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**Social and Environmental Accounting as Symbolic and Substantive Means of
Legitimation: The Case of HIV/AIDS Reporting in South Africa**

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Abstract

We develop an interpretive framework which combines Suchman's (1995) work on the dynamics of organisational legitimacy and Ashforth and Gibbs' (1990) concepts of symbolic and substantive management to investigate how and why public corporations rely on symbolic and substantive social disclosures. We apply this framework to the case of the HIV/AIDS health crisis in South Africa (SA) and examine the corporate disclosure behaviour of a sample of 75 SA-listed corporations from 2003 to 2009. We use content analysis procedures to codify the disclosures and devise a disclosure index based on the Global Reporting Initiative guidelines on HIV/AIDS to assess whether corporations have adopted a substantive management strategy. Our findings suggest that public corporations use a combination of substantive and symbolic disclosures in a bid to seek specific forms of moral legitimacy (structural, procedural, and consequential) and pragmatic legitimacy (dispositional, influence, and exchange). Our analysis reveals that the mix of substantive and symbolic disclosures is altered as a result of changes in stakeholder salience, societal attitudes and the corporation's current 'state' of legitimacy. Overall, the findings demonstrate that our analytical framework is useful in understanding how substantive and/or symbolic disclosures could be relied upon to achieve specific types of organisational legitimacy.

Keywords: HIV/AIDS; social and environmental accounting; substantive management; symbolic management; legitimacy theory; South Africa.

1. Introduction

The purpose of this paper is to investigate how and why public corporations use symbolic-and/or substantive-led disclosures in communicating their social and environmental accounting (SEA) practices. Specifically, we contend that Ashforth and Gibbs' (1990) notions of symbolic and substantive management and the dynamic legitimacy framework developed by Suchman (1995) can be combined to interpret longitudinal changes in corporate social reporting. Symbolic versus substantive characterisations of SEA practices have been previously related to legitimacy theory (Ashforth & Gibbs, 1990; Suchman, 1995; Day & Woodward, 2004; De Villiers & Van Staden, 2006; Cahan & Van Stadan, 2009), but very few empirical studies have explicitly adopted Ashford and Gibbs' (1990) conceptualisations. Furthermore, there is continued criticism that legitimacy theory is often 'fuzzy' and does not sufficiently inform one's understanding of the motivations underlying the nature and patterns of corporate SEA practices (Mobus, 2005; Parker, 2005; Tilling & Tilt, 2010; Hooks & Van Staden, 2011). Therefore, we seek to 'amplify' the theory's interpretive power by examining in more depth: (i) the links between stakeholder and legitimacy theories; (ii) the different types (dynamics) of legitimacy developed by Suchman (1995); and (iii) how SEA practices can be viewed as symbolic and/or substantive strategies to gain, maintain or defend these different types of legitimacy.

We contend that the proposed framework can be useful in analysing any SEA practice and we study HIV/AIDS¹ disclosures in South Africa (hereafter SA) as an empirical illustration. We focus on this specific theme for the following reasons. Firstly, unlike many of the broad, and sometimes abstract, SEA categorisations, such as environmental disclosures, HIV/AIDS is a specific health crisis, which has had a major impact on the social, economic and political

¹ HIV: Human Immunodeficiency Virus; AIDS: Acquired Immune Deficiency Syndrome.

spheres worldwide (Dickinson & Stevens, 2005; Fig, 2005). In spite of recent upbeat assessments of declining infection levels, HIV/AIDS remains one of the world's largest health crises (Rampersad, 2010; UNAIDS, 2010), particularly in many developing nations including SA, where corporations have been participating in efforts to control the spread of the epidemic. Secondly, specially devised Global Reporting Initiative (GRI) guidelines on HIV/AIDS (GRI, 2003) required detailed information to ensure that corporations' performance in dealing with the crisis in the workplace could be adequately assessed. Since it is, to date, one of the most comprehensive corporate reporting guidelines on a health-related issue, high levels of compliance with the GRI (2003) could be seen as evidence of a substantive response to the HIV/AIDS crisis. Thirdly, and within the SA context, however, there are claims that the initial response has been slow, ineffective and sometimes limited to mere rhetoric, arising mainly from cost implications, tense labour relations, political agendas and moral issues associated with the sexual connotations of the disease (Dickinson, 2004; Mahajan, Colvin, Rudatsikira, & Ettl, 2007). Finally, previous studies of HIV/AIDS reporting (Lawrence & Samkin, 2005; Barako, Taplin, & Brown, 2010) are largely descriptive and have not been supported by theoretical insights.

Consequently, we examine the annual and sustainability reports of a sample of SA-listed corporations over the period 2003-2009. We adopt content analysis procedures to assess the level of attention given to the HIV/AIDS theme and to examine whether the disclosures display symbolic and/or substantive features. Our main contribution to the literature lies in demonstrating the links between symbolic and/or substantive SEA disclosures and Suchman's (1995) types of legitimacy. We also undertake a more detailed analysis of HIV/AIDS reporting in the context of a major emerging economy, where the findings, arguably, will contribute to an understanding of how public corporations respond generally to health crises and thereby inform the development of future GRI guidelines. In summary, our findings suggest that corporations adopt a combination of substantive and symbolic disclosures in a bid to achieve specific types of organisational forms of legitimacy and this mix of substantive and symbolic disclosures is altered as a result of changes in contextual events, stakeholder salience and the corporation's current state of legitimacy. Our results imply that calls for more substantive disclosure guidelines (Bouten, Everaert, Van Liedekerke, & De Moor, 2011) may not be necessarily effective, given that certain types of legitimacy can be equally derived from symbolic disclosures.

The remainder of the paper is structured as follows. First, we discuss the theoretical implications of legitimacy and substantive/symbolic management. We conclude with a proposed interpretive framework, which seeks to link the dynamics of legitimacy to the practice of substantive/symbolic SEA disclosures. Second, we review the empirical SEA literature which refers or alludes to symbolic versus substantive disclosures and prior studies on HIV/AIDS reporting. Third, we present the South African context with an emphasis on the implications of the HIV/AIDS epidemic. Fourth, we explain the data and methods applicable to the analysis of annual and/or sustainability reports. Finally, we present the findings and provide an analysis of the disclosure patterns before concluding on the research contributions and the implications thereof.

2. Legitimacy and Legitimation: Theory and Proposed Interpretive Framework

2.1. Dynamics of legitimacy and substantive versus symbolic legitimation

According to Lindblom (1994), legitimacy is:

“A condition or status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity,

actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy” (Lindblom, 1994: 2).

The disparity in value systems can involve issues that are related to the organisation's economic viability, to the legality of its business activities or to the social acceptability of its behaviour (Dowling & Pfeffer, 1975; Woodward, Edwards, & Birkin, 1996). The reasons for achieving legitimacy are inherently long-term-oriented and are not limited to short-term transitory benefits, such as 'good press' or 'higher brand value'. In most SEA studies, legitimacy is viewed as a symbolic resource, which organisations seek and attempt to control through a number of actions and strategies, and which is referred to as 'strategic legitimacy' by both Ashforth and Gibbs (1990) and Suchman (1995). Similarly, the instrumental variant of stakeholder theory refers to the need to garner 'support' from powerful stakeholders to ensure the continued survival of the firm (Freeman, 1984), but how this is to be achieved is unclear (Chen & Roberts, 2010). In this regard, Suchman (1995) helps to uncover the process by which an organisation gains legitimacy from stakeholders (Mitchell, Agle, & Wood, 1997; Campbell, 2007) and identifies three main 'dynamics' by which legitimacy can be extracted: pragmatic, moral and cognitive. Pragmatic and moral legitimacy are the most applicable in understanding SEA since they both rely on discursive evaluations (Suchman, 1995) and incorporate explicit public dialogues between organisations and their 'relevant publics'.

In the case of pragmatic legitimacy, the organisation seeks to satisfy the expectations of its most immediate audiences and this immediacy involves some form of direct exchange between organisation and audiences (Suchman, 1995). These exchanges can be financial (e.g., dividends and donations), tangible (e.g., products and gifts-in-kind) or intangible (e.g., services and medical support). A second form of pragmatic legitimacy is influence legitimacy, where the organisation is supported by its constituents, not because an exchange is involved, but because the constituents perceive the organisation to be responsive to their wider interests. For instance, the adoption of a charter (e.g., regarding ethical trading) championed by activists signals a willingness by the company to “...*relinquish some measure of authority to the affected audience (to be co-opted, so to speak)*” (Suchman, 1995: 578). A final form of pragmatic legitimacy is dispositional legitimacy, where the organisation demonstrates its disposition to the broad objectives of the relevant audience without necessarily having engaged in any visible activity to demonstrate such affiliation.

In support of recent theoretical analyses (e.g., Chen & Roberts, 2010; Mahadeo, Oogarah-Hanuman, & Soobaroyen, 2011), we argue that the conceptual linkage between legitimacy and stakeholder theories is at its most visible when considering pragmatic legitimacy since it relies on the existence of a contractual or communal accountability relationship with a given party². Suchman (1995), however, is rather vague on the identity of the constituents and the relative importance they might have vis-à-vis the organisation. By contrast, Hybels (1995) identifies four critical stakeholders that control a number of resources; namely the media³, the public, the financial community and the State. In addition, Mitchell et al.'s (1997) theory of stakeholder salience provides a useful set of attributes to characterise the relative importance attached to each stakeholder, namely in terms of its power, the legitimacy of its status and the urgency of the concerns. Together, Hybels (1995) and Mitchell et al. (1997) offer useful

²We adopt Laughlin's (1990: 97) definitions of contractual and communal relationship, where the former refers to “*a more formal context resulting in written forms of recording and defining expectations*” and the latter “*encompasses the less formal context and less structured expressions of these expectations*”.

