



Sustainability strategies of the company TimorL: extending the applicability of legitimacy theory

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Abstract

Purpose – This study aims to identify the legitimacy strategies employed by one of the largest Portuguese cement companies to defend and downplay its sustainability performance and activities related to two major controversies involving the company: co-incineration and the location of the Outão plant.

Design/methodology/approach – A single case study methodology is employed for the empirical research. Sustainability reports were analysed in order to identify TimorL's sustainability disclosure practices, and semi-structured interviews were conducted to complement the case analysis. This paper emphasises legitimacy theory and legitimacy repair strategies that were identified by Suchman.

Findings – Legitimacy strategies, including “don't panic”; “create monitors”; “justify”; “disassociate” and “explain”, were identified in the actions TimorL took after the above-mentioned controversies. The company initiated a series of actions to respond to the company's “crisis”. The conclusions of the study support the argument that sustainability strategies remain a powerful legitimacy tool.

Originality/value – The paper adds to the scarce research available on the sustainability disclosure and practices of companies by providing new empirical data. It contributes to a better understanding of how companies behave when they are faced with legitimacy gaps and how they act to restore their legitimacy.

Keywords Case study, Interviews, Sustainability reports, Legitimacy theory, Portugal, Legitimacy strategies

Paper type Case study

1. Introduction[1]

Accountants must understand their own ethical position as well as their definition of the environment. This understanding can help them extend accounting practice to meet current social needs and maintain professional legitimacy Mathews and Reynolds (2001, p. 79).

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Sustainable development (hereafter SD) is currently a powerful global counter-narrative to contemporary western lifestyles and forms of governing societies (Russell and Thomson, 2008). In fact, some decades ago, under the traditional businesses approach, ecological and social issues were ignored in management objectives because they were not visible or did not have a significant financial impact. After the Brundtland Report came out, the concept of SD began to be implemented by corporations and business organizations. Some companies are considering embracing SD or sustainability at a strategic level, as they see clear synergies between value creation and attempts to contribute to SD (Moneva *et al.*, 2006). SD is constructed as a win-win concept, which allows society to enjoy economic growth, environmental protection and social improvements with no trade-offs or radical restructurings in the social order (Laine, 2005).

Following the more recent stream of qualitative studies (Larrinaga and Bebbington, 2001; Larrinaga *et al.*, 2001; Adams, 2002; Cho, 2009), the authors have based the study on a case study. Legitimacy theory, originating from the notion of a “social contract” between organizations and society, is used. According to legitimacy theory, a company’s performance is legitimate when it is judged to be fair and worthy of support, that is, when it is socially accepted. Legitimacy gaps arise when societal expectations of the firm’s behaviour differ from societal perceptions of its behaviour. In these circumstances society could revoke the organization’s “contract” to continue its operations (Deegan *et al.*, 2002).

This study aims to identify the legitimacy strategies employed by one of the largest Portuguese cement companies to defend and downplay its sustainability performance and activities related to events that have attacked its legitimacy.

To achieve this purpose, sustainability reports were analysed in order to determine TimorL’s sustainability disclosure practices. Semi-structured interviews were then conducted to complement the case analysis. Lastly, the company’s legitimacy repair strategies were identified based on the work of Suchman (1995).

This paper adds to the scarce research available on sustainability disclosure and company practices by providing new empirical data, thereby contributing to a better understanding of how companies behave when they are faced with legitimacy gaps and how they act to restore their legitimacy.

The paper is organized as follows: Section 2 provides some background on sustainability and legitimacy theory. Section 3 describes our empirical data and the research method adopted. In Section 4, the authors present the evidence gathered from our analysis and describe the legitimacy strategies adopted by TimorL. Lastly, some concluding remarks are made and potential future avenues of research are suggested.

2. Background and theoretical framework

The concept of SD is used to motivate various political, legal and economic initiatives that seek to resolve the social, environmental and economic problems, which we, as occupants of our planet, currently face. At the same time, it is clear that the term SD has been used to mean different things to different people in different contexts (Bebbington, 2001, p. 129).

