Corporate Sustainability and the Role of the Consumer: Three Essays

Jeffrey Gauthier
University of Massachusetts Amherst

CORPORATE SUSTAINABILITY AND THE ROLE OF THE CONSUMER: THREE ESSAYS

A Dissertation Presented

by

JEFFREY M. GAUTHIER

Submitted to the Graduate School of the
University of Massachusetts Amherst in partial fulfillment
of the requirements for the degree of

DOCTOR OF PHILOSOPHY

September 2014

Isenberg School of Management

CORPORATE SUSTAINABILITY AND THE ROLE OF THE CONSUMER: THREE ESSAYS

A Dissertation Presented

by

JEFFREY M. GAUTHIER

Approved as to style and content by:

____

Bill Wooldridge, Chair

____

Steven Floyd, Member

____

Bruce Skaggs, Member

____

Lisa Keller, Member

____

Denise Ives, Member

____

George R. Milne, Director of Ph.D. Program
Isenberg School of Management

DEDICATION

I dedicate this work to my parents.

ACKNOWLEDGMENTS

This dissertation would not have been possible without the patience and support of many individuals, only some of whom I am able to mention in this space.

First, I would like to thank my committee chair, Dr. Bill Wooldridge, for his help and guidance throughout the past years. His constant support made this dissertation possible and it would be difficult to overstate how much I have learned by being able to work with him.

I would also like to thank my committee members, Dr. Steven Floyd, Dr. Bruce Skaggs, Dr. Lisa Keller, and Dr. Denise Ives, for their helpful suggestions. Their expertise and insights have been invaluable, and I am fortunate to have had the chance to work with and learn from them.

Finally, I would like to thank all of the friends and family who have provided me with unwavering encouragement throughout this process.

ABSTRACT

CORPORATE SUSTAINABILITY AND THE ROLE OF THE CONSUMER: THREE ESSAYS

SEPTEMBER 2014

JEFFREY M. GAUTHIER, B.A., DARTMOUTH COLLEGE

M.B.A., UNIVERSITY OF CONNECTICUT

Ph.D., UNIVERSITY OF MASSACHUSETTS AMHERST

Directed by: Professor Bill Wooldridge

The challenge of sustainability has become an increasingly important concern for organizations. Sustainability raises new questions of legitimacy for organizations, compelling them to address stakeholder expectations of economic, environmental, and social performance. Although consumer stakeholders act as the ultimate arbiter of legitimacy for many firms, we know little about how consumers may influence corporate sustainability. This dissertation consists of three essays that examine the role of consumers in influencing corporate sustainability. The first essay examines how companies may attempt to manage sustainability ratings assigned by ratings agencies in an attempt to retain consumer stakeholder support. I argue that an understanding of cognitive choice models helps to reveal conditions under which firms may pursue improvements in sustainability performance in non-core practices rather than in core practices. The second essay is a quantitative analysis of corporate social performance in the U.S. insurance industry. With arguments grounded in the stakeholder salience framework of stakeholder theory, I argue that a firm's proximity to end-consumers will be related to specific dimensions of corporate social performance (community and diversity performance). Results of the study indicate that closer proximity to end-consumers (i.e., a greater percentage of revenues from end-consumers as opposed to businesses) is associated with stronger community and diversity performance. The third essay is a discourse analysis that examines how discourse is used to maintain legitimacy when consumer stakeholders' legitimacy concerns pose a threat to the firm's legitimacy. Drawing on rhetorical analysis and critical discourse analysis, I identify three themes (social, environmental, and economic) and three rhetorical justifications (ethos, logos, and pathos) in texts produced by Monsanto. I offer potential explanations for the relative frequency of themes and rhetorical justifications, and further identify taken-for-granted assumptions in Monsanto's texts. Taken together, these essays suggest that consumer stakeholders hold a significant role in influencing firms' actions, as well as the communication of those actions, regarding sustainability. More broadly, this dissertation reveals the insights that may be gained by foregrounding consumer stakeholders in management research.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1

GENERAL INTRODUCTION

Sustainability refers to "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987). In the context of business, sustainability is often understood in terms of the so-called "triple bottom line": economic, environmental, and social value (Elkington, 1997). The emergence of sustainability concerns has engendered significant interest among both management practitioners and scholars, with a growing body of management literature seeking to investigate questions related to corporate performance with respect to sustainability (Etzion, 2007).

An especially robust area of investigation concerns the antecedents of corporate sustainability. Prior research has identified such drivers as innovation capabilities (Christmann, 2000), slack (Bowen, 2002), and firm size (Aragon-Correa, 1998). Although various management theories have been harnessed to examine influences on social and environmental performance, stakeholder theory has proven to be one of the most promising. Stakeholder theory argues that organizations can impact and are impacted by a wide range of groups, beyond shareholders (Freeman, 1984). Accordingly, organizations would be expected to benefit through an active consideration of stakeholder groups, such as employees, suppliers, and governments. Consumer stakeholders, with a central role that involves acting as the ultimate arbiter of legitimacy for many firms, are one of the most relevant groups for firms to consider. Given this central role, it is surprising that more research has not examined how consumer stakeholders influence corporate sustainability.

This dissertation examines the role of consumer stakeholders in influencing corporate sustainability. In general, this research argues that sustainability raises new questions of legitimacy for firms, and calls upon firms to both carefully consider their social and environmental impact, and to communicate that impact to consumer stakeholders. In short, sustainability redefines the concept of organizational legitimacy and influences firms' sustainability-related actions and the communication of those actions.

