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The Role of Theory in Explaining Motivation for Corporate Social Disclosures: Voluntary Disclosures vs 'Solicited' Disclosures

Sandra van der Laan
University of Sydney, sandra.vanderlaan@sydney.edu.au

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Corporate social disclosures (CSD) are primarily voluntary in nature and subsequently provide an area for research into motivational aspects of disclosures. The main focus of prior research has been whether corporate social disclosures constitute a discharge of accountability or are part of a process of legitimation. Prior research, however, ignores the emergence of an alternate style of corporate social disclosure, the 'solicited' disclosure. Increasingly companies are requested to report on their interactions with society in various forms. Non-government organisations (NGOs), regulatory agencies, ethical or socially responsible investment fund managers and other researchers are requesting social information from corporations. This shift from voluntary information provision to demanded information can be viewed as a natural consequence of the increasing pressures on corporations to be 'responsible', particularly in light of intensified world wide attention on unethical corporate behaviour and corporate collapse. These contemporary variants of social disclosure are worthy of scrutiny when considering these 'solicited' disclosures potentially reduce a corporation's power in defining the scope and nature of disclosures. Two theories, which are similar and derived from the broader political economy perspective, are commonly offered as explanations of motivations for social disclosures. Stakeholder theory offers an explanation of accountability to stakeholders. Legitimacy theory, on the other hand, suggests voluntary disclosures are part of a process of legitimation. This paper argues that these theoretical perspectives may provide greater insights into managerial motivation for disclosure if they are linked more explicitly to the nature of corporate social disclosure under examination: voluntary or solicited.

Keywords

Legitimacy Theory, Stakeholder Theory, Corporate Social Disclosures, Solicited Disclosures, Voluntary Disclosures

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Sandra van der Laan
Faculty of Economics and Business
The University of Sydney
s.vanderlaan@econ.usyd.edu.au

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Introduction

Social accounting as the "universe of all possible accountings" (Gray et al, 1997, p. 328) consists of many researchable subsets. These subsets encompass diverse 'accountings' from traditional mainstream research to those considered 'alternative' accountabilities, engaging with the social and environmental aspects of corporations and the relationships between corporations and society. Much of this 'alternative' research, sometimes referred to as the 'social accounting project' (see Gray, 2002), has focused on corporate social and environmental reporting, disclosure and the interrelationships between this disclosure and corporate performance. However, research of this type has been critiqued by accounting academe, not only because of its perceived lack of rigour but also because it is said to be inadequately theorised (Gray, 2001: Gray, 2002), arguably "data in search of a theory" (Ullmann, 1985, p. 540). To address this void, derivations of political economy theory have been offered as a theoretical basis for research into social accounting and disclosure in the form of stakeholder theory and legitimacy theory (Deegan, 2000: Gray et al, 1996).

Corporate social disclosures (CSD) are primarily voluntary in nature and as such provide fertile territory for research into the motivational aspects for these disclosures. The focus of prior research has been whether these disclosures constitute the discharge of accountability or are part of a legitimation process. This research, however, is yet to acknowledge an emerging alternate style of corporate social disclosure, the 'solicited' disclosure. Increasingly, companies are being asked to 'account' in various forms about their interactions with and impacts on society. Non-government organisations (NGOs), regulatory agencies, ethical or socially responsible investment fund managers, ratings agencies and other interested parties are requesting social information from corporations. This shift from predominantly voluntary information provision to demanded information can be seen as a natural consequence of the increasing pressures on corporations to be 'socially responsible', particularly in light of intensified world wide attention on unethical corporate behaviour and corporate collapse. Solicited disclosures, add another dimension to the inquiry. In the area of managerial motivation, this demanded information serves to constrain corporate discretion in defining the scope and nature of disclosure.

Thus, this paper seeks to expose the lacuna in CSD research by identifying and acknowledging the existence and increasing importance of solicited disclosures as a form of corporate communication with stakeholders. Legitimacy theory and stakeholder theory have provided theoretical motivations for social disclosure. By utilising these extant theories of managerial motivation, as well as developing and broadening the scope of what is classified as corporate social disclosure it can be demonstrated that voluntary corporate social disclosures are *better* explained by legitimacy theory, and stakeholder theory *better* explains solicited corporate social disclosure.