³Tilling and Tilt (2010: 59) acknowledge that the media in itself has limited resources, but does have the ability to influence the decisions of the remaining critical stakeholders.

insights in understanding who would be the likely constituents from whom the organisation seeks to gain or maintain pragmatic legitimacy⁴ and why this may, in a general sense, be the case (i.e., due to stakeholder power, legitimate demands and urgent circumstances).

Whilst pragmatic legitimacy is linked to the needs of specific groups of evaluators, the pursuit of moral legitimacy is based on judgements as to whether a specific organisational activity is the *'right thing to do'* (Suchman, 1995). These judgements are guided by the audience's socially constructed value system and inform a view on whether engaging in a particular practice will promote societal welfare. In this case, the organisation can extract moral legitimacy by visibly demonstrating an affiliation to moral values and beliefs⁵. The three applicable forms of moral legitimacy are consequential, procedural and structural legitimacy. Firstly, consequential legitimacy is based on a judgement of an organisation's accomplishments and outputs. Secondly, procedural legitimacy involves the adoption of socially accepted techniques and procedures, and Suchman (1995) argues this can be particularly useful in cases where there are no favourable outcome measures. For instance, a company may communicate details of how its social programme has been implemented to attain procedural legitimacy in the absence of clear outcome measures on whether the activities have actually been effective. Thirdly, structural legitimacy refers to the situation when an audience perceives the organisation to be *"...worthy of support because its structural characteristics locate it within a morally favoured taxonomic category"* (Suchman, 1995: 581). In this case, legitimacy is achieved not as a result of adopting procedures or the communication of social outcomes, but because the organisational structure reflects intrinsic features that are worthy of support; for example, the company board has a sub-committee dedicated to address HIV/AIDS issues in the workplace.

In turn, the process by which managers seek to extract pragmatic and moral legitimacy is referred to as legitimation. Whilst legitimation strategies are diversely presented in the literature (Lindblom, 1994; O'Donovan, 2002), Ashforth and Gibbs (1990) discuss two general means by which organisations seek legitimacy: 'substantive' and 'symbolic' management. Substantive management involves significant change in organisational goals, structures, processes and practices to *"...meet the performance expectations of those societal actors upon which it depends for critical resources"* (Ashforth & Gibbs, 1990: 178). For example, in response to the concerns raised by the HIV/AIDS epidemic, corporations can invest in preventive programmes and in clinics to support staff and their families. Suchman (Suchman, 1995: 600) also identifies a number of substantive strategies, such as seeking certification and conforming to international standards, as a means to gain pragmatic and moral legitimacy. In this regard, we argue that compliance with generally accepted models of social reporting, such as the GRI can constitute a substantive approach because it reflects a decision to conform to an external standard of disclosure. The key consideration of substantive management is that concrete actions have been performed in the organisation (Day & Woodward, 2004). According to Lindblom (1994) and Newson and Deegan (2002), these substantive changes have to be communicated to educate and inform the 'relevant publics', and the role of annual and/or social reports in conveying these substantive acts is considered critical. This communication can be aimed at specific constituents (pragmatic legitimacy) and/or to demonstrate congruence with social norms, values and beliefs (moral

⁴Similarly, O'Donovan (2002) refers to the notion of 'legitimacy-conferring stakeholder groups'.

⁵As acknowledged by Suchman (1995: 579), there is an overlap between dispositional legitimacy and moral legitimacy in that both refer to the organisation's attempt to demonstrate an affiliation to a social norm, belief or value. One difference implied in Suchman's conceptualisations is that there is no specific 'audience' targeted by the organisation in the case of moral legitimacy.

legitimacy). Hence, SEA is seen as a medium through which substantive actions are communicated in a relatively unbiased fashion.

In contrast, symbolic management involves the use of superficial impressions to project an appearance that the organisation's activities are consistent with social values and expectations. Ashforth and Gibbs (1990) contend that, given the complexity of the environment in which an organisation operates, including the numerous links it needs to sustain with societal actors and the inherent ambiguity of what is a 'legitimate act' lead to a managerial predilection for symbols:

“As societal actors become more densely interlocked, and as their relationships become more organised and institutionalised, they increasingly deal in the realm of symbols and images. The sheer number of relationships dictates that intimate knowledge give way to superficial impressions” (Ashforth & Gibbs 1990: 180).

Suchman (1995: 579) also acknowledges that managers tend to favour the “*flexibility and economy of symbolism*” as opposed to substantive actions in their interactions with society (also see Dowling & Pfeffer, 1975). Ashforth and Gibbs (1990: 180-181) identify a number of examples of symbolic strategies: (i) espousing socially acceptable goals, but not actually planning to meet these goals; (ii) redefining means and ends in light of the organisation's actual performance and current social expectations; (iii) denying or concealing information regarding activities that could potentially damage legitimacy; (iv) offering accounts of excuses to minimise any negative perceptions arising from an organisation's lack of action; and (v) demonstrating ceremonial conformity, whereby highly visible and salient practices that are consistent with societal expectations are adopted, but no corresponding changes are made at the operational level. In effect, SEA cannot be viewed as an objective medium of communicating social actions. Instead, the form and content of SEA are designed primarily to construct an image of an organisation that is socially responsible (Neu, Warsame, & Pedwell, 1998) and attentive to the needs of its relevant publics and stakeholders. Thus, 'rhetoric' rather than 'action' is the main objective of the disclosures⁶.

Whilst Suchman's (1995) and Ashford and Gibbs' (1990) concepts have been used in a few empirical SEA studies (brief review to follow), there has been no attempt to formally combine them as a means to interpret SEA practices from a legitimacy perspective. We therefore set out our proposed framework.

2.2. Proposed interpretive framework

Figure 1 provides a diagrammatic presentation of the links between the *dynamics* of organisational legitimacy and SEA as symbolic and/or substantive *means* of legitimation.

INSERT FIGURE 1 ABOUT HERE

If one takes the view that legitimacy is a key motivation underlying organisational relations with society and its representative actors, we contend that an organisation will adopt/change a combination of symbolic and substantive disclosures and this adoption/change will be contingent on: (i) the types of legitimacy it seeks to extract from society and its specific constituents; (ii) the changes in societal and stakeholder attitudes to a given social concern and how stakeholders believe the organisation should respond to such concerns; and (iii)

⁶This is similar to the theoretical concept of 'impression management', which has generally been relied on to interpret the form and content of voluntary financial-oriented disclosures (Merkl-Davies & Brennan, 2011).

whether the organisation perceives the need to defend, maintain or gain (extend) its legitimacy. Hence, symbolic (e.g., general, declarative, rhetorical and ritualistic) and substantive (e.g., specific, detailed, quantitative and comprehensive) disclosures reflect a combination of different features, which could be present in any SEA theme reported by corporations. According to Ashforth and Gibbs (1990: 182), tensions exist between managers who prefer to offer symbolic assurances to preserve flexibility and resources, and constituents who generally prefer substantive action. However, we argue that this may be a rather simplistic interpretation of the role of SEA in a legitimisation process. Instead, given the complexity of an organisation's relationship with its environment and the multiplicity of (often contradictory) demands, managers assess which social concern requires attention and how best to respond to it in terms of substantive and/or symbolic disclosures.

When confronted with a social concern expressed generally (e.g., in the media, by key political/social figures or following accidents/events), an organisation may first communicate that its existing structures already position it in a morally favourable category (i.e., the disclosure will explicitly recognise the concern and convey an implicit message that the organisation is committed to address the concern). If the concern is championed by specific stakeholders, symbolic disclosures can be targeted to these stakeholders with a view to conveying a disposition to their concerns (i.e., achieve dispositional legitimacy). In both cases, no or limited, substantive information will be reflected in the disclosures because the social concern is an emerging one, which either requires time to respond to, or because any substantive (detailed) information may in fact threaten organisational legitimacy (strategy of concealment). Furthermore, Mitchell et al.'s (1997) concept of stakeholder salience is relevant in that symbolic disclosures may be appropriate to manage stakeholders who meet some, but not all, of the characteristics of salience (power, legitimacy and urgency). Finally, symbolic disclosures may still prove useful in cases, where there are threats to an organisation's legitimacy and where, *as a minimum*, maintaining legitimacy may involve the use of disclosures aimed at ensuring dispositional and structural legitimacy.

Notwithstanding, gaining, maintaining or defending the other types of legitimacy cannot be achieved by relying solely on symbolic disclosures. Influence and procedural legitimacy imply that some degree of substantive action or change has to be enacted and communicated by the organisation. For instance, accepted models of social reporting and social intervention can be adopted comprehensively (substantive) or can be applied in a selective (symbolic) way to emphasise the positive achievements of the organisation (offering incomplete accounts). Practices, policies and procedures can be emphasised in the SEA disclosures as achievements rather than actual outputs and performance, and thus be associated with the achievement of procedural legitimacy. With regards to the needs of stakeholders, although Bouten et al. (2011) cite a lack of comprehensiveness and completeness of social reports, they do argue that some of the piecemeal information available can be relevant to selected users, particularly those interested in environmental and labour aspects. Hence, disclosures which even partially address the informational expectations of specific stakeholders can be expected to achieve influence legitimacy because they signal an organisational affiliation to the values supported by these particular constituencies.