It is important for companies to communicate how they integrate sustainability concepts into their decisions and inform the stakeholders about their sustainability projects and actions. Thus recent emphasis has been put on integrating ethical, social, environmental and economic issues into corporate reports. This has been

referred to as the “triple bottom line”, or “sustainability” reporting. “The movement towards integrating these issues in reporting is evidenced by the publication of more comprehensive corporate sustainability reports supported by guidelines such as those of the Global Reporting Initiative (GRI)” (Adams and Frost, 2008, p. 288).

Legitimacy theory continues to be extensively cited, developed and tested in a vast number of empirical studies to explain corporate decisions related to social and environmental disclosures (see, e.g. Neu *et al.*, 1998; Deegan *et al.*, 2002; Cho and Patten, 2007; Cho, 2009; Branco *et al.*, 2008). However, Guthrie and Parker (1989) failed to confirm legitimacy theory as the primary explanation for corporate social disclosure.

According to legitimacy theory, a company’s performance is legitimate when it is judged to be fair and worthy of support, that is, when it is socially accepted. Legitimacy gaps arise when societal expectations of the firm’s behaviour differ from societal perceptions of its behaviour. In these circumstances society could revoke the organization’s “contract” to continue its operations (Deegan *et al.*, 2002). “A process of legitimation may be engaged in by a company either to gain or to extend legitimacy, to maintain its level of current legitimacy, or to repair or to defend its lost or threatened legitimacy” (O’Donovan, 2002, p. 349).

“Legitimacy requires a reputation that must be retained, that is, it requires a company to convince its relevant publics that its activities are congruent with their values. Companies are supposed not only to have activities which are congruent with social values but also to communicate that their activities are congruent with such values” (Branco *et al.*, 2008, p. 138).

When society is not convinced that an organization is operating in an acceptable or legitimate manner, then “society will effectively revoke the organization’s ‘contract’ to continue its operations” (Deegan *et al.*, 2002, p. 293). A legitimacy gap exists when there is incongruence between a corporation’s actions and the society’s perceptions of what these actions should be (O’Donovan, 2002). Certain papers on legitimation tactics and techniques chosen by organizations to gain, maintain and repair their loss of legitimacy have been regularly quoted in the literature, and these were also very important to our study. These papers are: Suchman (1995), Lindblom (1994), Dowling and Pfeffer (1975), Deegan *et al.* (2002) and O’Donovan (2002). Legitimation strategies have been defined based on these papers, particularly the strategies mentioned by Suchman (1995).

Suchman (1995) examines strategies for gaining, maintaining and repairing legitimacy. He identifies the challenges and the strategies of these three forms of legitimacy management. He argues that not all legitimation attempts meet with equal success and he examines some ways in which such efforts may miss the mark. In this context the authors aim to identify the purpose of the strategies used to deal with threats to legitimacy.

3. Research methods

Case study

A single case study methodology is employed for the empirical research. This follows a number of calls for the use of case study research in the social and environmental accounting literature (Parker, 2005). Other studies use this methodology albeit for different purposes, such as Deegan *et al.* (2002), Adams (2002), Ball (2005) and Larrinaga and Bebbington (2001). A case study consists of a detailed investigation, often with data collected over a period of time, of a phenomenon, within its context.

The aim is to provide an analysis of the context and processes that will shed light on the theoretical issues being studied.

For our case study, the company TimorL was selected. TimorL was founded in 1918 and is today one of Portugal's leading cement producers. With an annual output of about 4 million tons of cement, it meets more than 35 per cent of the country's demand for cement. TimorL heads a corporate group with operations in Portugal, Spain, France, Tunisia, Angola, Lebanon and Cape Verde. The scope of this study is the company's three cement production plants in Portugal, which account for 69 per cent of the group's sales volume. These three plants function independently according to TimorL's sustainability reports, web site and other documents. TimorL employs a total of 690 workers in these three plants.