Background

Research into social and environmental accounting and associated disclosure has existed and enjoyed varying levels of interest for several decades (Deegan 2002: Gray, 2002: Mathews, 1997). Friedman's (1962) assertion that the only proper reason for the existence of a corporation is to make a profit for its shareholders, may have provided the impetus for an examination of the relationships between corporate social performance, and disclosure and/or economic performance.

Social accounting research, and indeed disclosure, is a reflection of the trends and issues of concern in (Western?) society. Early research examining these themes focused on CSD as a variable in statistical analyses of corporate performance, both social and financial (Gray, 2002). The late 1970s and early 1980s saw a focus on labour related concerns (Gray, 2002). More recently, research and disclosures have been dominated by those relating to the natural environment, such as environmental accounting, management and disclosures. Looking forward, with the increased availability of information about corporate activities, no single social aspect will dominate. Corporate decision-making and its impact on society will be open to further scrutiny with the global push for corporate social responsibility. This concept of corporate social responsibility is predicated on the notions of transparency and accountability.

Theoretical Development

To place CSD in a theoretical context, several broad, overlapping groups of theories concerning information flows between organisations and society have been used (Gray et al, 1995). Social and political theories that focus on the role of information and disclosure in the relationships between organisations, the state, individuals and groups are considered most appropriate in explaining CSD (Deegan, 2000: Deegan, 2002: Gray et al, 1996).

Political economy theory "emphasises the fundamental interrelationship between political and economic forces in society" (Miller, 1994, p. 16) and recognises the effects of accounting reports on the distribution of income, power and wealth (Cooper and Sherer, 1984). This perspective also "accepts that society, politics, and economics are inseparable so that issues, such as economic issues, cannot be considered in isolation from social and environmental issues" (Blomquist and Deegan, 2000, p. 7).

> "The political economy perspective perceives accounting reports as social, political and economic documents. They serve as a tool for constructing, sustaining and legitimizing economic and political arrangements, institutions, and ideological themes which contribute to the corporation's private interests. Disclosures have the capacity to transmit social, political and economic meanings for a pluralistic set of report recipients" (Guthrie and Parker, 1990, p.166).

Stakeholder theory and legitimacy theory have developed from the broader political economy perspective (Gray et al, 1996; Deegan, 2002). While there are differences between stakeholder and legitimacy theory, they both focus attention on the nexus between the organisation and its operating environment (Neu et al, 1998.). When this environment is, at the micro-level, engagement with identified stakeholders, a stakeholder approach is suggested as the 'best' theory to explain managerial behaviour. Legitimacy theory also recognises heterogenous, competing groups of stakeholders, but it operates at a conceptual level. At this conceptual or abstract level, legitimacy theory deals with "perceptions and the processes involved in redefining or sustaining those perceptions and can accommodate notions of power relationships and discourses at a global level" (Moerman and Van Der Laan, 2005, p. 376). These two theoretical perspectives should not be regarded as clearly distinct and delineated. It is more appropriate to regard them as overlapping perspectives on issues situated in a framework of assumptions supporting 'political economy' (Deegan, 2000: Gray et al, 1995).

Stakeholder Theory

> "[S]takeholder theory has been advanced and justified …on the basis of its descriptive accuracy, instrumental power, and normative validity. These three aspects of the theory, although interrelated, are quite distinct; they involve different types of evidence and argument and have different implications" (Donaldson & Preston, 1995, p. 65).

This work draws upon the descriptive aspect of stakeholder theory. This aspect presents and explains relationships that are observable in the real world. (Donaldson & Preston, 1995) This descriptive aspect, when it is organisation centred, is referred to as the managerial branch of stakeholder theory (Deegan, 2000) because "information…is a major element that can be employed by the organisation to manage (or manipulate) the stakeholder in order to gain their support and approval, or to distract their opposition or disapproval" (Gray et al, 1996, p.46).

"Stakeholder theory attempts to articulate a fundamental question in a systematic way: which groups are stakeholders deserving or requiring management attention, and which are not?" (Mitchell et al, 1997, p. 855). It acknowledges the dynamic and complex relationships between organisations and their stakeholders and that these relationships involve responsibility and accountability (Gray et al, 1996). "Stakeholder analysis enables identification of those societal interest groups to whom the business might be considered accountable, and therefore to whom an adequate account of its activities would be deemed necessary" (Woodward and Woodward, 2001, p.1).