This dissertation is organized in a three-paper format. The first paper develops theory regarding sustainability ratings, cognitive choice models, and compensating tactics. The paper's research question concerns when and how sustainability ratings systems are likely to influence improvements in sustainability performance in non-core practices rather than in core practices. This paper suggests that, under certain conditions, negative ratings based on poor sustainability performance in core practices are unlikely to influence improvement in sustainability performance in those practices, as companies attempt to manage their ratings and retain consumer stakeholder support through improvements relating to non-core practices. Although a robust research stream has examined organizational and managerial cognition (Narayanan et al., 2011), questions of consumer cognition in management research have been largely unexplored. This paper's contribution is its introduction of cognitive choice models from the perspective of the consumer, and its examination of how firms may attempt to manage those models.

The second paper is a quantitative analysis motivated in large part by the stakeholder salience framework (Mitchell et al., 1997), which suggests that firms are more responsive to stakeholders deemed powerful, urgent, and legitimate. The paper's research question involves the impact of a firm's value chain position on its social performance. I argue that the salience of consumer stakeholders increases as the proximity of the organization's value chain activities in relation to consumers increases. Focusing on the social dimension of sustainability, and further viewing social performance itself as a multi-dimensional construct (consisting of community, diversity, employee relations, and product performance), I hypothesize that closer proximity to end-consumers will be associated with stronger community and diversity performance. The relationship between only two of the four components, I argue, is due to the underlying value and visibility of each component from the perspective of consumer stakeholders. In a sample of U.S.-based insurance companies, I find support for the paper's hypotheses. The paper's primary contribution is to research investigating the antecedents of social performance, identifying the significant influence of consumer proximity and the importance of both value and visibility in influencing performance along different components of social performance.

The third paper is a qualitative study employing a discourse-analytic approach. The research question of the paper concerns how discourse is used to maintain legitimacy when consumers' sustainability concerns threaten the firm's legitimacy. I build on prior research that has examined the intersection between discourse and legitimacy (Erkama & Vaara, 2010; Green, 2004; Suddaby & Greenwood, 2005), arguing that the challenge of sustainability alters consumers' conceptions of organizational sustainability and presents an imperative for firms to communicate their legitimacy to consumers. Suggesting that we know little about these types of communications, I conduct a discourse analysis of texts produced by Monsanto in response to consumers' sustainability concerns. I draw on critical discourse analysis and rhetorical analysis to identify three themes (social, environmental, and economic) and three rhetorical justifications (ethos, logos, and pathos) in these texts. Ethos was found to be the dominant appeal when addressing social and environmental concerns, while logos was the most frequently used appeal to address economic concerns. This study offers possible explanations for this result, rooted in the degree of consensus and stability surrounding consumers' views, and further reveals taken-for-granted assumptions within Monsanto's texts.

CHAPTER 2

RATINGS SYSTEMS AND COGNITIVE MODELS: THE PSYCHOLOGY OF SUSTAINABILITY

Sustainability has become a subject of intense interest among both management scholars and the public at large. In the years following the World Commission on Environment and Development's articulation of sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (1987: 43), management scholars have generated significant insights with respect to the environmental (Hart, 1995; Porter & van der Linde, 1995; Russo & Fouts, 1997) and social (Hillman & Keim, 2001; Waddock & Graves, 1997; Wood, 1991) foundations of sustainability. In the U.S., public opinion polls indicate strong public support for sustainability. Eighty-three percent of respondents in a recent survey stated that a company's commitment to sustainable business practices is very or somewhat important in their purchasing decisions (Capstrat, 2009). A 2009 Harris Poll concluded that most consumers exhibit behaviors that reflect a growing sustainability consciousness. Interest in sustainability shows no sign of abating among either scholars or the broader public.

As interest in sustainability has increased, ratings systems have been developed to assess sustainable business practices. The most prominent of such systems is Global Socrates, developed by KLD Research & Analytics (KLD). KLD, now part of MSCI Inc., rates firms on the basis of the following categories: environment, community/society, customers, employees/supply chain, and governance/ethics. Annual assessments are conducted through analysis of 10-K filings, corporate sustainability reports, direct company communication, government and non-governmental organization data, media reports, and other documents. An overall rating is assigned to each firm, ranging from a low of C to a high of AAA.

The intent of ratings systems such as KLD's is to provide greater transparency to stakeholders regarding the sustainable business practices of firms. Relevant stakeholders may include investors wishing to perform screens of socially responsible companies, potential employees seeking to work for companies committed to sustainability, and consumers hoping to support sustainable practices through their purchasing decisions. To the extent that ratings provide such transparency, they provide a valuable service to concerned stakeholders.

In the specific case of KLD, ratings have gained widespread credibility in scholarly research (Chatterji & Toffel, 2010; Waddock, 2003; Waddock & Graves, 1997). Nonetheless, questions remain. For instance, evidence has been found to suggest that KLD's ratings do not optimally use public data (Chatterji, Levine, & Toffel, 2009). Additional concerns include the argument that KLD data were developed atheoretically (Sharfman, 1996). This paper is motivated by another potential criticism: that KLD ratings may ultimately encourage organizations to simply compensate for, rather than improve, poor sustainability performance in core business practices.