Data collection

The first step was to get a general overview of the structure and functioning of the organization (Hartley, 2004).

In a second step, some general background information on the company was gathered (Buhr, 1998). The authors established a research protocol with the company[2]. Which allowed us to have free access to various sources, including advertising material, annual reports from 1994 to 2007; brochures; media information from newspapers, radio and television; press releases; promotional videos; presentations at conferences; different issues of the TimorL company magazine *Valorizar*; and various internal documents. TimorL's web site was also accessed. At the same time the authors looked at information on corporate social, ethical and environmental performance. Sustainability reports from 2005 to 2007 were analysed and semi-structured interviews were conducted. This type of triangulation helps ensure the validity and reliability of qualitative research (Yin, 2003).

The purpose was to determine what legitimacy strategies were used by the company and understand how TimorL responds to societal pressure. To obtain information the sustainability language is by the company was examined in order to understand what the company means by sustainability practices and how they present the information. "Corporate disclosures are seen as a medium in which social reality is constructed" (Laine, 2005, p. 400). He goes on to say that "it may be possible to link the disclosures to attempts by the companies to legitimate their actions in society: by constructing sustainable development in a certain way, business can affect the way sustainable development is understood in the social reality".

Following Laine (2005), during the first phase of the study, the 2007 sustainability report was examined using the search-function of Adobe Acrobat Reader to look for phrases related to social responsibility and legitimacy gaps. As social responsibility allows us to understand sustainability disclosure practices, the authors choose words such as: environmental, employees, community, social, responsibility, sustainability and SD for our search. Legitimacy gaps allow us to understand how TimorL has dealt with the co-incineration and Beta site controversies, i.e. what kinds of communication strategies TimorL has used in order to restore its legitimacy.

The parts of the reports that contained any of these phrases were then read carefully in order to get a clearer picture of whether they referred to SD or not. Analysing the data was an iterative process that was conducted in various phases both during and after the data was collected. The texts were reread

numerous times. Initially, the focus of the study was at the phrase level, concentrating on how many times the selected phrases occurred. At a later stage the focus shifted to how and what the company decided to disclose.

TimorL's sustainability reports were analysed in order to identify TimorL's sustainability disclosure practices and to determine what legitimacy strategies were used by the company. TimorL has been reporting sustainability issues since 2000, but it was only in 2005 that the company began to adopt some of the GRI guidelines. In addition to its sustainability report, TimorL communicates its interest in defending the environmental and social issues in a number of other ways. The company's discourse consists mainly of "we do this, we do that[...]"; but TimorL also admits that its activities have negative environmental impacts that they try to minimize. All of TimorL's sustainability reports from 2005 to 2007 were read, but the authors focused their attention on the 2007 report. This means that the major findings presented in this paper refer to the 2007 report, as it was the most recent reporting year at the time the data was collected. The authors were able to identify several themes around which SD seems to be constructed and were able to identify TimorL's disclosure practices. Lastly, these findings were used to draw some conclusions regarding the legitimacy strategies used by TimorL.

The interviews were conducted during March 2009. Interviews are one of the most important sources of case study information (Yin, 2003) and are becoming an important method in social and environmental accountability research[3]. As Deegan and Blomquist (2006, p. 354) contend, the best way to gather information is to ask the relevant people directly rather than relying on other forms of secondary data. A total of eight semi-structured interviews with company staff involved in sustainability accounting and reporting were carried out (the authors interviewed all the relevant personnel at TimorL). The interviewees were managers and technicians in the accounting, communication, environmental and sustainability departments. Table I provides details on the interviewees' roles. An interview guide was drawn up that included two main sets of questions: questions about TimorL's sustainability disclosure practices and questions to elicit how the key players perceived TimorL's legitimacy. The topics were chosen specifically to address the purpose of our study. The authors broke down their analysis of the results according to these topics.

