Communicating CSR for legitimacy:
A comparison between service and product companies

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Abstract

Purpose. The study proposes a comparative analysis of the CSR rhetorical strategies and associated legitimacy approaches between service and product companies.

Methodology. In order to categorize different CSR rhetoric strategies, a content analysis on websites of companies included in Dow Jones Sustainability World Index (DJSI) was carried out.

Findings. Findings show that product companies are more active in communicating CSR in two out of three of identified rhetorical strategies.

Practical implications. The study sheds light on the different legitimacy approaches elicited by online CSR communication and gives practical indications to managers, taking into account the ascertained differences that characterised the selected categories of companies.

Originality/value. The paper shows that belonging to service industry influences the seeking of legitimacy and suggests new research directions into CSR management in service sector.

Keywords
legitimacy; CSR communication; rhetorical strategies; content analysis; service industry

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1. Introduction

Despite some variations in definitions (Dahlsrud, 2008), CSR essentially indicates the different modes how firms address social and environmental concerns in their activities and, consequently, how they interact with their stakeholders. More recently, CSR has been growingly interpreted as a means used by companies to obtain organizational legitimacy (Bachmann and Ingenhoff, 2016). In fact, Scherer et al. (2013) have argued that companies have to be able to activate various legitimacy approaches in order to face different issues and to respond to several challenges that stakeholders can voluntarily or involuntarily make. Different legitimacy dimensions have been conceptualized (cognitive, moral and pragmatic - Suchman, 1995) and specific rhetorical strategies have been associated to them (Castelló and Galang, 2014).

Different factors, such as firm size and origin, have been analysed as drivers for pursuing these different legitimacy-seeking strategies (Castelló and Galang, 2014), but none of the previous studies consider industry characteristics, especially the inherent differences between services and product-based industries (Casado et al., 2014).

In this paper, therefore, we investigate how legitimacy-seeking strategies pursued by companies through CSR communication can vary between service and product contexts, due to the intrinsic differences between the two. In particular, the paper contributes to the current debate of CSR communications as drivers of legitimacy by showing that service and product companies present distinctive patterns.

2. Legitimacy and CSR rhetorical approaches

The debate about legitimacy involves different questions on the existing relationship between this construct and the social acceptability of organizational conduct (see Table 1).

Table 1. An overview on legitimacy: relevant excerpts

Definitions, features and advantages of legitimacy	Authors
"legitimation is the congruence between the social values associated with or implied by [organizational] activities and the norms of acceptable behavior in the larger social system"	Dowling and Pfeffer, 1975: 1
"Organizations that (...) lack acceptable legitimated accounts of their activities (...) are more vulnerable to claims that they are negligent, irrational or unnecessary"	Meyer and Rowan, 1991: 50
"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: 574
the political legitimacy denotes a power tension between the firm and its stakeholders; with this rhetoric, firms endeavour in community building via "civilizing" activities	Waddock, 2004

A number of studies have deepened this link, thus resulting in different and conflicting perspectives. Taking definitions and features summarised in table 1 into account, it is possible to say that legitimacy: involves a process of "justification", relies on "social values" and

"acceptable behaviors", considers the "established culture", basing the entire "organization's existence" on "a generalized perception or assumption". It is for this reason that when we talk about legitimacy there is the need to illustrate not only what legitimacy means but also how CSR can be declined in different rhetorics and in specific industry contexts to reach this craved "generalized perception or assumption" of publics. Currently, the debate on legitimacy shows that the concept has three facets/rethorics: strategic (Elsbach, 1994), institutional (Suchman, 1988, 1995), political (Castelló and Galang, 2014). All of these rhetorics seem to be strictly linked to CSR by authors that consider them as a source of legitimacy for companies (Palazzo and Scherer, 2006).

The strategic side of legitimacy, defined by Suchman as pragmatic legitimacy, focuses on the consideration that legitimacy is an "operational resource" (Suchman, 1988) that companies use in their competitive background to differentiate themselves from other organizations in the same sector (Dowling and Pfeffer, 1975). This means that the strategic legitimacy could be considered a useful strategy for service companies that compete in a sector characterised by a high degree of similarity among organisations, their offerings and their ethical initiatives (Becker-Olsen et al., 2006).

Another dimension of legitimacy, called by Suchman (1995) cognitive legitimacy, is institutional rhetoric (Meyer and Rowan, 1991). In this perspective, legitimacy refers to cultural and constitutive beliefs (Suchman, 1988). According to the institutional theory, this kind of legitimacy is taken for granted by publics, as they expect that companies have to spend their effort in terms of CSR in order to be accepted as members of the society. The same is happening in the service sector, where companies are aware about the fact that stakeholders will punish companies that are perceived as deceitful in their social involvement if they decide not to be authentically involved in CSR programmes (Sen and Bhattacharya, 2001). Thus, legitimacy – obtained through CSR based on institutional rhetoric - must involve initiatives as scrupulously as possible, and it needs to be attained thanks to concrete social responsible actions (Becker-Olsen et al., 2006).