Finally, and at the other end of the spectrum, the pursuit of exchange legitimacy implies that the organisation's most immediate constituents are scrutinising the SEA disclosures to ascertain the practical consequences of organisational actions on their well-being. It follows that there is a greater need for detailed information to satisfy stakeholders, who seek to assess the actual performance of the organisation as reflected, for example, in quantitative and

financial evaluations of social actions. The term ‘most immediate constituent’ also implies that such a constituent possesses greater power, motivation and political skill to further its agenda with the organisation, with significant consequences for the latter if legitimacy is not granted. Ashforth and Gibbs (1990: 182) also assert that “...*the more consistent the constituent’s preferences are with those of other key constituents and with management’s own agenda... the more likely management is to offer a substantive rather than a symbolic response*”, which can be illustrated by a higher level of completeness and comprehensiveness in disclosures. In addition, and from a broader perspective, consequential legitimacy will be achieved if the organisation discloses evidence of social outputs, which incorporate quantitative and financial measures and generally accepted forms of reporting.

In conclusion, this framework articulates the links between the nature of SEA disclosures (substantive, symbolic or combination thereof) and the type of legitimacy that each generic form of disclosure may be seeking to achieve. We now briefly consider the insights from previous SEA studies and prior research on the case of HIV/AIDS reporting.

3. Review of Prior Empirical Studies

3.1. Prior SEA literature on symbolic and substantive disclosures

There have been few accounting studies, which specifically relied on Ashforth and Gibbs’ (1990) dichotomy. Notably, Day and Woodward (2004) analyse the nature of employee reporting in annual reports following new legal requirements and found that many of them provided disclosures deemed to be substantive (e.g., detailed in terms of how and why the companies fulfilled their obligations to employees), but not consistently in all the themes required by the legislation. In addition, a minority of companies only disclosed very limited and bland (deemed symbolic) statements. Although the study demonstrates that disclosures can be interpreted from a substantive or symbolic perspective, the empirical findings are not explicitly analysed in relation to the legitimacy motivation. Cahan and Van Staden (2009) investigate whether the disclosure of a Value-Added Statement (VAS) by SA companies was a substantive or symbolic strategy. Actual labour performance was found to be positively related to the decision to disclose a VAS, and hence the VAS was seen to be part of a process of developing substantive legitimacy. In both studies, disclosures are strictly conceptualised as being either substantive or symbolic. Ashforth and Gibbs, however, argued that the symbolic and substantive ‘labels’ should - at best - be seen as theoretical extremes of a spectrum, as “...*practices shade greyly from the substantive to the symbolic*” [1990: 181].

Other SEA studies do implicitly refer to the symbolic versus substantive dichotomy, but generally they only describe one example of symbolic practices in their analysis. For example, Campbell, Moore, and Shrives (2006) refer to the ‘good news’ and ‘self-laudatory’ nature of the disclosures; a practice which has been reported in a number of previous studies (Gray, Kouchy, & Lavers, 1995; Hackston & Milne, 1996). Reference is also made to declarative information (e.g., Ratanajongkol, Darvey, & Low, 2006), which refers to general statements with no quantitative or financial information. However, the above studies do not consider whether this reliance on declarative or good news statements is associated with the broader process of symbolic management.

Further, and of greater relevance to our research setting, De Villiers and Van Staden’s (2006) study of environmental disclosures in SA distinguishes between ‘general’ and ‘specific’ information. General information “...*does not say much about the company’s impact on the environment, but it does signal that the company is concerned about the environment*” (De Villiers & Van Staden, 2006: 773). Conversely, specific information includes more detailed,

quantitative and financial assessments of the impact of the company's activities on the environment. Using data relating to 140 SA companies over a nine-year period (1994-2002), De Villiers and Van Staden (2006) find that there was an initial increase in general and specific information from 1994 to 1999, but that this was followed by a decrease in disclosures, particularly in the case of 'specific' information. Informed by the historical context facing post-apartheid SA, De Villiers and Van Staden (2006) contend that societal and governmental concerns about the environment appear to diminish by 1999 as the country grappled with more serious social, economic and political issues. Once companies took note of this change in social priorities, the level of specific environmental disclosures was reduced. At the same time, companies retained the level of general disclosures and De Villiers and Van Staden (2006: 775) argued that these symbolic disclosures, which reflected positively on the company, were not costly to produce and did not attract unwarranted scrutiny⁷.

Other than revealing the dearth of SEA studies that rely on substantive and symbolic management, the above review offers some helpful insights. First, the studies do lend credence to the symbolic and substantive conceptualisation of SEA disclosures and the role such disclosures might play in the legitimation process. Second, disclosures deemed to be 'symbolic' continue to emerge in various settings (e.g., Islam & Deegan, 2008; Tilling & Tilt, 2010; Bouten et al., 2011). This is in spite of criticisms that such disclosures ought to be discounted as public relations mechanisms captured by business ideologies and managerial 'speak' (Guthrie & Parker, 1989; Spence, 2007), which suggests that symbolic disclosures play an important role in the legitimation process. Third, a detailed appreciation of the social, political and economic contexts is critical in order to 'locate' the societal and stakeholder expectations, which might then trigger changes in an organisation's perceived legitimacy, and subsequently lead to changes in SEA practices. Fourth, and as argued by Ashforth and Gibbs (1990), maintaining/defending legitimacy is seen to be easier than acquiring it. Thus, corporations might be changing their SEA disclosures in response to different strategies emphasising a substantive or symbolic management (or a combination thereof).

3.2. Brief review of prior HIV/AIDS reporting studies

Evidence on the reporting of health programmes tends to be frequently observed in studies of employee and/or community disclosures (e.g., Campbell, 2000; Belal, 2001; Vuontisjarvi, 2006), but there is virtually no research on how companies report their involvement in response to specific chronic illnesses or health crisis. Due to its very visible and tragic consequences, HIV/AIDS corporate disclosures have attracted some attention from SEA researchers, notably in SA. Lawrence and Samkin (2005) highlight the serious threat of HIV/AIDS to business and societal sustainability in SA, and examine its implications for corporate accountability in the light of the 2002 King Report (IOD, 2002) and GRI guidelines on HIV/AIDS reporting (GRI, 2003). However, they only study one company (Anglo-Gold), which has reported in a very comprehensive manner, and thus it is doubtful whether this one example is representative of SA's corporate response. In contrast, Du Bruyn and Venter (2006) examine HIV/AIDS reporting among a broader sample of SA companies. They examine whether the recommendations of the 2002 King Report (IOD, 2002) led to more reporting among the top 100 companies in 2003. While a higher percentage of companies were providing awareness programmes (83%), detailed information relating to HIV/AIDS (e.g., prevalence and costs) was disclosed by only a minority of companies.

⁷ Incidentally, De Villiers and Van Staden (2006) cite the case of HIV/AIDS as an important and emerging national concern. Consistent with their interpretation of the decline in environmental disclosures, one might expect an increase in disclosures relating to emerging social concerns, such as HIV/AIDS.

The findings of recent studies by Du Bruyn (2008) and Barako et al. (2010) on HIV/AIDS in SA and other African corporations, respectively, are generally consistent with those of past SA studies. Although these studies do provide an indication of HIV/AIDS reporting practices, there has, however, only been limited theory-based analysis of the trends and nature of these practices. Noticeably, and based on an analysis of the GRI guidelines and selected interviews, Lawrence and Samkin (2005) contend that the implications of the GRI may spur companies to adopt a more ethical and sustainable stance in running their business activities, but there is no sufficient evidence to support this claim. The current study, therefore, does not only seek to extend, but also to improve upon prior studies by conducting an extensive analysis using the proposed framework described in Section 2.2. Since an understanding of the societal attitudes in which symbolic and/or substantive disclosures are deployed is an important part of the analysis, we now present an explanation of the social, economic, and political context of SA insofar as it relates to the role of corporations and the impact of HIV/AIDS.

4. HIV/AIDS and South Africa: Context and Corporate Responses

Among the world's developing regions, Sub-Saharan Africa lies at the epicentre of the AIDS epidemic⁸ and prevalence levels in the region are particularly high (Dickinson & Stevens, 2005). In the case of SA, there is an agreed estimate that the number of people living with HIV stands at about 5.7 million (UNAIDS, 2010) relative to a population of about 49 million (i.e., about 12%). The number of AIDS-related deaths was estimated to be close to 100,000 in 1999 and this reached 400,000 in 2009 (SA Department of Health, 2010: 11). A major reason for the high prevalence levels of the AIDS virus in SA is the legacy of a long history of inequalities and poor labour practices during the apartheid era, notably in the mining industry (Dickinson, 2004; Fig, 2005).

The collapse of apartheid and the election of the African National Congress (ANC) in 1994 generated much hope among South Africans that socio-economic problems created and subsequently neglected by the apartheid regime, including the HIV/AIDS epidemic, would be effectively addressed (De Villiers & Van Staden, 2006). However, confronted with a number of economic and social problems, the ANC's new affiliation to neo-liberalism led to unprecedented levels of mass unemployment, widespread acute poverty, and increased levels of crime and violence (Dickinson, 2004). By 2000, the true magnitude of the social challenges, particularly the HIV/AIDS pandemic facing the country, had become more visible (Fig, 2005). According to the SA Department of Health (2007: 22) estimates, HIV/AIDS prevalence trends increased more than threefold, from 7.6% in 1994 to 24.5% in 2000.

Despite this, ANC leaders dithered and failed to adopt policies that could robustly deal with the spread of the virus (Mahajan et al., 2007). In addition, leading ANC figures, including its president, Thabo Mbeki, exacerbated the problem by publicly questioning the link between HIV and AIDS (Dickinson, 2004). Similarly, the Health Minister, Manto Tshabalala-Msimang, publicly cast serious doubts on the effectiveness of anti-retroviral drugs, and openly refused to provide anti-retroviral medication to people infected with the AIDS virus (Dickinson, 2004). Together with its failure to appreciate the true magnitude and consequences of the disease, scepticism and cynicism by the political elite ensured that

⁸ Reportedly, about 32.5 million people live with HIV/AIDS worldwide, of which roughly 70% (22.5 million) live in Sub-Saharan Africa (Barako et al., 2010: 387).