The literature on cognitive choice models helps to explain the genesis of this potentially negative outcome. Cognitive models (e.g., Fishbein, 1967; Tversky, 1969, 1972) shed light on the decision-making processes of individuals and, in so doing, suggest how organizations might respond to sustainability ratings. These behaviors can be conceptualized as follows. First, rating agency analysts construct company-level ratings in a manner consistent with compensatory models of decision-making, in which negative attributes in one dimension can be compensated for by positive attributes in another dimension. Second, stakeholders such as consumers concerned with sustainability employ these ratings as simplifying heuristics to help to decide whether to support firms, thus serving to promote a compensatory choice model. Third, firms conclude that they may preserve stakeholder support by managing their ratings through compensating tactics – improving sustainability performance in non-core, rather than core, business practices. In effect, the rating becomes the salient metric that encourages firms to compensate. Thus, ratings systems hold the potential to motivate firms to continue poor performance in core practices while pursuing compensating tactics to attain a sufficiently high overall rating.

Evidence indicates that firms do indeed alter their behaviors in response to third-party ratings (Chatterji & Toffel, 2010). The question remains, however, whether such changes are substantive. To the extent that these changes involve compensating tactics, sustainability becomes a more elusive goal for stakeholders to promote. This paper argues that an investigation of cognitive choice models will contribute to a more comprehensive understanding of these issues. The goal of this research is, therefore, to investigate the psychological foundations of sustainability through an examination of ratings systems and cognitive models. In so doing, I develop theory regarding when and how ratings systems are more likely to influence improved sustainability performance in non-core practices than in core practices.

The paper proceeds as follows. The first section reviews the purpose and motivation of ratings systems such as KLD's. Next, I examine cognitive choice models to generate insights into the decision-making processes of consumer stakeholders. Propositions are developed concerning sustainability ratings and the sustainability performance of organizations. The paper closes with a discussion of implications for sustainability and suggestions for future research.

Sustainability Ratings

The goal of rating agencies that evaluate corporate sustainability is to make the social and environmental impact of firms more transparent (Chatterji et al., 2009). Similar to credit rating agencies, sustainability rating agencies seek to reduce information asymmetries between rated firms and interested stakeholders. While credit ratings appeal specifically to investors, the appeal of sustainability ratings is broader: investors, consumers, and employees are only some of the stakeholders who hope to gain greater transparency through such ratings.

An examination of KLD confirms this interest in transparency for a broad range of stakeholder groups. While KLD's marketing literature implies a dominant focus on reducing information asymmetries for investors, a close examination of the company's methodology suggests usefulness for multiple stakeholder groups. This is illustrated through consideration of the five stakeholder categories upon which the company's overall rating is based: environment, community/society, customers, employees/supply chain, and governance/ethics.

The environment stakeholder category attempts to offer transparency to stakeholders that share resources such as water and land with rated firms, or are impacted by emissions of rated firms. The community/society category is particularly relevant to local population stakeholders. The motivation of this category is to evaluate rated firms' effects on communities in which they operate. Primary concerns of the customer stakeholder category include the quality and safety record of rated firms' products. The employee/supply chain category measures management of employee, contractor, and supply chain stakeholders. The goal is to analyze such areas as labor-management relations and employee safety of workers throughout the supply chain. Finally, the governance/ethics category measures investor relations and management practices, including sustainability reporting (KLD, 2009).

Thus, it is evident that KLD ratings encompass a vast array of stakeholder groups: the natural environment, local communities, customers, the firm's employees, employees throughout the supply chain, and investors. The common link between these stakeholders is sustainability: KLD is concerned with providing transparency regarding the environmental, social, and economic foundations of sustainability to each stakeholder.

But transparency itself is arguably not the end goal. Transparency, in turn, becomes a tool to empower impacted stakeholder groups. For instance, socially responsible investors are empowered to reward those firms committed to sustainability and punish those firms lacking in commitment. Employee candidates interested in sustainability are enabled to search for those firms truly committed to sustainable business practices. And consumers are able to use their purchasing decisions to support organizations with strong sustainability records. Through such mechanisms, we might expect that rated firms will be incentivized to improve their performance with respect to sustainability.

The purpose and motivations of sustainability ratings such as KLD are undoubtedly laudable. However, the question remains as to what circumstances may create dissonance between goals and outcomes. To this end, the next section examines the role of cognitive models in the decision-making processes of stakeholder groups such as consumers, and explores the conditions in which these models may limit the potential impact of ratings systems by promoting compensating tactics.

Theory Development

Individuals tend to utilize simplifying heuristics in their decision-making processes. Decision makers often adopt simplifying choice heuristics which reduce cognitive effort, while striving to maintain a sufficient level of decision accuracy (Beach & Mitchell, 1978; Bettman, 1979; Payne, Bettman, & Johnson, 1988; Tversky & Kahneman, 1974). Cognitive choice models illustrate the means by which individuals employ varying levels of cognitive efforts.

Cognitive choice models may be viewed as either compensatory or noncompensatory. Compensatory models involve an individual's use of a mental cost-benefit analysis, in which all relevant attributes of a brand or product are considered, and a negative evaluation of one attribute can be compensated for by a positive evaluation of another attribute. A multiattribute model, for example, is a type of compensatory model in which the individual considers all relevant attributes and assigns different weights to attributes of different importance (Rosenberg, 1956; Fishbein, 1967). Due to the consideration of a full set of relevant attributes, compensatory models involve relatively high levels of effort.