Stakeholder analysis therefore, involves initially identifying organisational stakeholders that have some 'right' to information, and ranking or prioritising their interests. (Gray, 2001) This ranking or prioritisation may not be overt, obvious or conscious, but more a heuristic for understanding why some of these groups have their information needs met and others do not. Considering the heterogeneity of organisational stakeholders, and subsequently the inability of generic CSDs to provide all information needs, CSD necessarily results in conflict between stakeholders. Resolution of this conflict is a reflection of the amount of power stakeholder groups are perceived to hold in the organisational environment. (Miles, 2002: Mitchell et al, 1997: Tilt, 1994) This view is consistent with stakeholder theory which acknowledges "a major objective of the firm [is] to attain the ability to balance conflicting demands of various stakeholders in the firm" (Roberts, 1992, p.597).

Research attempting to theorise and interpret CSD from a stakeholder perspective has been sporadic. Ullmann (1985, p. 554) concluded that social disclosures are used strategically to manage relationships with stakeholders by "influence[ing] the level of external demands originating from many different constituencies". The more critical stakeholder resources are to the success and viability of the organisation, the more likely the organisation will satisfy their demands (Ullmann, 1985). Roberts (1992) applied the framework developed by Ullmann (1985), based on stakeholder theory, to test CSD activity empirically. The results of his study found that "stakeholder power, strategic posture and economic performance are significantly related to levels of CSD" (Roberts, 1992, p. 595) and that organisational managers use CSD as a proactive method of managing stakeholders and their organisational environment. However, the work of Neu et al (1998) explicitly links the use of stakeholder theory with the concept of 'organisational legitimacy'[1], acknowledging the interrelatedness of the two perspectives in analysing CSD. Neu et al (1998) examined the environmental disclosures in the annual reports of Canadian public companies operating in environmentally 'sensitive' industries. They concluded that "the level and type of environmental disclosure contained in the annual reports is influenced primarily by an organization's relevant publics, and that the communication strategies adopted by the organization are influenced by the multiplicity and power of these different publics" (Neu et al, 1998, p. 274). Confirming the importance of stakeholder power their analysis also suggests that "because of these different publics, the relationship between environmental disclosures and an organization's methods of operations and output will always be partial in that these disclosures attempt to emphasize environmental successes, re-frame challenges raised by important publics and ignore challenges raised by marginal publics" (Neu at al, 1998, p. 274).

The managerial branch of stakeholder theory provides a framework in which to analyse CSD in an organisation centred way. The successful outcome of appropriately managing stakeholders by the discharge of accountability through CSD is arguably some form of organisational legitimacy. However, this stakeholder management approach to CSD will only gain, maintain or restore organisational legitimacy for those stakeholders whose needs have been addressed.

Legitimacy Theory

Legitimacy theory posits organisations are continually seeking to ensure that they operate with the bounds and norms of their respective societies. (Deegan, 2000) Legitimacy can be considered as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995, p. 574). To this end, organisations attempt to establish congruence between "the social values associated with or implied by their activities and the norms of acceptable behaviour in the larger social system of which they are part" (Dowling and Pfeffer, 1975, p. 122). Consistent with this view, Richardson (1987, p. 352) asserts accounting is a legitimating institution and provides a "means by which social values are linked to economic actions".

Organisational legitimacy is not a steady state, but variable. This variability is not only temporal, but also spatial or across stakeholder and cultural groups. Therefore depending on an organisation's perception of its state or level of legitimacy, an organisation may employ 'legitimation' strategies (Lindblom, 1993). Organisational legitimacy can be constructed or enhanced through the use of symbols or symbolic action communicating a "public image" (Dowling and Pfeffer, 1975). This image is aligned with the organisations primary goals, methods of operation or output (Neu et al, 1998).

Lindblom (1993) and Dowling & Pfeffer (1975) suggest four broad legitimation strategies that organisations may adopt when faced with a threat to their legitimacy or a perceived legitimacy 'gap'.