HIV/AIDS escalated into a full-scale health pandemic. This scepticism attracted confusing and mixed responses from within society.

Crucially, the conflicting response by the government in tackling the pandemic also masked an equally slow corporate response in SA to the spread of HIV/AIDS (Rampersad, 2010). Significantly, though, several opportunities for the SA corporations emerged from such government inaction. First, it granted corporate leaders the platform from which to criticise government policy, whilst escaping public blame for their own lukewarm response in the workplace (Dickinson, 2004; Fig, 2005). Second - and arguably - the government's failure to take action contributed to the inability of corporate SA to appreciate the potential negative effects of the pandemic on corporate operations (Lawrence & Samkin, 2005) and subsequently its failure to develop and implement policies and programmes to tackle the spread of the disease among its workforce. More specifically, and rather than initiating serious policies and actions, the response of SA corporate leadership to early warnings of the threat was that of absolute indifference or denial, and, on occasions, confrontational (Dickinson, 2004; Fig, 2005). Responses included summary dismissals, or threats of summarily dismissing HIV-positive workers, and pre-employment screening. A major cause of this poor corporate response was the ill-informed assumption that the disease predominantly affected an easily replaceable unskilled black labour force (Dickinson, 2004). In sum, while corporate SA failed to make any serious efforts to care for its affected workforce, or reduce the spread of the AIDS virus among its workers, government inaction proved to be an effective shield against corporate failings. Crucially, this afforded SA corporations the opportunity to avoid greater public scrutiny and criticism, and hence a loss of legitimacy (Dickinson & Stevens, 2005).

After close to a decade of central government inaction and corporate inertia (except for a few mining companies), the adverse effects of AIDS, particularly on national and corporate productivity and profitability, became more acute (Mitchell & Hill, 2009). Nationally, the negative effects of the AIDS pandemic manifested in a number of ways; annual GDP fell as active labour force numbers fell (Barako et al., 2010), tax revenues shrunk while healthcare costs increased substantially (Du Bruyn, 2008), and average life expectancy was drastically shortened (CIA Factbook, 2011). Corporate SA was also affected by the AIDS epidemic through a variety of channels, including increased absenteeism leading to lower productivity and high incidences of labour turnover, resulting in the loss of skilled labour and thus increased costs of recruitment and training (Dickinson, 2004; Du Bruyn, 2008). These effects did not only contributed directly to the erosion of the competitiveness of SA companies, but also impacted negatively on their profitability and sustainability (Fig, 2005; Rampersad, 2010).

As a result, the ANC government was galvanised into developing more substantive measures to combat the spread of the virus (Dickinson, 2004; Fig, 2005). First, and in 2003, the government dropped its long-held position of denying the link between the AIDS virus and the syndrome (Dickinson, 2004) and agreed to a national roll-out of antiretroviral therapy (ART) and drugs to provide treatment for those infected with the virus (Fig, 2005). Second, and to ascertain the levels of prevalence, the government sponsored a number of national surveys, including household and antenatal HIV prevalence surveys, and encouraged companies to assess their own levels of prevalence. Third, it strengthened a number of employment laws and regulations to prevent corporations from discriminating against HIV/AIDS positive workers (Mahajan et al., 2007). Fourth, the government embarked on aggressive nationwide education and awareness creation, including encouraging preventive

campaigns and greater voluntary testing and counselling (Dickinson, 2004; Fig, 2005). This degree of commitment to the issue is reflected in the government's strategic plans (SA Department of Health, 2007), which set out a number of ambitious targets, eventually leading to some positive outputs (SA Department of Health, 2010).

By showing leadership and action, the government appeared to have also conveyed a sense of urgency to the corporate sector. Several SA companies announced the adoption of a number of workplace voluntary counselling and testing programmes aimed at treating, as well as combating the spread of the virus (Mahajan et al., 2007). In addition, a number of voluntary initiatives to facilitate a structured corporate response were introduced. For example, the SA Business Coalition on HIV/AIDS (SABCOHA) was formed to lead a national corporate response by aggressively encouraging the implementation of workplace programmes (Fig, 2005; Rampersad, 2010). Similarly, corporate governance reforms mainly instigated by the SA Institute of Directors in 2002 (King II) (IOD, 2002) incorporated a requirement for SA companies to engage in comprehensive HIV/AIDS reporting. Crucially, King II recommended that SA companies should voluntarily comply with the 2003 GRI guidelines on HIV/AIDS. The latter provides 16 comprehensive 'performance indicators', which are considered to be of interest across the entire spectrum of public interest (including financial and social concerns), although the majority of the indicators in fact relate to workplace and workers' issues (see Appendix). The development of the 2003 GRI guidelines was mainly informed by the South African experience and the input of local stakeholders was instrumental in designing the guidelines.

The guidelines' stated objective was to encourage a standardised, but incremental, approach to reporting and to enable stakeholders to benchmark the level of corporate response to the epidemic. At the same time, the development of these guidelines was motivated by concerns that some companies were less cognisant of, or were denying, the potential impact of the disease in their workplace (GRI, 2003: 5). An interesting comment in the document alludes to possible instances of symbolic management (concealing information, deflecting attention and providing partial accounts) in corporate reports; namely that,

“Current information regarding action on HIV/AIDS is inconsistent and incomplete, even among large corporations which report adequately on other areas of their activities, such as health and safety practices. Case studies profile various interventions by the business community, yet information is not comprehensive... This absence of reliable information feeds into a “wait-and-see” culture, when what is widely acknowledged as needed is an early and systematic response” (GRI, 2003: 5).

Nonetheless, the business response has not been an entirely positive one. Although there had been numerous discussions to include HIV/AIDS reporting as part of the listing requirements, the Johannesburg Stock Exchange (JSE) authorities decided not to press ahead with this decision on the grounds that the reliability of such information was uncertain and that the sensitive nature of the information could be wrongly interpreted (Lawrence & Samkin, 2005). Mahajan et al. (2007: 58) also suggested that some companies were reluctant to provide unbiased information, which may reveal sensitive aspects of their business and which may prompt a negative press from the media and civil society. The above contextual developments underline the role played by the business sector in the HIV/AIDS crisis. However, it remains to be seen whether corporate SEA practices actually reflected these substantive expectations.

5. Data and Methods

5.1. Data

We selected 75 companies listed on the JSE, which were drawn from five economic sectors: basic materials; consumer goods; consumer services; industrials; and technology/telecoms. We selected the largest 15 firms from each industry based on market capitalisation, and overall the selected companies represented 70% of the JSE's market capitalisation. The 525 annual and 62 sustainability reports were collected for the financial periods 2003 to 2009. To ensure accuracy in the longitudinal analysis, we included only companies listed throughout this period, whose annual reports were available for each year.

5.2. Method

We adopt a content analysis procedure (Unerman, 2000; Hooks & Van Staden, 2011) since it provides researchers with a systematic approach of codifying and classifying large amounts of unstructured texts. This codification and classification is appropriate when there is an interest in the way the message is being conveyed and when the volume of material to be analysed is relatively large. A systematic and consistent assessment of the disclosures allows the researcher(s) to highlight patterns of disclosures and any changes over time. In this respect, all instances where 'HIV/AIDS' was mentioned were scrutinised and 'coded' in terms of the following three 'measures':

(a) Volume of disclosure: We use the number of words to measure the level of attention given by each company (in each year) to the HIV/AIDS theme in the annual report and in the sustainability reports (where applicable). Although the use of word counts does have some limitations (Hackston & Milne, 1996; Unerman, 2000), it provides a simple and sufficiently robust reflection of a company's interest in (and changes thereof to) a specific social issue (Campbell et al., 2006).

(b) 'General' quality dimension: Consistent with previous SEA studies (Hackston & Milne, 1996; Ratanajongkol et al., 2006), we classify the HIV/AIDS disclosures of each company as being either declarative, quantitative (non-monetary), monetary (financial) and/or a combination thereof⁹. As argued by De Villiers and Van Staden (2006), declarative information is usually associated with vague and general statements of commitment ('symbolic management'), whilst the inclusion of quantitative and/or monetary information will be synonymous with quality ('substantive management') corporate response (Hooks & Van Staden, 2011).

(c) A more specific measure of quality involves the use of a disclosure index. Bouten et al. (2011: 193-194) and Hooks and Van Staden (2011) argue that the quality of information refers to the comprehensiveness and degree of specificity of the information, hence providing the reader with a sense that no important aspect has been left undisclosed (Wallace & Naser, 1995). From the Appendix, we note that these aspects are present in the HIV/AIDS reporting guidelines in terms of both comprehensiveness and degree of specificity. The guidelines identify four generic themes (good governance, measurement monitoring and evaluation, workplace conditions and HIV/AIDS management, and depth/quality/sustainability of programmes) and 16 main 'indicators' that companies would be expected to report on. We adopt the 16 dimensions as the 'basic' coding instrument and the HIV/AIDS disclosures are scored on a binary basis (i.e., 1 if a particular dimension is disclosed and 0 if not disclosed). As contained in the lower section of the Appendix, the 16 main dimensions are further broken

⁹Refer to Appendix 1 of Mahadeo et al. (2011) for the coding procedures applicable to declarative, monetary and quantitative (and combinations thereof) disclosures.

down to 34 sub-dimensions, resulting in a total of 50 dimensions, which we use to evaluate the extent to which a company has engaged in substantive management.