All the interviewees allowed the conversation to be recorded without any objections, the interviews were transcribed for the purpose of analysis. Transcriptions were carefully checked against the tape recordings and corrections made as needed. Similar to Herbohn (2005), the first two interviews led to a cascading process where one interviewee provided the name and contact details of other people who would be

	Date	Occupations	Work place	Duration (min)
I1	4 March	Accounting and taxes director	C. Services	27
I2	13 March	Institutional communication director	C. Services	41
I3	16 March	Environmental and sustainability responsible	Beta plant	30
I4	16 March	Accounting department chief	Beta plant	34
I5	16 March	Sustainability department (SPIE)	Beta plant	37
I6	16 March	Sustainability department director (SPIE)	Beta plant	43
I7	16 March	Environmental director	Beta plant	26
I8	16 March	Industrial development technical (CTEC)	Beta plant	38

Table I.
Details of interviewees' roles

useful to interview. No one denied our request for an interview. The length of the interviews ranged from 27 to 43 min, with an average length of 35 min. Prior to the interviews, the company's sustainability reports, annual reports and other sources from TimorL were analysed to explore TimorL's approach to SD; the language it used; the target audience of the reports; and how TimorL dealt with negative information and public pressure.

The flow model recommended by Miles and Huberman (1994) was used for the data analysis in this study. They suggest that qualitative data analysis consisting of three linked sub-processes: data reduction, data display and conclusion drawing and verification. The analysis process loosely followed these three sub-processes, as do others studies (e.g. Herbohn, 2005; Husillos *et al.*, 2008). The steps involved in data reduction and data display led to the conclusions that are outlined in section that follows.

4. Results – legitimacy strategies adopted by TimorL

Throughout our study TimorL's struggle to attain organizational legitimacy was apparent. TimorL had to act when faced with threats to its legitimacy, as we can see from analysing the interview findings and sustainability reports (and other sustainability materials). Interviews with the managers and technicians involved in preparing the sustainability report (and other sustainability information) confirmed that the content of the sustainability report (and other material) was seen as strategically important. It reflects how the company wishes to present itself. Suchman (1995) provides a rich framework for analysing managers' pursuit of legitimacy as it differentiates between three aspects of this pursuit: gaining, maintaining and repairing legitimacy.

More than simply evaluating TimorL's communication strategies, the authors also aim to evaluate TimorL's activities in the pursuit of legitimacy. The company adopted different strategies when confronted with the co-incineration controversy and the location of the Beta plant. From this study the authors conclude that the different strategies adopted were for the most part legitimacy repairing strategies (although the authors were also able to identify some legitimacy gaining and maintaining strategies used by TimorL). Suchman (1995, p. 597) argues that repairing legitimacy, while resembling the task of gaining legitimacy, is distinct in that it "generally represents a *reactive* response to an *unforeseen crisis* of meaning" (emphasis in the original). In fact, TimorL was taken by surprise by the controversy that co-incineration generated. TimorL felt the need to explain to the stakeholders exactly what had happened – a reactive response – in order to repair its legitimacy.

From the study the authors conclude that TimorL uses legitimacy repair strategies primarily to defend and downplay its sustainability performance in order to remediate its public image. This is consistent with Deegan *et al.* (2002, p. 296), who argues that where managers perceive that organization's operations are not "commensurate with the 'social contract' then [...] remedial strategies are predicted". Since the theory is based on perceptions, in order for any remedial strategies implemented by managers to have an effect on outside parties, they must be accompanied by disclosure. Information is needed to change perceptions. Suchman (1995) breaks down legitimacy repair strategies as follows: first, general: normative, restructure, do not panic; second, pragmatic: deny, create monitors; third, moral: excuse/justify, disassociate – replace personnel, revise practices, reconfigure; and finally, cognitive: explain. Below the authors identify some of these legitimacy repair strategies that TimorL used in its attempts to repair legitimacy and to avoid negative or desirable qualities being attributed to them.