[1] Organisational legitimacy is an elusive concept. Dowling and Pfeffer (1975) define the concept as the outcome of both the process of legitimation by the organisation and by the actions affecting relevant norms and values taken by relevant publics, mindful that social norms and values are not static.

A legitimacy gap occurs when corporate performance does not match the expectations of 'relevant publics' or stakeholders. In a bid to restore, maintain or enhance organisational legitimacy an organisation may:

1. change its output, methods or goals to conform with the expectations of it relevant publics, and then inform these relevant publics of the change;
2. not change its output, methods or goals, but demonstrate the appropriateness of its output, methods or goals through education and information;
3. try to alter the perceptions of relevant publics by associating itself with symbols that have a high legitimate status; and
4. try to alter societal expectations by aligning them with the organisation's output, goals or methods.

By definition corporate social disclosure should conform to at least one of the above strategies as implementation of any legitimation strategy must involve both communication (disclosure) by the organisation as well as addressing norms, values or beliefs of relevant publics. This is consistent with a legitimacy explanation of managerial motivation for CSD (Lewis & Unerman, 1999).

> The multiplicity of legitimacy dynamics creates considerable latitude for managers to maneuver strategically within their …. environments …….. Admittedly, no organization can completely satisfy all audiences, and no manager can completely step outside of the belief system that renders the organization plausible to himself or herself, as well as to others. However, at the margin, managerial initiatives can make a substantial difference in the extent to which organizational activities are perceived as desirable, proper, and appropriate within any given cultural context (Suchman, 1995, p. 585).

From the early 1980s legitimacy theory has been employed by researchers who sought to examine social and, more particularly, environmental accounting practice. Both Hogner (1982) and Guthrie and Parker (1989) examined steel companies longitudinally. Both these studies looked at variations in social disclosures over time. Hogner's (1982) findings supported a legitimacy explanation while Guthrie and Parker (1989) concluded that legitimacy theory did not adequately explain the variations in disclosure at BHP.

As the number of researchers adopting legitimacy theory as the theoretical basis for their social and environmental accounting research has grown, so too, has the sophistication and understanding of its application been refined. Many recent studies (e.g. Brown and Deegan, 1998: Deegan and Rankin, 1996: Patten, 1992) have positively linked CSD to legitimising motives.

Other recent research has sought to 'test for' legitimacy theory (e.g. Adams et al, 1998: O'Dwyer, 2002: Wilmshurst and Frost, 2000) as a motivation for disclosure with inconclusive results. "It has been assumed …. that legitimacy theory can be somehow demonstrated (or rebutted) depending on the degree of association found between disclosure patterns and changes in societal opinions" (Campbell et al, 2003, p. 561). This confirms the pre-theoretical assumption of legitimacy theory that a threat or gap to organisational legitimacy exists. However, legitimacy theory has become the most widely used theory to explain CSD (Campbell et al, 2003: Deegan, 2002) as there is mounting evidence that managers adopt legitimising strategies such as those outlined above.

Voluntary Social Disclosures

> "Much of the demand for CSD may be viewed as the result of public desire for information on which to base an opinion about whether or not a corporation is "appropriate" or "right and proper", i.e. to evaluate corporate legitimacy. Also, much of the voluntary social disclosure issued by corporations may be viewed as efforts at legitimation, i.e. efforts to achieve the status of legitimacy" (Lindblom, 1984, p. 3).

Voluntary CSD are textually-mediated discourses that carry an "aura of legitimacy" (Neu et al, 1998, p. 268) and are relied upon by relevant publics as representations of organisational activities, outputs and goals as generally these are not readily observable (Neu et al, 1998). They enlist, echo and amplify dominant societal themes and values (Lehman and Tinker, 1987).

Many corporations voluntarily disclose 'social' information. These disclosures may take the form of management discussion in annual reports, or separate disclosure, such as a 'stand-alone' social, sustainability or environmental report. Largely, the format, content and detail of such disclosures are unregulated. This situation allows the reporting entity to set the agenda for social reporting. The reporting entity decides what to report on, how to report, what level of detail is required and where the information will be published. Voluntary corporate social disclosures are a case of information inductance (Gray, 2001). Of particular importance is the location of the information. A company effectively engages or excludes particular audiences with its choice of forum for publishing. The media favoured by companies for disclosing social information are company websites, separate reports or as part of the annual report.