6. Empirical Findings and Discussion

6.1. Extent of HIV/AIDS disclosure.

Our initial investigation of the annual reports shows that the proportion of companies disclosing HIV/AIDS information did not greatly fluctuate over the period. Eighty per cent of companies provided disclosures in 2003 and this gradually increased to 91% in 2005. There was subsequently a slight downward trend to 84% by 2009, which is consistent with Du Bruyn and Venter's (2006) study of the top 100 companies (e.g., 82% in 2003). In terms of disclosure volume, Figure 2 shows the evolution of word counts over the period of analysis.

INSERT FIGURE 2 ABOUT HERE

We observe a mean of 322 words in 2003, a notable increase over the period up to 2006 and a subsequent decline to 312 words by 2009¹⁰. To assess the relative importance attached to the HIV/AIDS theme, we charted the health and safety disclosures for our SA sample. Although there was some fluctuation in the word counts, there is an upward trend in the health and safety disclosures in contrast to HIV/AIDS disclosures. This pattern of disclosures suggests that HIV/AIDS disclosures are the result of specific contextual influences that are not related to the (broader) health and safety theme.

6.2. Evolution of disclosures: general qualitative dimension

Table 1 below shows the proportion of companies that have adopted specific forms of HIV/AIDS disclosures (declarative, monetary and quantitative and combinations thereof) and the changes occurring over the seven-year period.

INSERT TABLE 1 ABOUT HERE

Initially, about half (52%) of the surveyed companies used declarative statements in relation to HIV/AIDS. In the majority of cases, the companies' statements acknowledged the national implications of the epidemic and the impact these would have on society (e.g., employees, customers and suppliers). In the earlier periods, many of the companies' disclosures were principally 'statements of intent' or 'commitment' signalling a corporate awareness of the issue and that future decisions/actions are currently being considered; which were then followed up by more elaborate disclosures in subsequent periods. This is akin to the symbolic practice of initially espousing socially acceptable goals (Ashforth & Gibbs, 1990) and a message of conformance to ideals (Suchman, 1995), which arguably would then be followed by evidence of substantive management (detailed communications of actions and activities). Finally, there were a fair number of companies resorting to 'boiler-plate' statements (i.e., verbatim copies from previous annual reports). Overall, we can observe a decrease in the percentage of companies using declarative-only disclosures to 25.3% in 2009, whilst an increasing proportion of companies provide quantitative information as well (from 18.7% in 2003 to 49.3% in 2009). In contrast, the proportion of companies providing the full range of information (declarative, monetary and quantitative) remained low (about 9% for both 2003 and 2009), although there was a noticeable peak in this proportion in 2006/2007 (17.3% and 18.7%, respectively).

¹⁰ The slight variations in the annual number of disclosing companies did not influence the trend outlined in Figure 2.

The quantitative content included a wide range of data dealing with the scale of various activities (e.g., number of employees trained as counsellors). Over the latter period of the study, there was also an increasing use of ‘performance-related’ data comparing actual achievements to target achievements (e.g., the prevalence rates and proportion of staff registered for VCT). In a few cases, these performance data provided the basis for a discussion of the reasons why the target was not achieved (e.g., the stigma of HIV/AIDS). Information relating to monetary/financial aspects related principally to the costs/liabilities of various HIV/AIDS programmes funded by the company. In a small minority of cases, information about the projected financial impact of the epidemic on the financial bottom line was disclosed. Nonetheless, and irrespective of the rise and fall in the mean word counts during the period, Table 1 indicates a sustained qualitative change in the disclosures, predominantly supported by the use of quantitative data to support the disclosures. This signals a change from symbolic-oriented disclosures towards substantive ones. However, we need to consider to what extent these qualitative changes are in line with the substantive expectations set out by the 2003 GRI indicators.

6.2. GRI indicators and scores

Table 2 contains the percentage of companies that disclosed the relevant GRI indicator in their annual and/or sustainability reports.

INSERT TABLE 2 ABOUT HERE

Several notable points can be made from Table 2. Firstly, the level of adherence over time to specific GRI requirements is noticeably low relative to the percentage of companies which provided HIV/AIDS disclosures. For example, the proportion of companies disclosing their HIV/AIDS policy was at nearly 60% in 2003; this eventually declined to 41% by 2009, but in both years the percentage of companies providing HIV/AIDS disclosures was, respectively, 80% and 84%. Secondly, and relative to 2003 levels, some GRI items have increased at varying degrees after seven years, especially in relation to aspects of monitoring (Indicator 4), programme (Indicator 9), VCT (Indicator 11), education (Indicator 13) and healthcare (Indicator 15). Thirdly, the proportion of companies disclosing financial information (Indicators 7, 8 and 10) has not materially increased except for a temporary and minor increase in the percentage of companies providing current cost data in 2006 (16%) - consistent with the use of a symbolic strategy of concealment. Fourthly, while relationships with various stakeholders are viewed as an important element in addressing the HIV/AIDS crisis, only a minority of companies explicitly specify their stakeholder(s) and the nature of their interaction with them (Indicators 5, 5a and 5b).

Fifthly, two operational aspects relating to the prevention of HIV/AIDS (contraception: Indicator 14) and support for affected employees (retirement and death benefits: Indicator 16) have not been disclosed by many companies, except for minor increases in 2006. Finally, the GRI ‘additional’ indicators generally show that ‘follow-on’ information is not often provided in the disclosures. For instance, although companies seem very keen to disclose that they have adopted a particular policy (Indicator 1), they are less inclined to mention whether the policy was in line with relevant codes of practice. In summary, there appears to be a very limited and selective engagement with the requirements of the GRI guidelines, which does not indicate a high level of substantive management. Although Table 2 provides a very useful picture of adherence to the GRI’s individual indicators, it does not gauge the companies’

overall level of substantive adoption of the GRI reporting guidelines. In Table 3, we provide the descriptive statistics for the absolute GRI scores (basic, additional and total scores).

INSERT TABLE 3 ABOUT HERE

Based on the above findings, two main observations can be made. Firstly, the mean scores are consistent with our earlier evidence of very low levels of adoption of the GRI reporting guidelines. The highest mean scores were in 2006, but these still represented only 39% of the basic score (16), and 22.5% of the total score (50). Although it might be unrealistic to expect a 100% adherence to a set of voluntary indicators, it is noteworthy that initial improvements in the basic scores were not sustained over our longer period of analysis. Our results clearly show that companies did not comprehensively and specifically engage with the disclosure framework (Bouten et al., 2011). This, by extension, conveys the message that companies are not adopting a substantive management strategy and this challenges the very purpose of the 2003 GRI guidelines. Secondly, the evolution of the scores shows a similar pattern to that of the word count disclosures (Figure 2); namely, an increase in the scores from 2003 to 2006 and a slight decline thereafter¹¹. We now consider these results in relation to our analytical framework, and as informed by the SA context. Since there is clear evidence of different reporting patterns over two periods (2003 to 2006/7 and 2006/7 to 2009), we split our analysis in line with these two time periods.

6.3. First period (2003 to 2006/7): from the symbolic to the substantive to gain legitimacy

As discussed in Section 4, it has been well documented that the SA response to HIV/AIDS has been slow, inadequate and patchy, both at corporate and government levels. Dickinson (2004) and Fig (2005) both argued that companies improved their legitimacy during the initial post-apartheid period by supporting the public outcry against government inaction - whilst being relatively slow at dealing with workplace infections. However, following changes in government policy from 2003 and the deepening of the HIV/AIDS crisis since the start of the 2000s, we argue that 2003 is a key year in signalling the end of ambiguous messages from the state (Dickinson & Stevens, 2005: 291), thereby contributing to a gradual change in societal attitudes towards HIV/AIDS. Theoretically, the pursuit of (moral) legitimacy relies on the identification of social values and norms that the organisation wants to demonstrate congruence with. Prior to 2003, however, and in the case of HIV/AIDS, societal norms, values and opinions appear to have been quite divided over the causes and consequences of HIV/AIDS, as reflected in widespread reports of stigma, denial and discrimination (Dickinson, 2004).

In this regard, symbolic-led management appears to have been the initial strategy for companies as they sought to make political gains by demonstrating an affiliation to concerns expressed by the public over the lack of government action, while at the same time avoiding the moral and practical issues of dealing with the crisis. To a large extent, 2003 is representative of this state of affairs as over 50% of companies adopted declarative disclosures to express an acknowledgment of the national crisis. In addition, there is a relatively high proportion of companies (over 55%) disclosing information on policy, strategy, programme and education in 2003 (Table 2). From a structural and procedural legitimacy standpoint, we surmise that declarative-only information on these aspects emphasises the fact

¹¹We also find reporting differences across economic sectors with the basic materials/mining sector having the highest volume of disclosures compared to other sectors. Nonetheless, we can still observe a general pattern of higher disclosures/scores from 2003 and declining levels from 2006/2007. Thus, we focus our analysis on this broader pattern.

that corporate structures and socially accepted procedures (e.g., a policy) have been adopted to demonstrate that the organisation is making a good effort to achieve valued ends (Suchman, 1995: 580), although detailed information/outputs (such as quantitative assessments) about these ends are not provided. In the early stages of a legitimisation response to a crisis, symbolic disclosures can thus contribute to redefine *means* (e.g., policies and practices) as *ends* (i.e., concrete achievements). For instance, general references to the fact that a strategy (Indicator 2) and educational programmes (Indicator 13) have been set up are regularly made, but the details of the strategy (Indicators 2a & 2b) and the nature of the programmes (Indicators 13a & 13b) are comparatively less disclosed. In parallel, the same pattern of symbolic-led disclosures observed in 2003 could be related to the notion of dispositional legitimacy. The main constituents (employees and representative unions) affected by the epidemic might expect a reaction to the unfolding crisis that would 'match' with the companies' public stand to ally themselves with civil society and trade unions against government inaction.