Do not panic

Suchman (1995, p. 599) maintains that “managers facing a legitimacy crisis should avoid panic. Although this injunction may sound facetious, it is not. [...] legitimacy repair also resembles legitimacy maintenance in that both require a light touch and a sensitivity to environmental reactions. [...] Delegitimated organizations that seek too frantically to reestablish legitimacy may dull the very tools that, if used with patience and restraint, might save them”.

TimorL acted with patience, with a light touch and with sensitivity to environmental reactions. Because the company employees were in a panic, the board of directors made an appointment to talk with all the workers to reassure them and explain that they would protect their interests and do everything in their power to resolve the co-incineration controversy.

Interviewee I4 clearly replied to questions regarding this issue:

The case of the co-incineration was the most alarming question we had ever had. The company responded very well, without alarm, to bring some peace of mind to the staff because there was a rumour out there saying that the company would close. This affected many people psychologically. Also, when we said that we worked for TimorL, people were not nice to us. The company held a staff meeting and called for calm. The company took a leading role at this point.

One interviewee adds that when she saw the protesters on television, her first reaction was panic and then it was surprise. She also mentioned the very coherent attitude of the administration. Other sessions were held for clarification to keep the employees from panicking. The administration’s approach was crucial to repairing TimorL’s legitimacy with its employees.

Create monitors

One type of restructuring that plays a particularly important role in this regard, is the creation of monitors and watchdogs that allows the organization to “post a bond against future recidivism” by, for example, inviting government regulation (Suchman, 1995, p. 598). TimorL created an environmental monitoring committee on which various public and private organizations from Alfa municipality were represented, including environmental NGOs, local government, universities and others. Information about the committee’s aims, regulations and agenda, as well as its rules of procedure and other information were posted on TimorL’s web site. An explanation of this process and its aims are given in the company’s sustainability report in the section entitled “Addressing stakeholder expectations”:

TimorL voluntarily began a process of consulting interested parties through the setting up of Environmental Monitoring Committees (CAAs) at its manufacturing plants, the aim of which is to bring the Company closer to the community surrounding the plants; provide more and better information on its industrial and environmental activities; assess the levels of compliance with the environmental requirements; improve its performance; and build up the confidence of the citizens in the Company (Sustainability Report, 2007).

The underlining is ours, to emphasize the importance of this expression. It is clearly a legitimacy repair strategy, as the company wants to increase the confidence of the citizens. It is aware that this confidence was shaken. The report also explains the commitment to transparency they want to make and the independent nature of this process:

The CAAs meet regularly to analyse the information made available by the company on its performance, also allowing other entities to ask questions on environment, health and safety

issues that the citizens would like to see answered. The committees are autonomous in their functions, and their members have full access 24 h a day to the plants. TimorL provides financial resources for the hiring of specialised companies that provide them with technical support and consultancy services, thereby guaranteeing an effective independence in their activities (Sustainability Report, 2007).

The report goes on to detail the main subjects discussed in 2007 in the CAAs in the three plants. They acknowledge that the most important basic question discussed in the CAA at Beta was the reuse of hazardous industrial wastes (co-incineration process).

In the table of actions/initiatives in the section “Strategic goals for 2006-2010” (Sustainability Report, 2007), the action “Consultations with the interested parties and transparency in the exercising the business activity, through the creation of Environmental Monitoring Committees at the Plants” is listed as having 100 per cent compliance.

Interviewee I4 also stated:

[...] The establishment of the monitoring committee was very important. [...]

The support of some of our suppliers and customers who were involved and spoke at meetings of the City Council was very important.

Justify

TimorL does not use “deny” or “excuse” strategies because they know they are not doing anything wrong. They do not feel “guilty”. Managers may attempt, instead, to justify the disruption by redefining means and ends retrospectively in order to make the disruptive events appear consonant with the prevailing moral and cognitive beliefs. In the TimorL case, the use of justifications usually consisted of explaining the initiatives that TimorL took in order to promote a better understanding of their impacts and to minimize them. TimorL acknowledges the negative environmental impacts of its business in its sustainability report and explains how the company tries to to minimize them. They justify the co-incineration process, as they believe it to be a good thing:

This important step means a strong enhancement in the sustainability of the X plant, mainly through reduction of energy costs and CO₂ Emissions (Sustainability Report, 2007).