The third domain, the political rhetoric of legitimacy (Palazzo and Scherer, 2006), can be found in the existence of a strong relationship between the company and its main stakeholders. According to the political theory, this political approach is generally associated with moral legitimacy and it focuses on the multifaceted relations between the organisation and different social actors (Vaara and Tienari, 2008). Indeed, in view of the fact that services are inseparable from the person who is providing it – the very well-known service inseparability - users that cannot be separated from service providers feel to be part of a strong relation in which they play an essential role (Crespo and del Bosque, 2005). Thus, it is quite common for them, and also for other kind of stakeholders, to be willing to take part in different corporate aspects, not only in the creation of the offer itself, but also in the participation to CSR programs and in the identification of the most appropriate CSR initiatives (Romani et al., 2013).

Despite this growing debate on the use of CSR by companies in pursuing legitimacy, most of empirical studies in corporate responsibility have focused on product-based industry (Baumann-Pauly et al., 2016), rather than service sector (Casado et al., 2014). Thus, the first research question to explore in our study is:

> RQ1. *Is there any difference in terms of legitimacy-seeking strategies between product and service sectors?*

Moreover, in determining how service companies pursue legitimacy through CSR when compared with product companies, we try to connect the above-mentioned sharpened typology of legitimacy-seeking strategies by examining differences between service and

product companies on these rhetorical strategies. Thus, the study proposes the following questions:

RQ2. *How service companies differ from product companies in engaging in institutional rhetoric, thus pursuing cognitive legitimacy?*

RQ3. *How service companies differ from product companies in engaging in political rhetoric, thus pursuing moral legitimacy?*

RQ4. *How service companies differ from product companies in engaging in strategic rhetoric, thus pursuing pragmatic legitimacy*?

Given these research objectives, we carried out an explorative research design based on a content analysis of corporate websites of best-in-class companies included in DJSI in 2016.

3. Research design and method

A content analysis approach has been increasingly adopted to examine CSR disclosure on corporate websites (Bravo et al., 2012) and, consequently, deemed as an appropriate method to address our research questions. We use a coding scheme. It specifies relevant indicators to be individuated in corporate websites (see Table 2). The indicators are dummy variables representing the presence (assigning a value of 1) or absence (0) of each feature in corporate websites (Siano et al., 2016). To ensure a coherent coding scheme, we first identified which sub-dimensions (second-order categories) constitute each type of rhetoric. Each of the second-order categories was then operationalised with specific dummy indicators (first-order categories), representing features to be found directly in corporate websites. By aggregating pertinent indicators and normalising the sum (by the maximum theoretical values), we obtain measures of different types of rhetoric (institutional, political and strategic).

We collected data from corporate websites of the companies included in the DJSI. The sample is made of 311 companies of the 317 ones in DJSI. The dataset includes both service (n=182) and product (n=129) companies.

Table 2. Coding structure

FIRST-ORDER THEMES	SECOND-ORDER THEMES	OVERARCHING THEMES (RHETORICAL STRATEGIES)
- environmental issues in corporate mission - social issues in corporate mission - economic issues in terms of sustainable development in corporate mission - environmental issues in corporate vision - social issues in corporate vision - economic issues in terms of sustainable development in corporate vision	CSR institutional profile: CSR value statement; Core elements of the corporate identity mentions sustainability, CSR, etc.	**Institutional rhetoric**
- CSR governance at strategic level (e.g. sustainability board) - CSR governance at operative level	CSR corporate governance: Organisational model for CSR	
- Website sections dedicated to specific stakeholder groups - Emphasis on developing stakeholder relations and partnerships - Materiality matrix	Stakeholder engagement: Company's commitment to stakeholder; Stakeholder engagement tools	**Political rhetoric**
- CSR/Sustainability report (conformity with GRI) - Code of behaviour or conduct - Code of ethics - Certification (process/product) - Green labels/logos (third-party certified)	CSR accountability: CSR disclosure/documents and business ethics; Social/environmental standards	
- Customer care tools - Interactive graphs of CSR - Glossary/FAQ about CSR - Community/forum (platforms for user-generated content) - Corporate blog - Social media tools	Interactivity: Feedback mechanisms; Participation and co-creation tools; Responsive two-way communication	
- Initiatives related to core business - Initiatives that impact on value-chain - Initiatives of general social interest	Strategic value of CSR: CSR projects and activities	**Strategic rhetoric**
- Visibility (of CSR information in HP, etc.) - Clarity (classification of initiatives, labelling system, charts/diagrams concerning CSR) - Authenticity (verifiability, detailed case study) - Accuracy (transparency of CSR results, performance, etc.) - Consistency (consistency in different sections, persistence of commitment in CSR communication) - Completeness (exhaustiveness and updating of CSR information)	Commitment in CSR communication: Pragmatic principles of communication	

4. Findings and discussion

To explore our research questions, we firstly compared the means of service and product companies on the different rhetoric approaches. Thus, we find out that product companies have higher means on all the dimensions evaluated. In addition, the pattern of means of service and product companies' scores on the different rhetorical dimensions shows that both type of companies favor strategic rhetoric, followed by political and institutional rhetorics (see Table 3).