Post-2003, the companies were faced with a more coherent set of expectations, with the government now 'on board'. By relying on the concept of stakeholder salience, our analysis is that stakeholders, such as the government and employees/unions might have been nominally powerful in the SA context (De Villiers & Van Staden, 2006), but that their demands were not considered legitimate (e.g., the scepticism of political leaders towards the cause/treatment of HIV/AIDS) and the priority attributed to the crisis was not high on the corporate agenda (e.g., seen as only affecting black unskilled workers). Thereafter, the salience of HIV/AIDS-affected stakeholders was enhanced; their demands became legitimate, and the crisis was perceived as a clear danger to the country. In fact, the interventions contained within the King II report and the increased involvements of SABCOHA were strong indicators that a change in orientation was required (Dickinson & Stevens, 2005). The above-mentioned pressures translated into an increase in the disclosures, reflecting substantive features, such as a greater use of quantitative and/or monetary information in the disclosures (combined proportion of companies increasing from 28% in 2003 to 56% in 2006). In terms of the GRI guidelines, companies adopted a policy of selective compliance, but at the same time there has been a qualitative change in the disclosures. Notably, the proportion of companies disclosing how HIV/AIDS-related activities are monitored (Indicator 4) almost doubled from 24% to 46.7%. Information on programmes (Indicators 9 & 9a) has increased (77.3% and 41.3%, respectively, in 2005/2006). A similar pattern also applies to education (Indicators 13 and 13a) and health care (Indicators 15 and 15a in 2006/2007).

We interpret the above changes as being consistent with a shift towards a form of substantive management in the disclosures by a large proportion of the surveyed companies. From a pragmatic legitimacy perspective, the disclosures have shifted from showing a rhetorical disposition to stakeholders to reflecting the actual 'exchanges' the corporate sector is 'providing' to stakeholders. By 2006/2007, the SEA disclosures thus conveyed the message that companies are actively acknowledging the interests of their constituents (mainly employees and government), thereby seeking to gain influence legitimacy. In addition, evidence (from the GRI scores) of tangible support in the form of training, VCT programmes and employee support (Indicator 12) became more prominent and can be linked to attempts at deriving exchange legitimacy, where support from constituents would arise as a result of the companies upholding their 'end of the bargain'. This move to substantive disclosures is also reflective of Ashford and Gibbs' (1990: 182) assertion that as the expectations from each constituency (government and unions) become more consistent with each other, then it is more likely that an organisation will adopt a substantive management strategy. In the case of

HIV/AIDS, the government's decision to drop its opposition to the accepted causes/remedies of the epidemic enabled it to take a central leadership/coordination role in dealing with the health crisis. In turn, managers and companies, perceiving this change of circumstances, responded with a greater use of substantive management and disclosures.

Furthermore, while a shift to substantive disclosures can best serve the accountability demands of specific constituents and contributes to the gaining of pragmatic legitimacy, there are also 'positive' consequences for the organisation's moral legitimacy. Declarative disclosures have been supplemented by quantitative information, which expressed the scale of the activities and organisational performance. This suggests that the organisation is communicating a range of social outputs to convey the extent to which it is deeply committed to and affiliated with the social objective of addressing the HIV/AIDS epidemic. Such behaviour can be linked to consequential legitimacy because a tendency to provide numerical outcomes demonstrates that a profit-seeking company is generating both financial and non-financial outputs for all stakeholders.

In addition, when he explained the implications of consequential legitimacy, Suchman (1995: 580) suggested that organisations may favour outputs that are inherently difficult to measure due to ambiguities in defining such outputs. On the contrary, our findings suggest that companies favour the disclosure of simple outputs that can easily convey a societal contribution. For example, the GRI guidelines require more detailed assumptions to support the disclosure of prevalence rates, the HIV/AIDS-associated costs, and budget allocations (Indicators 6, 7, 8 and 10). Notwithstanding other symbolic-led motivations that may preclude the disclosure of these specific indicators (see below), we would argue that the relatively low level of disclosure for some of these items may be explained by a managerial perception that the outputs are too 'ambiguous' to ensure that consequential legitimacy will be gained as a result of their disclosure. More generally, this may explain why companies may avoid external models of social reporting, which requires the disclosure of numerical outputs that are based on a number of complex assumptions.

We conclude this section by considering the case of specific GRI indicators (Indicators 3, 7, 8, 10, and 16 associated with financial/risk elements) that appear to have been generally ignored by the vast majority of companies. Whilst we find that many companies tend to vaguely acknowledge that HIV/AIDS will have an impact on their economic performance, they have not provided detailed assessments of this likely impact. Lawrence and Samkin (2005) and Du Bruyn (2008) asserted that this absence of disclosure could be related to the negative consequences for the market if inaccurate or confidential information was to be released. In addition, and as suggested by O'Donovan (2002) and Mahajan et al. (2007), a symbolic strategy of concealment of financial information may be appropriate to avoid any criticism from certain constituents that the company is not sufficiently contributing (in financial terms) to their 'cause'.

6.4. Second period (2006/7 to 2009): mix of symbolic and substantive management to maintain legitimacy

The gradual decline in SEA disclosures post-2006 can be observed in terms of word counts (Figure 2) and specific GRI indicators (Table 2). Specifically, the proportion of companies disclosing on policy, strategy and education (Indicators 1, 2 and 13) has decreased and, to a lesser extent, for items associated with stakeholders, prevalence rates, and support (Indicators 5, 6 and 12). At the same time, the nature of SEA disclosures has continued to change from a declarative form to mainly a combination of declarative and quantitative disclosures (Table 1).

This suggests a change in the mix of substantive and symbolic management, with less emphasis on substantive content since a decline in GRI adherence is associated with a lack of completeness and specificity. Hence, companies increasingly used quantitative information, but the latter mostly related to *ad hoc* measures and simple numerical outputs that are not recommended by the GRI guidelines. This can be related to two contextual changes. Firstly, the recent country progress report by the SA Department of Health (2010) reveals a stabilisation of national prevalence, infection and death rates. Secondly, since 2003, there has been a steady increase in government resources to tackle the disease, not only in terms of coordinating and assessing prevalence/infection rates, but also in terms of providing ART. From a pragmatic legitimacy and a stakeholder salience perspective (Mitchell et al., 1997), we would argue that these events reflect a reduction in the ‘urgency’ of the crisis from the point of view of the company, resulting in less pressures and demands for exchanges with directly affected stakeholders (employees). From a moral legitimacy perspective, the stabilisation of the prevalence rates and the increasing visibility of the government as the lead provider of health services imply that societal concerns about the corporate response to HIV/AIDS have diminished. Hence, the lower volume of disclosures (and reduction in GRI scores) may result from a corporate re-assessment of the social and/or stakeholder attitudes towards the contribution of businesses in dealing with the HIV/AIDS crisis (De Villiers & Van Staden, 2006).

Furthermore, and as stated by Suchman (1995: 600) and Ashforth and Gibbs (1990: 183), there are different reporting strategies that are applicable when a company moves from a position of *gaining* legitimacy to one of *maintaining* legitimacy. Whilst De Villiers and Van Staden (2006) conclude that less specific/more general disclosures are appropriate for maintaining legitimacy, we observe that information on specific HIV/AIDS activities dominate disclosures in the later years; and at the same time the proportion of companies providing general disclosures (e.g., policy and strategy) appears to be declining. Our findings are consistent with Ashforth and Gibbs’ (1990) view that organisations can rely on a ‘routinised’ mix of symbolic and substantive management to maintain legitimacy. The disclosures will emphasise “...*on-going role performance and symbolic assurances that all is well...*” (Ashforth & Gibbs, 1990: 183). Over time, however, and as organisational legitimacy becomes taken for granted, the same disclosures strategies can become ritualistic and eventually devoid of substantive meaning (Day & Woodward, 2004). However, our argument is that the stage of ‘maintaining legitimacy’ does still imply a combination of substantive and symbolic disclosures, but there is an expectation that in the medium to long term, symbolic disclosures will take predominance until a new crisis or event challenges the status quo and ‘displaces’ the form and content of (or removes altogether) existing HIV/AIDS disclosures.

7. Summary and Conclusion

To date, there remains a significant majority of SEA studies, which seek to analyse disclosure patterns from a legitimacy perspective, but there has been little attempt to assess how particular patterns of SEA disclosures: (i) lead to which type (dynamic) of legitimacy; and (ii) reflect particular legitimisation strategies (symbolic/substantive). Therefore, the main objective of this paper has been to contribute to the literature by developing an interpretive scheme, which combines Suchman’s (1995) dynamics of legitimacy and the concept of symbolic and substantive management proposed by Ashforth and Gibbs (1990) to examine how and why corporations rely on specific forms of SEA disclosures. Our contention is that managers will adopt a varying combination of symbolic and substantive disclosures that is consistent with the type of legitimacy being sought. In this regard, disclosures which reflect an ‘offering of incomplete accounts’ and the practice of concealing information are - in our view -

mainstream strategies of symbolic management, which explains why they appear to persist in annual/social reports.

In addition to developing a framework for interpreting SEA disclosures generally, our study makes a number of specific contributions to the extant literature. First, drawing from a detailed analysis of HIV/AIDS reporting in SA over the period 2003-2009, our analysis suggests that a combination of symbolic and substantive management appears to be the *modus operandi* of companies' social communication process insofar as the HIV/AIDS theme is concerned. Whilst there has been a normative expectation that companies will communicate their social responsibility in a substantive manner (as set out by the 2003 GRI guidelines), the evidence over the seven-year period of analysis suggests insufficient adherence to the requirement for comprehensive and comparable information. The content analysis also shows that an increasing proportion of companies have been including quantitative information together with the initially declarative-only disclosures. Although, however, the nature of the quantitative expectations of the GRI guidelines does not generally correspond with the more detailed expectations of the GRI guidelines, the observed disclosure strategies appear largely consistent with our interpretive framework. That is, our evidence mainly reflects a switch from symbolic-led SEA disclosures to a mix of symbolic and substantive disclosures.