Decision-makers can reduce the cognitive effort involved in compensatory models through the utilization of noncompensatory models. In a noncompensatory model, a negative rating on one important attribute will lead the individual to reject the associated brand or product. For example, the elimination-by-aspects model is a type of noncompensatory model in which individuals compare options one attribute at a time, in order of importance, and any option below a set cutoff level for a considered attributed is eliminated (Tversky, 1972). While other noncompensatory models have been developed, such as conjunctive, disjunctive, and lexicographic (Coombs, 1964; Coombs & Kao, 1955; Dawes, 1964a, 1964b), the common element of noncompensatory models is a lower level of cognitive effort, enabled by the ability to reject an option based on evaluation of a restricted set of attributes.

The distinction between compensatory and noncompensatory models lies at the heart of much subsequent research in cognitive psychology, such as dual-process theories (Evans, 2008). Such theories distinguish between decision-making processes that can be characterized as rapid, low effort, and high capacity, and those that are comparatively slow, high effort, and deliberative (Evans, 2008). Evans (1989, 2006), for example, labels the former processes heuristic and the latter processes analytic. While labels may vary, this basic distinction is the hallmark of research on dual-process theories (Lieberman, 2003; Strack & Deutsch, 2004; Wilson, 2002). Noncompensatory models imply rapidity and lower effort, while compensatory models imply deliberative and higher-effort decision making, consistent with the distinction made by dual-process theories.

Ratings systems such as KLD hold the potential to realize the advantages of each type of cognitive model. KLD's consideration of a broad range of criteria, across multiple stakeholder groups, promises the comprehensiveness of a compensatory model. The assignment of a single company-level rating, however, offers a simplifying heuristic for individuals. Therefore, stakeholders such as consumers who use such ratings do not confront the daunting cognitive challenge of evaluating companies themselves along multiple dimensions. They are able to conduct their decision-making process through the consideration of a single rating which serves as a proxy for a company's performance with respect to sustainability.

Given the characteristics of ratings systems and cognitive models, the following sections examine implications for sustainability. Specifically, I examine when and how ratings may promote compensating tactics which lead to the continuation of poor sustainability performance in core business practices. Drawing largely from cognitive psychology and institutional theory, I develop a theoretical framework that may be used to guide future empirical research. It is necessary to draw from each of these two areas, as models of decision-making from cognitive psychology inform the actions of ratings agency analysts and consumer stakeholders, and institutional theory informs questions of organizational legitimacy. Joining insights from these areas allows for an examination of how organizations may seek to preserve legitimacy by influencing the decision-making processes of ratings agency analysts and consumers. The propositions offered apply to circumstances in which negative ratings are driven by core business practices – that is, practices perceived by management to be integral to the firm's business model.

Practices may be considered core by nature of the company's processes or products. For example, significant negative environmental externalities are associated with firms operating in the mining industry. The process of mining itself results in the removal of most of the existing ecosystems at mining sites (Associated Press, 2010). Similarly, the integrated oil and gas industry utilizes processes that are highly detrimental to the environment. The process of heavy oil extraction is particularly energy-intensive. The estimated carbon footprint of producing heavy oil at Chevron's Kern River facility in Bakersfield, California, for example, is 50 kilograms of carbon dioxide per barrel of oil (Pearce, 2010). For businesses operating in such industries, the nature of the firm's processes may drive negative sustainability ratings.

Alternatively, the nature of the firm's products may drive negative sustainability ratings. Gasoline is, of course, one of the most prominent examples of a product with negative environmental externalities. Motor gasoline is responsible for an estimated 1.1 billion metric tons of carbon dioxide emissions per year in the United States alone (United States Department of Energy, 2009). The aviation industry's impact on the biosphere has also been well-documented. A recent study forecast that worldwide aviation is expected to generate more than 1.2 billion tons of carbon dioxide emissions per year by the year 2025 (Demerjian, 2008). Thus, firms may be subject to negative ratings due to practices considered by management to be integral to either internal production processes or to the characteristics of final product offerings themselves.

The issue of poor sustainability performance in core practices is both prevalent and timely. Hart's (1997) sustainable value framework sheds light on the timeliness of this issue. The sustainable value framework suggests that firms can simultaneously promote profit and improve sustainability by moving from strategies of pollution prevention and product stewardship, to strategies of clean technology and a sustainability vision (Hart, 1997). There is arguably a structural barrier, however, that prevents many firms from moving beyond the first stage – pollution prevention – of this framework. Early stages of pollution prevention often yield large emissions reductions relative to costs, but diminishing returns gradually set in (Hart, 1995). As a result, companies in the pollution prevention stage may find that capital intensive investments or fundamental changes in product and process design are required to promote further sustainability (Hart, 1995, 1997). Many companies have reached the point of diminishing returns for pollution prevention and now face an impending choice: commit to fundamental changes in support of sustainability or pursue lower-cost compensating tactics.

Figure 1 depicts the paper's theoretical model. First, I posit that, under conditions in which the practices that gave rise to a poor rating are perceived by the firm's management to be integral to the firm's business model, poor sustainability ratings based on compensatory models will be more likely to influence improved sustainability performance in non-core practices than in core practices. I define core practices as those perceived by the firm's management to be integral to the firm's business model. Improvements in non-core practices, I argue, are compensating tactics that serve a compensatory effect – influencing ratings agency analysts to increase their ratings, despite continued poor sustainability performance in core practices. Firms adopt these tactics to preserve their legitimacy, avoiding the negative economic impact associated with a potential loss of business from consumers. Next, I introduce two contingencies that would be expected to impact the likelihood of a compensatory effect and the ultimate ability of the firm to preserve its legitimacy among consumers. In one contingency, I contend that higher visibility of improved sustainability performance in non-core practices will increase the likelihood of a compensatory effect and ability of the firm to preserve its legitimacy. In a second contingency, I argue that higher visibility of poor sustainability performance in core practices will decrease the likelihood of a compensatory effect and ability of the firm to preserve its legitimacy. The following sections develop the logic underlying each of the paper's propositions.