Table 3. Mean comparison for CSR rhetorical strategies across service and product companies

		Institutional Rhetoric	Political Rhetoric	Strategic Rhetoric
Product companies	Mean	.5601	.6587	.8150
	N	129	129	129
	SD	.22863	.12122	.10183
Service companies	Mean	.5206	.6002	.7710
	N	182	182	182
	SD	.23816	.13658	.12833
Total	Mean	.5370	.6245	.7892
	N	311	311	311
	SD	.23469	.13339	.11987

Moreover, we performed a one-way ANOVA, assessing statistical significance of differences. The results show that belonging to a service vs product industries does not affect significantly the adoption of an institutional rhetoric ($p > 0.05$), even though product companies score on average higher on this dimension than service companies. Instead, product companies prove to be significantly more active than service companies in pursuing political rhetoric ($p < 0.001$) and strategic rhetoric ($p < 0.01$).

Lastly, we observed the mean difference focusing on the 15 different service industries included in DJSI. Companies with higher values in Institutional rhetoric are Food and Staples Retailing, Utilities and Energy companies. The same industries score also high in Political and Strategic rhetoric, thus showing that the "investment" in CSR rhetorics are probably linked to each other.

Our results suggest that belonging to the service vs. product industries influences the strength with which a company pursues strategic and political rhetorics. This allows us to answer positively to our first research question (RQ1).

Besides, in the paragraph, we discuss the differences in the three legitimacy-seeking in order to shed light on the other research questions.

Firstly, it turns out that companies belonging to product and service industries do not differ significantly when it comes to implement institutional rhetoric (RQ2). Irrespective of which type of industry they belong to, all companies are somehow involved in the institutional rhetoric, which elicits cognitive legitimacy. This homogenization effect is not surprising, considering that CSR as an institutional myth permeates society beyond state and industry boundaries (Bromley and Meyer, 2014).

As for RQ3, product companies appear significantly more involved than service companies in political rhetoric. Actually, by creating engagement and trust through political rhetoric, an organization can become widely acknowledged as a moral authority. In this sense, product companies, compared with ones operating in services, need to recover a gap, since they lack physical interaction with consumers in the whole buying process, unless customers having to turn to assistance for defective products. Services, instead, bear specific features that set them

apart from goods (usually referred to with the acronym IHIP, which stands for Intangibility, Heterogeneity, Inseparability and Perishability) (Zeithaml et al., 1985). The "inseparability" feature of services, for example, provides companies with important touch points in which front officers can have a face-to-face dialogue with customers, but it can also brought out the need of users' participation in the production process (Kelley et al., 1990). In fact, the core dimension of services is the interaction involving users and service employees or physical resources (Edvardsson et al., 2005). These considerations portray services' customers as naturally more engaged in their consumption experience than consumers of tangible goods do. For this reason, product companies need to be more involved than service companies in political rhetoric in order to fulfill the gap that this kind of business do not intrinsically have.

Lastly, companies belonging to product industries are also more active in developing their strategic rhetoric (RQ4). Probably, they experience a great exposure to media and they are very aware of the strategic role of corporate communication (Aerts and Cormier, 2009). In this view, they are more inclined than service companies to employ pragmatic legitimacy as a differentiation tool, able to establish them as sustainable organizations. On the other hand, service companies are less prone to invest in this type of rhetoric, probably to avoid the reputational risks associated to greenwashing accusations. Consequently, service companies are likely to limit the use of CSR strategic rhetoric that has been associated to manipulation more than other type of rhetorics (Scherer et al. 2013), and that can generate in turn significant reputational losses.

5. Conclusions

Despite the inherent limitations of this explorative study based on content analysis, the paper contributes to the extant research on CSR communication as a mean of obtaining legitimacy, which appears a topic nearly unexplored in service industry. In particular, the paper enriches the debate by highlighting that service and product companies show distinctive legitimacy-seeking patterns. We lead these differences in behaviour back to structural dissimilarities between service and product companies. In addition, each of these rhetorical approaches are accounted for as direct reflections of a kind of legitimacy and (unconsciously or not) ruled by it. Although the paper reached its goal, we hope that our study will stimulate further explorations where researchers might concentrate on enriching this particular framework, optimising the assessment of legitimacy in service sector.

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