Further, the critical nature of the pandemic and the change in government attitudes towards the causes of HIV/AIDSs compelled companies to respond more coherently and substantively to the urgent expectations of their staff, the government and society in general. As a result, SEA disclosures evolved as a means to pursue moral and pragmatic legitimacy, firstly from a procedural, structural and dispositional standpoint, and then to achieving influence, exchange and consequential legitimacy. Subsequently a change in the mix of disclosures (to a routinised mix of substantive and symbolic) occurred when organisations assessed that social concerns have changed (towards the role of companies in dealing with the crisis) and that the relevant stakeholders have become less salient as a result of changes in circumstances (Mitchell et al., 1997). Thus, this pattern of disclosures ensured that companies could maintain their pragmatic and moral legitimacy. Overall, this empirical illustration lends credence to our proposed interpretive framework and we argue that it can be applied to more mainstream SEA themes, such as environment and community support.

Second, we consider the broader policy implications of our findings for the GRI. Our evidence suggests that the GRI guidelines have not been adopted in a comprehensive fashion to meet the stated objectives of completeness, comparability and transparency. Belal and Owen (2007) argued that international models of social reporting generally fail to bring substantive action because the models do not take into account local needs and expectations. In our case, the GRI guidelines were specifically drafted and tested in SA with the input of local stakeholders, yet evidence of substantive action was at best piecemeal. The recent study by Bouten et al. (2011) also reported a very low level of GRI adoption. We argue that attempts to mandate/standardise social reporting can potentially result in companies adopting the model primarily as a way to fit their specific legitimating agenda. Hence, we would caution against the development of more 'best practice' social reporting models to address the lack of comprehensive and comparable disclosure, since it is likely that companies will implement such models on a symbolic or, at best, on substantive/symbolic basis.

Finally, there are a number of limitations which should be acknowledged. Firstly, our analyses have not considered other forms of corporate communications that have developed

over time, such as website information, but we contend that the provision of detailed HIV/AIDS information via other media (e.g., online reporting) is not a systematic practice across our sample of companies. Also, our intention was to consider the implications of the GRI reporting guidelines, which required the indicators to be disclosed in the annual/sustainability reports. Secondly, and given the very endemic nature of HIV/AIDS in SA, we acknowledge that there might be difficulties in generalising our empirical findings to other countries and in relation to other health epidemics. However, our findings arguably provide insights on how companies deal with health crises, and may inform future attempts at developing standardised forms of reporting on such social themes. Furthermore, the application of the analytical framework could incorporate interview-based (managers and other stakeholders) research, which arguably might be very useful in ascertaining and supporting the links between legitimacy dynamics and the resulting disclosure strategies.

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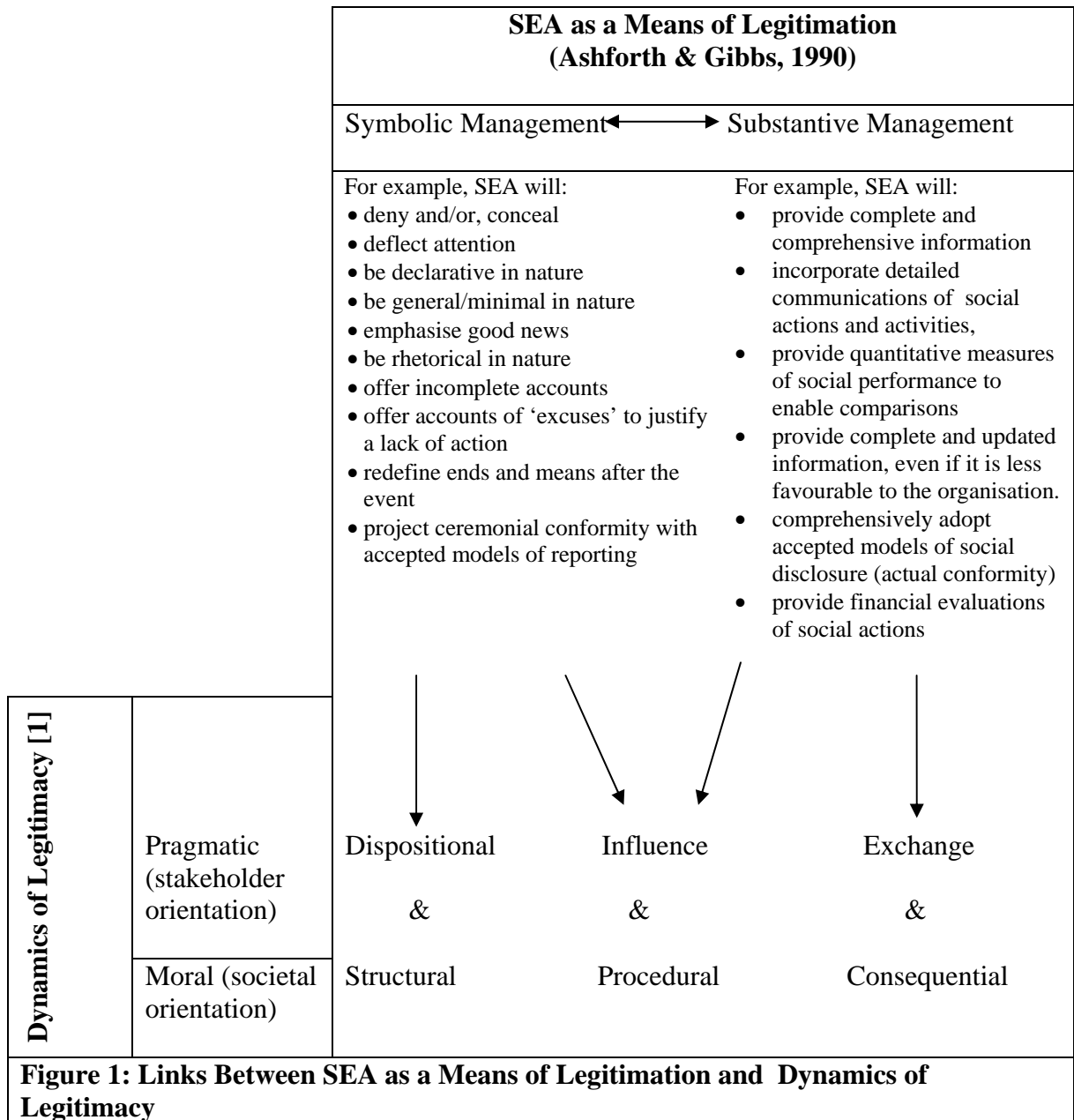


Figure 1: Links Between SEA as a Means of Legitimation and Dynamics of Legitimacy

Figure 2: HIV/AIDS Disclosures (2003 - 2009)

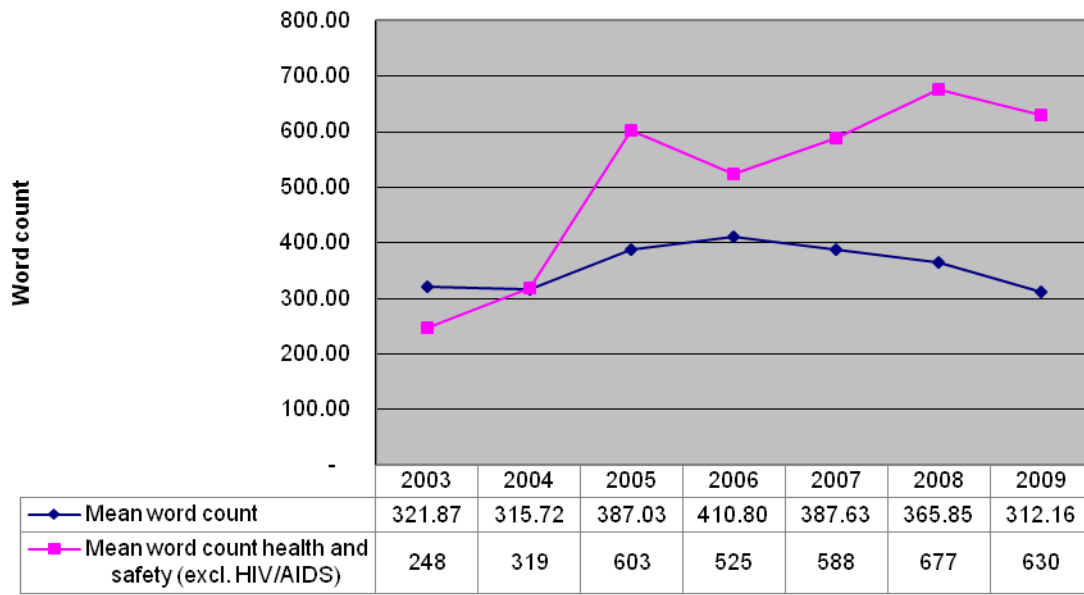


Table 1 - Classification of HIV/AIDS Disclosures (2003-2009)

Expressed in % of surveyed companies (n = 75)

Disclosure category	2003	2004	2005	2006	2007	2008	2009
Declarative only	52.0	44.0	42.7	34.7	37.3	32.0	25.3
Declarative and monetary	0.0	2.7	1.3	0.0	1.3	2.7	1.3
Declarative, monetary and quantitative	9.3	12.0	13.3	17.3	18.7	10.7	9.3
Declarative and quantitative	18.7	26.7	33.3	38.7	33.3	42.7	49.3