Ratings and Sustainability Performance

Prior research has shown that firms alter their behaviors in response to negative ratings (Chatterji & Toffel, 2010). However, these changes in behavior may not result in optimal outcomes for society. There are indications that investment in social issues management may decrease shareholder value (Hillman & Keim, 2001) and suggestions that an optimal level of corporate social responsibility exists for firms, which can be calculated through cost-benefit analysis (McWilliams & Siegel, 2001). Given this, we would expect firms to carefully consider investments in sustainability and to choose investments that maximize potential ratings impact and avoid fundamental business model changes.

For example, KLD may assign a relatively low rating to a firm, based in part on that firm's negative environmental practices. A low rating becomes a threat to the company's legitimacy among consumers, investors, and other stakeholders, which may, in turn, have adverse consequences through decrease in stock price (Bansal & Clelland, 2004). Faced with this situation, a low-rated firm will seek to protect its legitimacy – the "generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995: 574) – in the most cost-effective, least disruptive manner possible. Elimination of negative environmental practices may not be seen as a viable option due to sunk costs or the need for fundamental changes to the company's business model. For instance, a certain level of environmental externalities may be an inherent aspect of the organization's business model, as in the case of the mining industry. Elimination of such externalities is simply not a plausible option for these organizations. Instead, we would anticipate that low-rated companies will seek ratings improvements through lower-cost compensating tactics. For example, Newmont Mining's rating was upgraded from B to BB in 2014, and reasons cited for the upgrade included an enhanced commitment to community development programs and greater attention by top management to addressing community concerns (MSCI, 2014a). Newmont Mining's investments in community development may be viewed as an effort to compensate for negative environmental practices inherent in the mining industry. More broadly, indications that corporate charitable contributions help to secure stakeholder support (Adams & Hartwick, 1998; Brammer & Millington, 2004) suggest that philanthropy may be a particularly appealing compensating action.

KLD's methodology serves to promote such compensating tactics, insofar as it is consistent with a compensatory model of decision-making. An examination of KLD's stated methodology reveals that, indeed, ratings are determined by a compensatory model. Analysts may review approximately 2,000 performance data points for any one company and score approximately 200 performance indicators. Scores from performance indicators are then aggregated in a four-step process, from performance ratings, to impact assessment ratings, to stakeholder category ratings, to a single company-level rating. KLD notes that up to 20 impact assessment ratings may be assigned to a company, depending on the industry, and that different weights are assigned to different categories of impact (KLD, 2009). Given that KLD's company-level ratings are constructed through a multi-stage aggregation process, with different weights assigned to different categories, it is evident that KLD's approach is consistent with compensatory models of decision-making. In other words, concerns in certain categories may be offset by strengths in other categories. Compensating tactics would therefore be expected to hold the potential to increase ratings.

When agencies increase organizations' ratings as a result of compensating tactics, organizations face diminished incentive to improve sustainability performance in core practices. By increasing their ratings, institutional intermediaries such as KLD confer a degree of legitimacy on these firms. This legitimacy is achieved as consumers (as well as investors and other stakeholders) employ the agency's rating as a simplifying heuristic. Thus, organizations employing compensating tactics remove the potential threat to legitimacy that a low rating represents, while avoiding disruptive business model changes.

The concept of decoupling (Meyer & Rowan, 1977), within institutional theory, helps to inform the actions of firms utilizing compensating tactics. While firms often adopt programs to signal conformity to social norms, they may decouple those programs from ongoing practices to preserve flexibility while maintaining legitimacy (Meyer & Rowan, 1977). A comparative case study of firms adopting the ISO 14001 environmental management standard indicates that commitment to the standard is often superficial, decoupled from day-to-day business practices (Boiral, 2007). Trade association initiatives formed with the declared goal of advancing environmental responsibility may similarly have little substantive impact and enable firms to decouple participation from practice. King and Lenox (2000), for example, found that firms participating in the Chemical Manufacturers Association's Responsible Care Program polluted more than comparable firms within the industry. Evidence of decoupling has also been found in contexts other than sustainability, including security analysts' investment ratings (Hayward & Boeker, 1998), long term incentive plans (Westphal & Zajac, 1998), and stock repurchase plans (Westphal & Zajac, 2001).

Decoupling and compensating tactics are driven by similar rationale: the desire to maintain flexibility while preserving legitimacy. Given this similarity, we would expect comparable organizational outcomes. Said differently, we would anticipate that both decoupling and compensating tactics will enable persistence of organizational practices. In the case of compensating tactics, this persistence is driven by ratings increases: company-level ratings offer simplifying heuristics for consumers evaluating a firm's legitimacy, and a sufficiently high rating signals such legitimacy. This outcome assumes that most consumers will tend to use the agency's rating as a simplifying heuristic, allowing the compensating tactic to, in effect, mask continued poor sustainability performance. With legitimacy maintained through improved sustainability performance in non-core business practices, organizational motivation to improve sustainability performance in core business practices diminishes. Given this logic, I offer the following proposition:

Proposition 1: Poor sustainability ratings based on compensatory models (such as KLD's) are more likely to influence improvement in sustainability performance in non-core practices than core practices.