The advent and proliferation of social reporting guidelines and frameworks has not served to mitigate the control corporation's exercise over this process. Corporations 'cherry pick' what they will or will not adopt from within these frameworks and guidelines. A stunning example of this managerial discretion is the 2001/2002 British American Tobacco (BAT) Social Report. BAT employed the AccountAbility AA1000 framework to guide the process of stakeholder engagement for its social report. It supported this process with the Global Reporting Initiative's (GRI) guidelines for categories and aspects to report against. And yet, the GRI category *Products and Services,* which is concerned with the major social issues and impacts associated with the use of principal products and services (GRI, 2002, p. 35) is omitted in the BAT Social Report 2001/2002. The principal product of BAT is, of course, cigarettes.

Under the current voluntary disclosure regime companies are able to set the forum and agenda for social reporting. Corporations decide what to disclose, when to disclose and how to disclose as well as the medium. These decisions are made at an 'abstract level' without necessarily identifying the information needs of organisational stakeholders. Management perceives the social information needs of the broader society and deliver the information strategically, ensuring that it is aligned with the perception desired. Thus, an image is constructed through communication via the social reporting process (Dowling and Pfeffer, 1975). This view is embraced by legitimacy theory.

Arguably, analysis of CSD utilising legitimacy theory is flawed as it results in critique of the motivations for disclosure (Deegan, 2002). However, this critique may be a natural consequence of analysis of motivations for CSD, as disclosure is one response to a perceived threat to or gap in organisational legitimacy. Disclosure would not be required unless a section of society or 'relevant' public is questioning the appropriateness of the organisation's output, methods or goals. In other words, if society's perception of the organisation is aligned with the way the organisation wishes to be perceived, there is no legitimacy gap and hence no motivation to disclose or to seek to legitimate an organisation's output, methods or goals.

Solicited Disclosures

Solicited disclosures are somewhat less complex for corporations. And, suggested by the anecdotal evidence from corporate communications experts at industry conferences[2], increasing dramatically in incidence. Organisations such as NGOs, socially responsible (SRI) or ethical investment fund researchers, trade union representatives, information intermediaries and other interested parties request social information from corporations. The primary decision of the corporation in this context is whether or not to comply with the request. Since the stakeholder can be identified or, in these cases, identifies themselves (or the group they represent), the expectations of what, how and when of information to provide is tangible. Since using a stakeholder model for exploring corporate social disclosures requires in the first instance, identification of stakeholders (Gray, 2001), this self selection of stakeholders through solicited disclosures reinforces the appropriateness of examining these disclosures using a stakeholder accountability perspective.

The sole distinguishing feature of solicited disclosures as opposed to traditional voluntary CSD is the impetus to provide the information. The impetus for the traditional voluntary CSD is from management, either in response to a perceived gap or threat to legitimacy or a need to 'account'. But for solicited disclosures the impetus is provided by a direct request from the identified stakeholder(s). This makes the range of solicited disclosures very broad. Table 1 provides an overview of some possible solicited disclosure processes, and whilst this is not a finite list of possibilities, it does provide an indication of the many and varied forms this type of CSD may take. Table 1 provides examples of possible stakeholders (the source of the requests), the possible motivations for requesting the information, the form of disclosure, the nature of the response and how that information may be disseminated, if at all.

[2] At both the 2001(Melbourne) and 2002(Sydney) Ethical Investment Association Conferences, managers and senior staff from corporate communication sections of leading Australian companies complained bitterly at the increasing number of questionnaires and requests for information to comply with.