They also note that many people already recognize this:

About 62% of the population recognises that the plant at Beta has made an effort to reduce the environmental impacts of its activity. It is probable that actions of greater openness of the plant to the public, such as the open house week, have contributed to that, as well as dialogues with the public, of which we mention in this regard the flyers sent out in the media and the work done by the Environmental Monitoring Committee (Sustainability Report, 2007).

And they present different studies that arrived at similar conclusions, such as:

The emissions from TimorL do not affect humans nor plants and animals of the Beta hills, as is shown in the assessment of risk for human health and ecology (Sustainability Report, 2007).

A justification for the location of the main plant is also given. They point out that TimorL already existed in that location prior to the creation of the Natural Park (on p. 86 of the Sustainability Report and in the arguments of one interviewee). This is most likely the reason that TimorL does not feel guilty about this issue: the company

had been established at that location for a long time and had previously done landscape restoration studies. In fact, the first landscape restoration studies in the Beta quarries were done in 1965, about a decade before the creation of the Beta Nature Park.

Disassociate

Ogden and Clarke (2005, p. 332) argue that a common form of dissociation occurs when an organization seeks to distance itself from undesirable events. An example of this would be initiating change in personnel, which may serve, at least symbolically, to distance the organization from “bad influences”. As explained by one interviewee, the TimorL board of directors has remained largely unchanged over time. But Suchman (1995) argues that a disassociation strategy could also have taken the form of a review of practices or reconfiguration of actions. In the TimorL case, the authors can identify some review of practices and actions, such as improvement of the sustainability organizational structure in order to optimize the process of collecting and processing data, making the system more robust and efficient, as explained above. The process of producing a sustainability report, which led the company to review its sustainability practices (when we have to write what we do, we think more about it), could also be seen as an example of reviewing practices.

This idea is supported by interviewee I3:

It forced us to look to the sustainability issues again, and sometimes from a different point of view, so internally it is a powerful instrument.

TimorL's adoption of the GRI Guidelines for producing its sustainability reports can also be seen as a review of company practices. The company clearly stated that the purpose of the report was to satisfy the stakeholders' expectations and that introducing the GRI guidelines was simply one way to organize the information, but they also admitted that they learned a lot by going through the process (e.g. about the need to improve stakeholder dialogue, according to one interviewee). The authors concluded that TimorL also reviewed its practices with respect to communicating with its employees; according to several of the interviewees, they increased contact with employees by holding meetings and training sessions about “all the good things” that TimorL does.

Explain

Managers should explain the disruptive events in a way that preserves an otherwise supportive worldview. This is probably the strategy used most by TimorL to repair legitimacy. From the interviews and from the other sources analysed, the authors concluded that one of the most important objectives of TimorL was to explain what the co-incineration process is and what the company is doing, because co-incineration is not an illegal process.

In a brochure published by TimorL about co-incineration the company emphasizes this sentence: “Often, what affects the environment is lack of information”. TimorL wanted to disclose this message and contribute to remedying a “lack of information”.

There are many references in the sustainability report to legitimacy gaps. It is easy to find paragraphs explaining what the co-incineration process is, that it is legal and that it is used in many countries, as well as explaining its advantages, such as:

The co-incineration of hazardous industrial wastes (HIW) is a process that has been widely used in industrialised countries, especially in Europe, for more than 20 years, not only being legal under Community law, but also a practice that is recommended by the Stockholm Convention for the disposal of HIW (Sustainability Report, 2007).

In a number of initiatives TimorL went about explaining this process. For example, they noticed that a delegation of people from the Humanitarian Association of the Volunteer Fire Department had scheduled a visit to the TimorL-Beta plant:

Information was provided on the running of the Plant, with special attention given on the co-incineration process and on the safety of the premises [...], the delegation expressed their satisfaction with what they had seen, and said they considered TimorL to be a good example of environmental responsibility and commitment to safety (Sustainability Report, 2007).