Visibility of Improvement in Non-Core Practices

The outcome suggested in the previous section is made possible by a compensatory effect, as improvements in non-core practices influence ratings agency analysts to raise their ratings, while poor sustainability performance in core practices continues. The visibility of improvement in non-core practices adopted as compensating tactics represents a contingency that would be expected to influence the likelihood of a compensatory effect and ultimate ability of the firm to preserve its legitimacy among consumers. Visibility has been suggested to influence environmental responsiveness, as firms whose activities are more visible face greater institutional pressures to conform to accepted standards of environmental performance (Bowen, 2000, 2002). Normative frames create shared expectations of proper and desirable actions (DiMaggio & Powell, 1983), and improvements with higher visibility would be expected to more effectively signal conformity to shared expectations. Thus, the likelihood of a compensatory effect and maintained legitimacy would increase as the visibility of improved sustainability performance in non-core practices increases. Importantly, though, this outcome assumes that the improvements undertaken are viewed positively, rather than being perceived as a ploy.

Amazon.com's sustainability performance serves as a useful example of this expected influence. The company ranks in the bottom half of its industry overall, with a large workforce whose wages are among the lowest in the retail industry and a lack of transparency in its environmental performance (MSCI, 2014c). In 2013, the company introduced AmazonSmile, an initiative allowing consumers to donate 0.5 percent of the price of many purchases to a charity of their choice (Brustein, 2013). The highly visible nature of this initiative, in which consumers take an active role in selecting a charity to support, serves to increase the likelihood of a compensatory effect and ability of Amazon.com to preserve its legitimacy among consumers.

This outcome may occur in two ways. First, ratings agencies employing compensatory models may conclude that the AmazonSmile initiative represents an improvement in social performance that justifies an increased rating. As noted in the discussion of KLD's methodology, analysts consider media reports when assessing the performance of rated companies, and media reports that raise the visibility of the initiative will factor into analysts' assessments of whether to increase the company's rating. Consumers who use sustainability ratings as a proxy for a firm's legitimacy may view the firm as more legitimate. Second, consumers without knowledge of sustainability ratings may instead encounter the initiative in their shopping experience with the company, given its high visibility. Those consumers employing compensatory models of decision making will now factor the initiative's positive social benefits into their determination of whether to support the firm. In summary, the likelihood of a compensatory effect increases, as does the ability of the firm to maintain its legitimacy among consumers. Accordingly, I suggest the following proposition:

Proposition 2: Higher visibility of improved sustainability performance in non-core practices will increase the likelihood of a compensatory effect and the ability of the firm to preserve its legitimacy.

Visibility of Poor Sustainability Performance

A counterweight to the improved sustainability performance in non-core practices is the visibility of poor sustainability performance in core practices, an additional contingency that would be expected to influence the likelihood of a compensatory effect and ability of the firm to maintain its legitimacy. Poor sustainability performance in core practices conflicting with shared expectations of appropriate behavior constitutes a significant threat to the firm, as legitimacy rests on a generalized perception of appropriate behavior (Suchman, 1995). To the extent that the visibility of those practices increases, the likelihood of a compensatory effect decreases and legitimacy becomes more difficult to preserve.

The prior section described deliberate actions by the firm itself as a mechanism to increase the visibility of improved sustainability performance in non-core practices. With poor sustainability performance in core practices, by contrast, the actions of external groups such as the media or NGOs may serve as the primary mechanisms to increase visibility. Writing in *The New York Times*, for example, Timothy Egan charges that Walmart's low wages have forced thousands of its employees to seek various forms of welfare to survive (Egan, 2014). More broadly, a Lexis-Nexis search of newspaper articles containing keywords "Walmart" with "low wages" resulted in 234 instances in the year 2013 alone. Extensive attention has been devoted to the low wages and benefits of Walmart employees, practices perceived by management to be consistent with the firm's cost leadership strategy (Fishman, 2006). NGO Greenpeace recently raised the visibility of Amazon.com's environmental performance, charging that its Amazon Web Services division powers its data centers through the lowest cost source of electricity available (often from coal and other fossil fuels), rather than commit to renewable energy sources as have Google and Apple (Gell, 2014). Amazon.com's energy procurement practices are, as with Walmart's compensation practices, consistent with a cost leadership position.

Media attention increases the visibility of an organization's practices, inviting greater scrutiny (Bansal, 2005), and NGO attention exerts a similar effect. This heightened visibility diminishes the likelihood of a compensatory effect and decreases the firm's ability to preserve its legitimacy. The frequency of media reports regarding poor sustainability performance in core practices factor into ratings agencies' assessments, and justifications for potential ratings increases from improved sustainability performance in non-core practices are counterbalanced by this frequency. Continued poor ratings may cause consumers to question the firm's legitimacy, while consumers using compensatory models of decision-making encounter greater awareness of poor sustainability performance in core practices, reducing their willingness to support the firm. The potential for an interaction effect (high visibility of improved non-core and poor core practices) is unclear, although high visibility of poor sustainability performance in core practices would appear to hinder the firm's ability to preserve its legitimacy, even in the context of improvements in sustainability performance in non-core practices. These arguments suggest the following proposition:

Proposition 3: Higher visibility of poor sustainability performance in core practices will decrease the likelihood of a compensatory effect and the ability of the firm to preserve its legitimacy.