Table 1: Examples of the Solicited Disclosure Process

Identified Stakeholder/Group	***Motivation for Request***	***Form of Request***	***Form of Response***	***Public/Private Dissemination***
NGOs & Activists:				
Environmental Lobby Group e.g MPI[3]	Environmental Accountabilty/ Stakeholder Accountability	Site Visits	Observation/ Interaction with employees	Information in public domain via NGO
Social Lobby Group e.g. Jubilee Australia	Social Change	Private Interview with CEO	Verbal Response	Information in public domain via NGO
SRI/Ethical Funds:				
e.g SAM	Commercial/ Stakeholder Accounability	Questionnaires	Written response	Stakeholder overall opinion in public domain, detail of information held privately
Information Intermediaries:				
e.g. EIRIS[4]	Commercial	Questionnaires	Written response	Information held privately but available commercially

[3] "The Mineral Policy Institute (MPI) is an Australian-based non-government organization specializing in advocacy, campaigning and research to prevent environmentally and socially destructive mining, minerals and energy projects in Australia, Asia and the Pacific" (www.mpi.org.au)

[4] The Ethical Investment Research Service (EIRIS) is a UK based organization that is a leading European provider of independent research into social, environmental and ethical performance of companies and is the market leader in the UK (www.eiris.org).

Solicited disclosures typically take the form of responses to questionnaires. But they could be information gleaned through interviews or site visits as well. In many cases, multiple avenues for information are sourced. For example, Sustainable Asset Management (SAM) Indexes who provide information to forty asset managers worldwide and whose information forms the basis of the Dow Jones Sustainability Index[5] have a rule-based process that is externally verified and reviewed annually. Their three stage evaluation process is based on assigning a score calculated from predetermined weightings. The first stage is an assessment of a company completed questionnaire followed by an assessment of the quality and public availability of information. The final stage is a two part verification process as to the 'truthfulness' of responses in the questionnaire and a review of the company's involvement in critical sustainability issues (SAM, 2003).

If the voluntary production of corporate social disclosures is a case of information inductance, then solicited corporate social disclosures are a case of information deductance. Corporations deduce from the source of the request, the focus, style and detail of disclosure required. Their control and power over defining the extent and nature of the disclosures is significantly diminished when compared with their position in relation to traditional voluntary disclosures.

There is also an interesting issue surrounding the 'private' nature of solicited disclosures. Traditional CSD are acknowledged as privileging certain stakeholders, most notably for accessibility reasons (media, language etc). One the other hand, solicited disclosures are essentially a private discourse between the corporation and the source of the demanded information. In fact, confidentiality is an issue among the parties involved in solicited disclosures. This is particularly evident with research agencies performing analysis for socially responsible investment funds, or the funds that perform their own research. In these cases, there is either a cost involved to being privy to the information or the information is not publicly available because it may expose 'commercial secrets'. While accessibility is not the issue, the solicited disclosure privileges stakeholders that have the power to command information and to have their demands satisfied.

Linking Theory to Disclosures

> It is probable that there is no single motivation for making social disclosure. …Whether there is an economic motivation for the disclosure …. a reaction to user needs….or a political motivation …..it is probably a consequence of each management's particular perception of the world it faces (Freedman and Stagliano, 1992, p.113).

If there is no single motivation to disclose, then many theories could be considered adequate as explanations for disclosure, as extant research suggests. "Any theory, mental framework or way of visualising the world is…..temporary, conditional and debatable" (Gray et al, 1996, p.32). "[T]heories are abstractions of reality and hence particular theories cannot be expected to provide a full account or description of particular behaviour" (Deegan, 2000, p. 250). As the role of theory in

[5] The Dow Jones Sustainability Index tracks the performance of the leading sustainability driven companies. Listing on this index allows ethical or socially responsible fund managers who utilise their research to include the listed companies in their portfolios.

this instance is to best understand managerial motivation to voluntarily disclose social information, a phenomenon that is not observable, then competing (or complementary) theoretical explanations are likely to co-exist. However, a particular theoretical explanation may be superior.

Solicited social disclosures conform to the central tenets of the descriptive branch of stakeholder theory.

> "[T]he stakeholders are identified *by the organisation of concern*, by reference to the extent to which the organisation believes the interplay with each group needs to be managed in order to further the interests of the organization. (The interests of the organization need not be restricted to the conventional profit seeking assumptions) (Gray et al, 1996, p. 46).

Organisations that comply with requests for solicited disclosures are arguably furthering their interests. Complying with requests from ethical or socially responsible fund managers allow corporations greater access to capital[6]. Complying with requests from NGOs (e.g. Greenpeace, World Wide Fund for Nature, etc.) allow organisational activities to continue free from interruption or activism by external pressure groups. Similarly, complying with requests from trade unions also reduces the possibility of interruption to organisational activities. Two fundamental conceptions will form the basis for organisational responses to solicited disclosure. Firstly, the amount of power the requesting stakeholder holds in the organisational environment and, secondly with reference to extent the organisation perceives the duty to provide an account (accountability) to the particular stakeholder soliciting information confirming the appropriateness of a stakeholder approach.