This is one of many examples that clearly shows the legitimation strategy adopted by TimorL. In addition to explaining the co-incineration process, they also repair TimorL's legitimacy by demonstrating that people who come and see what the company does conclude that TimorL is a good example of environmental responsibility.

With respect to the Beta location issue, the company reveals the same behaviour: the company explains what they are doing to minimize the environmental impact in the Beta Natural Park. The community notices initiatives such as TimorL's participation as a sponsor in various projects, including the Life-Biomares Project for the restoration of the marine prairies at Beta; the development of studies to assess the feasibility of revitalizing the marine environment of Beta through the creation of artificial reefs; the Biomares Project, which aims to restore the biodiversity of the Beta Marine Park area; and its involvement in various environmental management activities. People who visit can obtain information about these initiatives and they can also visit the nurseries. With respect to co-incineration issues and issues surrounding the Beta location, "explaining" is an important strategy used by TimorL to repair legitimacy.

Some of the company's actions could be mentioned in more than one legitimacy repair strategy. In this section the authors have simply organized a set of ideas already explored in previous sections, codifying them according to Suchman (1995).

5. Conclusions and future research

This study aims to identify the legitimacy strategies employed by one of the largest Portuguese cement companies (TimorL) to defend and downplay its sustainability performance and activities related to two major controversies: co-incineration and the Beta plant location. TimorL operates in an environmentally sensitive industry where management is constantly exposed to ethical and social issues.

Strategies of "do not panic", "create monitors", "justify", "disassociate" and "explain" were identified in TimorL's actions in the aftermath of the above-mentioned controversies. In fact, TimorL implemented a series of actions to respond to the company "crisis". They acted both within the company and outside the company. Internally, for example, they averted panic by holding a staff meeting for all employees to reassure them and explain to them that TimorL would defend their interests and do everything possible to resolve the co-incineration issue. This attitude on the part of the administration was very important in repairing TimorL's legitimacy with its employees. To increase stakeholder confidence, TimorL created an environmental monitoring committee on which various public and private organizations from Alfa municipality were represented, including environmental NGOs, local government, universities and others. This reflects TimorL's desire to be transparent and to counteract a perceived image that it was "hiding something", as co-incineration was viewed by some people as somehow nefarious. Justifying what they were doing was another legitimacy strategy. The sustainability report and others materials contain descriptions of the initiatives carried out by TimorL in order enable a better

understanding of their impact and the ways used to minimize them. A justification for the location of the main plant is also given by stating that TimorL was already established at that site before the Natural Park was created. Some “disassociation strategies” were also adopted by TimorL, such as improving sustainability; the adoption of the GRI Guidelines in producing its sustainability report; and improving the company’s communication practices towards the employees.

These conclusions of this case study, which looks at a real company in a real context that employs different means to restore its legitimacy, support the argument that sustainability strategies remain a powerful legitimacy tool, thus contributing to the relevant literature.

In future research it would be interesting to extend the interviews to the different TimorL stakeholders (and not just the employees) in order to obtain a view from outside the organization of how TimorL’s responses to these legitimacy threats are perceived. This would make it possible to compare answers and determine whether the view from the “outside” is similar to that from the “inside”. The stakeholder theory framework could also be explored together with legitimacy theory, as the company considers the stakeholders particularly important, calling them a key element in this process. Discourse analysis could also be explored in future research as it might provide more insight into companies’ legitimacy strategies.

Notes

1. The case study company is called by “TimorL” because of confidentiality concerns. Also the name of the plants location and the cities were changed.
2. A copy of the protocol can be obtained from the authors.
3. Studies such as Deegan and Blomquist (2006), Wilmshurst and Frost (2000), Ogden and Clarke (2005), O’Donovan (2002), Adams and Frost (2008), Ball and Seal (2005) and Larrinaga *et al.* (2001) use interviews to collect data.

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