Discussion and Implications

Recent scholarship suggests that firms alter their behaviors in response to third-party sustainability ratings (Chatterji & Toffel, 2010). In this paper, I argue that the characteristics of ratings systems and cognitive models may paradoxically encourage the continuation of poor sustainability performance in core business practices, rendering sustainability a more elusive goal. I suggest that under conditions in which negative ratings are driven by practices perceived by the firm's management to be integral to the firm's business model, poor ratings will be more likely to influence improved sustainability performance in non-core practices than in core practices. Improved performance in such areas represents compensating tactics yielding a compensatory effect, as ratings agency analysts increase their ratings while poor sustainability performance in core practices continues. I further argue that two contingencies will influence the likelihood of a compensatory effect and ability of the firm to maintain legitimacy among consumers: the visibility of improved sustainability performance in non-core practices, and the visibility of poor sustainability performance in core practices.

In so doing, this paper responds to recent calls for researchers to develop new insights in behavioral strategy (Powell et al., 2011).

Future empirical research that builds on this paper's arguments will require careful assessment of firms' business models. Given that the paper's framework applies to conditions in which poor ratings are caused by practices seen by management as integral to the firm's business model, researchers will need to devise methodologies to assess the centrality of these practices. While survey data may assess perceptions of management, other sources might be used as a proxy. For example, in the case of KLD ratings, researchers might attempt to analyze KLD's environmental "concern" variables for a firm in the context of industry performance. Specifically, if KLD identifies a concern with respect to its "substantial emissions" variable for a given firm, researchers could ascertain whether the percentage of firms in the industry sharing that concern exceeds a particular threshold. This analysis could be used to form conclusions regarding whether certain practices are likely to be viewed by management as integral to the firm's business model.

The notion that compensating tactics may be used to preserve legitimacy will require credible mechanisms to judge whether a particular tactic is truly compensating. One approach might be to classify as compensating only KLD "strength" variables identified subsequent to the assignment of a poor rating. For instance, a newly-assigned strength associated with the "recycling" variable may be indicative of compensating tactics, but only in cases where KLD did not alter previously-identified concerns. The visibility contingencies described in Propositions 2 and 3 may be measured through frequency of media reports on compensating tactics and poor sustainability performance in core practices, using databases such as Lexis-Nexis.

The compensatory effect discussed in this paper operate has been suggested to entail analysts' increases in ratings, which may be used as a proxy for legitimacy by consumers. Additionally, legitimacy may be preserved through changes in the perceptions of consumers using compensatory models of decision-making. The ability of firms to secure ratings agency increases may be examined through KLD's STATS database, which provides access to historical ratings. Firms' effectiveness in altering consumers' perceptions may be measured through consumer surveys, or indirectly through measures such as revenue growth or change in market valuation.

Research that examines compensating tactics may also enable contributions to the substantial body of literature investigating the link between corporate social and financial performance (e.g., Godfrey, Merrill, & Hansen, 2009; Hillman & Keim, 2001; Hull & Rothenberg, 2008; Waddock & Graves, 1997). Studies in this area have made extensive use of KLD data, and authors have recognized limitations in KLD's company-level ratings by constructing new aggregations of social performance. Hillman and Keim (2001), for example, employ KLD's "strength" and "concern" indicators to create separate aggregations of stakeholder management and social issue participation. An interesting avenue for future research might begin with the acknowledgment that such prior aggregations have not specifically examined implications of compensating tactics. For instance, scholars might build on Hillman and Keim's (2001) finding that social issue participation was negatively related to shareholder value by determining whether compensating tactics moderate this relationship. Such a research agenda addresses calls to identify moderating and mediating variables with respect to social and financial performance (Margolis & Walsh, 2003, Orlitzky, Schmidt, & Rynes, 2003; Peloza, 2009) and, in so doing, holds significant potential to contribute to the extant literature.

Turning to implications for practice, the paper's arguments offer guidance to stakeholders such as consumers seeking to support sustainable organizations. While the use of a single company-level sustainability rating may initially appear to be an attractive heuristic, stakeholders should be cognizant of the inherent limitations of this approach. As I have argued, prominent ratings systems such as KLD's are based upon a compensatory model of decision-making, in which compensating tactics in one area may offset continued poor sustainability performance in another area. Thus, stakeholders seeking to promote sustainability may wish to employ a noncompensatory model. This will require that stakeholders conduct a certain level of due diligence on firms' practices and set cutoff levels for areas of interest. In this manner, stakeholders concerned with the environmental dimension of sustainability may make a better-informed choice to support a firm; a business attempting to compensate for negative environmental practices through performance improvements in either social or governance dimensions would presumably not be supported.

For policy makers, this research suggests that while non-governmental rating agencies may motivate firms to change their behaviors, these changes may, in many cases, fail to promote sustainability. Although the encouragement of information disclosure should be a continued goal for governments supportive of sustainability, a significant implication of this research is that information disclosure alone may be insufficient to effect change. Policy makers should consider how this information is aggregated and delivered to interested stakeholders. Given that there are limits to the utility of aggregations such as KLD's company-level ratings, policy makers should encourage both governmental and non-governmental organizations to develop information delivery platforms that provide sufficient detail for interested stakeholders, while adhering to user-centered design principles. Ultimately, improved information delivery redounds to the benefit of stakeholders, enabling them to make more informed choices regarding their support of a firm.