Table 2 - Percentage of Surveyed Companies Providing GRI Basic Indicators and Additional Indicators (AI) (2003-2009) (n=75)							
GRI Item Indicator	2003	2004	2005	2006	2007	2008	2009
1. Policy	58.7	48.0	53.3	54.7	53.3	46.7	41.3
AI a	13.3	13.3	12.0	13.3	9.3	9.3	5.3
AI b	9.3	16.0	20.0	20.0	17.3	14.7	6.7
2. Strategy	54.7	62.7	62.7	62.7	64.0	56.0	56
AI a	26.7	34.7	34.7	36.0	32.0	30.7	25.3
AI b	8.0	8.0	9.3	8.0	9.3	2.7	4.0
3. Contingency	5.3	5.3	4.0	4.0	4.0	2.7	2.7
AI a	2.7	2.7	2.7	2.7	2.7	2.7	1.3
AI b	1.3	2.7	1.3	2.7	1.3	0.0	0.0
4. Monitoring	24.0	40.0	41.3	46.7	49.3	46.7	46.7
AI a	10.7	18.7	28.0	30.7	36.0	32.0	34.7
AI b	2.7	1.3	4.0	4.0	4.0	2.7	2.7
5. Stakeholder	22.7	33.3	32.0	36	34.7	29.3	25.3
AI a	18.7	30.7	28.0	33.3	33.3	25.3	22.7
AI b	8.0	18.7	12.0	9.3	17.3	12.0	13.3
6. Prevalence	16.0	24.0	26.7	37.3	33.3	33.3	32.0
AI a	10.7	20.0	18.7	22.7	20.0	20.0	24.0
AI b	4.0	8.0	2.7	4.0	4.0	2.7	1.3
7. Current costs	9.3	13.3	12.0	16.0	14.7	13.3	10.7
AI a	1.3	2.7	1.3	4.0	5.3	4.0	1.3
AI b	2.7	2.7	1.3	2.7	1.3	1.3	2.7
8. Future costs	6.7	9.3	4.0	5.3	6.7	0.0	1.3
AI a	1.3	4.0	2.7	2.7	2.7	0.0	0.0
AI b	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. Programme	58.7	65.3	74.7	77.3	77.3	76.0	76.0
AI a	25.3	33.3	37.3	41.3	44.0	32.0	29.3
AI b	2.7	1.3	0.0	1.3	1.3	1.3	0.0
10. Budget	4.0	5.3	4.0	4.0	2.7	0.0	0.0
AI a	1.3	1.3	0.0	0.0	0.0	0.0	0.0
AI b	1.3	1.3	0.0	1.3	0.0	0.0	0.0
11. VCT	33.3	45.3	56.0	60.0	61.3	58.7	65.3
AI a	8.0	17.3	22.7	18.7	16.0	12.0	13.3
AI b	6.7	21.3	33.3	30.7	32.0	40.0	37.3
12. Support	38.7	46.7	49.3	54.7	49.3	53.3	49.3
AI a	9.3	9.3	20.0	25.3	21.3	17.3	12.0
AI b	14.7	21.3	18.7	21.3	17.3	14.7	13.3
13. Education	58.7	65.3	66.7	70.7	70.7	64.0	60.0
AI a	17.3	28.0	22.7	37.3	34.7	30.7	28.0
AI b	0.0	5.3	4.0	1.3	10.7	4.0	1.3
14. Contraception	14.7	24.0	16.0	22.7	18.7	17.3	18.7
AI a	1.3	5.3	4.0	2.7	0.0	1.3	1.3
AI b	6.7	2.7	2.7	6.7	6.7	5.3	6.7
15. Health care	36.0	46.7	56.0	57.3	57.3	53.3	57.3
AI a	24.0	28.0	36.0	42.7	44.0	40.0	40.0
AI b	12.0	12.0	20.0	24.0	22.7	17.3	22.7
AI c	6.7	14.7	13.3	16.0	14.7	16.0	13.3
AI d	2.7	10.7	14.7	16.0	22.7	22.7	21.3
16. Benefits	9.3	9.3	12.0	16.0	12.0	13.3	13.3
AI a	8.0	9.3	10.7	14.7	9.3	9.3	8.0
AI b	2.7	1.3	5.3	5.3	2.7	1.3	1.3

Table 3 – Descriptive Statistics of Absolute GRI Scores (2003-2009)							
<i>(n=75)</i>							
GRI Score	2003	2004	2005	2006	2007	2008	2009
Mean							
<i>(Standard Deviation)</i>							
Basic Score (max 16)	4.33 <i>(3.87)</i>	5.44 <i>(4.16)</i>	5.71 <i>(3.83)</i>	6.25 <i>(3.93)</i>	6.09 <i>(3.84)</i>	5.64 <i>(3.63)</i>	5.56 <i>(3.61)</i>
‘Additional’ Score (max 34)	2.73 <i>(4.43)</i>	4.09 <i>(5.04)</i>	4.45 <i>(4.94)</i>	5.03 <i>(4.97)</i>	4.96 <i>(4.92)</i>	4.25 <i>(4.47)</i>	3.95 <i>(4.11)</i>
Total score (max 50)	7.07 <i>(7.89)</i>	9.53 <i>(8.86)</i>	10.16 <i>(8.42)</i>	11.28 <i>(8.60)</i>	11.05 <i>(8.40)</i>	9.89 <i>(7.72)</i>	9.51 <i>(7.44)</i>

Appendix

Coding Instrument (Basic and 'Additional' Indicators)

Adapted from GRI Reporting Guidelines [13] Indicators for HIV/AIDS

Good Governance

1. Is there reference to organisation's HIV/AIDS policy? (POLICY)
 - a. information on policy meeting codes of conduct and laws.
 - b. information on partnerships beyond the workplace (with specific stakeholders).
2. Is there reference to an overall strategy for managing the HIV/AIDS risk? (STRATEGY)
 - a. elaboration of internal and/or external risks.
 - b. additional explanation on how the policy/strategies are communicated.
3. Is there reference to the extent of preparedness and contingency planning in anticipation of expected HIV/AIDS impacts? (CONTINGENCY)
 - a. Information on contingency plan for employees/labour.
 - b. Information on contingency plans for markets and/or suppliers.
4. Is there mention that the organisation monitors its progress and reports in terms of meeting strategies, policies or targets set out from 1-3 above? (MONITORING)
 - a. details on how the policy, strategy and targets are reviewed/evaluated.
 - b. explicit reference to external bodies/constituencies to whom the company reports.
5. Is there mention that the organisation involves stakeholders in the formulation of policy, strategy and implementation? (STAKEHOLDER)
 - a. specific identification of the stakeholder groups (and representative).
 - b. mention of how are stakeholders involved (structures and budget setting etc).

Measurement, Monitoring and Evaluation

6. Indicate current (or most recent) HIV/AIDS prevalence and/or incidence rates amongst relevant populations (e.g., at employee level). (PREVALENCE)
 - a. evidence to enable an assessment of the reliability of prevalence rates.
 - b. information on future (projections) prevalence and/or incidence rates.
7. Report current HIV/AIDS-associated costs & losses (CURRENT COSTS)
 - a. disclosure of the methods and/or assumptions used to calculate current costs/losses.
 - b. disclosure of the break-down of costs and losses.
8. Indicate total assumed future HIV/AIDS-associated costs and losses. (FUTURE COSTS)
 - a. disclosure of the models and/or assumptions used to calculate future costs/losses.
 - b. disclosure of the break-down of future costs and losses.

Workplace, Conditions and HIV/AIDS Management

9. Reference to a workplace or workplace-related HIV/AIDS programmes and interventions. (PROGRAMME)
 - a. explicit assurance regarding confidentiality and non-discrimination.
 - b. specific disclosure of grievance and discrimination procedures available to employees.

10. Report total allocated budget dedicated to HIV/AIDS programmes per annum. (BUDGET)
 - a. disclosure of the breakdown of budget per programme.
 - b. Further information on the budget / funding sources for the programmes.

Depth/Quality/Sustainability of Programmes

11. Reference to the organisation's Voluntary Counselling and Testing (VCT) programme.
 - a. specific disclosure on how programme is administered to preserve confidentiality and ensure non-discrimination. (VCT)
 - b. disclosure of proportion of staff utilising VCT programmes (and/or any quantitative measure of VCT outcomes).
12. Reference to other support and counselling programmes for affected groups. (SUPPORT)
 - a. details of the available support groups.
 - b. mention of the quality of support (e.g., trained counsellors and peer educators).
13. Reference to the organisation's HIV/AIDS education and training programmes. (EDUCATION)
 - a. detailed mention of the nature of the educational programmes.
 - b. mention how education and training is assessed for effectiveness.
14. Reference to the organisation's condom and femidom distribution programmes. (CONTRACEPTION)
 - a. mention of educational programmes and/or communications used to encourage the use of contraception.
 - b. mention of practical actions on making contraception available to workers.
15. Reference to the organisation's general health care and wellness provision for employees and/or their families. (HEALTH CARE)
 - a. mention of the nature of health care provision (provider and provision of ART).
 - b. mention of preventative measures - including STD treatment.
 - c. mention of care provision made available to families.
 - d. disclosure of proportion of employees receiving anti-retroviral therapy (ART).
16. Reference to additional benefits and support for employees sick, dying or deceased from AIDS-related conditions. (BENEFITS)
 - a. mention of benefits (retirement and work re-deployment) to employee.
 - b. mention of available family support (financial and offering work or other).

Coding procedure

The presence / mention of indicator scored as 1.
 No presence or mention is scored 0.

Total for 'basic' indicator:	16 x 1	=	16
Total for 'additional' indicators (AI):	15 x 2*	=	30
	1 x 4	=	<u>4</u>
Total			50

* All main headings have two 'additional' measures except Indicator #15 (four 'additional' measures).