogy between life and a theater to demonstrate that individuals are actors who try to manage the impressions of an audience, developed the sociological concept of IM.

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Figure 1. Framework on managing corporate social and environmental accountability