Research has demonstrated that voluntary social disclosures are about altering or reorienting public perceptions of the organisation and inevitably biased (see Deegan et al, 2002: Guthrie and Parker, 1990: Neu et al, 1998). There would be no need to make this information public via disclosure if perceptions of the organisation were homogenous and aligned with how the organisation wished to be perceived by the public. Whilst organisations have the ability control the forum and agenda for CSD, motivations for disclosure must include the achievement, maintainence or restoration of organisational legitimacy. This view is supported by a legitimacy theory explanation of managerial motivation to disclose.

Future Directions

The two theories commonly offered as an explanation for managerial motivation to disclose social information have the same anticipated outcome: organisational legitimacy. However, the level of organisational legitimacy enjoyed by corporations is not static, and the terrain surrounding organisational legitimacy is also highly contested. It is also well documented that both organisations and stakeholders manoeuvre within this contested terrain and generally the weapon of choice is information. This situation makes the source, location and presentation of the information an issue of

[6] Despite the fact that this is a small market currently, most corporations are keen to advertise their association with the fund or inclusion on an index such as the Dow Jones Sustainability Index – see Van Der Laan & Moerman, 2005.

concern. It also creates the imperative for acknowledging the distinction between company instigated disclosures and solicited disclosures and the inherent biases involved in such disclosures.

The notion of solicited disclosures is based on the premise that the information will be in some way characterised differently from the traditional corporation offered voluntary disclosures. If traditional CSD are adequate, the phenomenon of solicited disclosures would not exist.

Presently this ‘field’ of CSD is a research site relatively unexplored. Extant research acknowledges the issues of credibility of CSD and managerial motivations to disclose social information, but sees the ‘source’ of CSD as unproblematic. To date, research on this privileged engagement between the demanders of social information and corporations has not been published. All attempts to link CSD to managerial motivation to disclose has focused on the company instigated disclosure.

Empirical research findings will, at the very least, provide a critique or reveal underlying assumptions of extant theories of managerial motivation to disclose social and environmental information. And, at the very most, this critique will lead to reorienting or redefining legitimacy or stakeholder theory in this context. It is also possible this research could offer alternative theories from beyond the realm of organisational literature that provide better explanation for the empirical findings.

Concluding Comments

Stakeholder theory and legitimacy theory are multi-faceted, interrelated theoretical perspectives that embody the assumptions that are acknowledged by a political economy perspective. Much of the research into corporate social disclosure has utilised or ‘tested’ for legitimacy theory. However, analysis utilising legitimacy theory has been questioned as it tends to result in critique. This critique may be a natural consequence of this type of analysis, as it assumes that the organisation perceives a threat or gap to its legitimate status. However, if, as the CSD literature suggests, legitimacy theory is about management perceptions rather than accountability to stakeholders, then solicited disclosures expose a lacuna in the research as solicited disclosures require another explanation or a redefining of legitimacy theory that acknowledges the contrasting power relationships in the situation where information is demanded rather than offered.

By developing and broadening the scope of what is termed corporate social disclosure, and introducing an emerging form of corporate social disclosure, solicited disclosure, the question of whether voluntary corporate social disclosure is an exercise in accountability to stakeholders or part of a process of legitimation may be best answered by the type of disclosure. Of course, seeking explanations for managerial motivation to disclose information is a study in human behaviour and no one theory can ever completely explain definitively decision making processes as theories are abstractions of reality and particular theories cannot completely account for or describe particular behaviour (Deegan, 2000). So, whilst legitimacy theory and stakeholder theory may ‘compete’ to explain managerial motivation for voluntary corporate social disclosures, they may both plausibly explain the phenomenon. However, by identifying the two quite distinct styles of corporate social disclosure, voluntary or solicited, the theoretical perspectives offered and commonly critiqued may provide *better* explanatory power if they were tailored to the type of corporate social disclosure.

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