The arguments offered in this paper also suggest implications for ratings agencies such as KLD. KLD's ratings have become widely used in scholarly research and in socially responsible investment. In order to broaden its audience, it may be advisable for KLD to seek new means of conveying information. KLD appears to have begun taking such steps through its collaboration with *Newsweek* to produce annual environmental rankings of S&P 500 companies. *Newsweek*'s *Green Rankings* represent a particularly compelling tool for consumers concerned with the environmental component of sustainability. Relative to KLD's single company-level ratings, the rankings produced for *Newsweek* readers allow for environmentally-conscious consumers to make better-informed judgments about whether to support a firm. KLD's letter ratings, as I have discussed, include environmental performance as only one of five categories. For stakeholders concerned with other issues such as firms' treatment of employees or supply chain performance, KLD might seek additional partners with which to collaborate to convey relevant information in a user-friendly manner. In so doing, ratings agencies such as KLD may broaden their audience, provide information of greater utility to stakeholders, and ultimately encourage firms to directly address poor sustainability performance in core practices rather than adopt compensating tactics.

In summary, this paper develops theory regarding the impact of ratings systems on sustainability performance. By exploring the role of cognitive models in the development and use of sustainability ratings, I argue that, under certain conditions, companies will attempt to preserve their legitimacy through improving sustainability performance in non-core practices rather than improving sustainability performance in core practices. I further suggest that the visibility of improvements in non-core practices, as well as the visibility of poor sustainability performance in core practices, will influence companies' ability to preserve their legitimacy. I hope that this work will encourage researchers to further examine the role of cognitive models in sustainability ratings, and to thereby generate a more comprehensive understanding of the psychological foundations of sustainability.

CHAPTER 3

THE IMPACT OF VALUE CHAIN POSITION ON CORPORATE SOCIAL PERFORMANCE: FINDINGS FROM THE INSURANCE INDUSTRY

Management scholars have engaged in an active dialogue concerning the antecedents of corporate social performance (CSP). Research has identified such drivers of CSP as employee perceptions (Sharma, 2000), innovation capabilities (Christmann, 2000), organizational size (Aragon-Correa, 1998), slack (Bowen, 2002), and internal information provision (Lenox & King, 2004).

Given that a firm's stakeholder interactions comprise its CSP record (Waddock & Graves, 1997), stakeholder theory has provided an especially useful approach with which to analyze CSP. In particular, the stakeholder salience framework of stakeholder theory has informed understanding of CSP's antecedents by arguing that organizations are more responsive to the concerns of stakeholders perceived as powerful, legitimate, and urgent (Mitchell et al., 1997).

Stakeholder theory emphasizes the organizational imperative to consider a diverse array of impacted groups (Freeman, 1984). Given their inherent power to act as consumer-facing organizations' ultimate arbiter of legitimacy through their choice of whether to conduct business with those organizations, end-consumers are among the most salient of such groups. Thus, it is surprising that more attention has not been given to the role of the end-consumer as a determinant of CSP. To the extent that stakeholders impact CSP and end-consumers are primary stakeholders concerned with CSP, we would anticipate that the closer a firm is to end-consumers, the more salient CSP is to the firm.

This notion of proximity to the end-consumer can be effectively represented by the value chain (Porter, 1985). Consumers interact with products or services at the end of their value chain as final goods. By providing a means to conceptualize the salience of end-consumer stakeholders to firms, the concept of the consumer value chain has significant potential to inform stakeholder theory. And given indications that end-consumers value CSP (e.g., King et al., 2002), the value chain holds similar potential to inform CSP.

Accordingly, this paper examines the impact of value chain position on CSP using a stakeholder approach. I hypothesize that consumer proximity, defined as the closeness of a firm's products or services to the end of the consumer value chain, will be positively associated with the dimensions of CSP most visible to end-consumers: community and diversity performance. The hypotheses are tested through an archival dataset consisting of all publicly-traded U.S.-based firms in the insurance industry, measuring the percentage of each firm's insurance premiums derived from coverage provided to end-consumers relative to coverage provided to other businesses. The paper contributes to research examining the antecedents of CSP by identifying consumer proximity as a significant determinant, and by identifying the importance of visibility of different components of CSP in influencing firms' performance with respect to those components. This research further answers recent calls for greater emphasis on the role of the consumer in strategic management research (Priem, 2007; Priem et al., 2012).

The insurance industry was chosen as the paper's empirical context for a number of reasons. With significant investment portfolios, for example, insurers attract close examination of their practices in their role as investors and have the ability to integrate social and governance concerns into their investment strategies (MSCI, 2013b). Additionally, health insurers in particular are subject to controversies such as allegations of unjustified premium increases (MSCI, 2013c) that risk loss of stakeholder support. It is also notable that the financial service industry, including insurers, issued voluntary corporate social responsibility (CSR) and sustainability reports with greater frequency than other industry (GRI, 2010), suggesting that the industry perceives a high level of interest in CSP among its stakeholders. As I will discuss further, the insurance industry allows for an in-depth examination of CSP among firms providing coverage to consumers as well as to other businesses, with variation both in consumer proximity and in performance across different dimensions of CSP.

The paper proceeds as follows. In the first section, I review literature on CSP and stakeholder theory. I next discuss the role of consumer stakeholders in influencing CSP and discuss the role of consumer proximity in relation to the value chain. In so doing, I develop corresponding hypotheses concerning consumer proximity and the components of CSP. I then discuss the paper's research methods and results. I conclude with a discussion of implications and suggestions for future research.

CSP and Stakeholder Theory

Corporate social performance, defined as "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships" (Wood, 1991: 693), has long been a subject of interest among both scholars and practitioners. Carroll's (1979) seminal three-dimensional model of CSP consisted of social responsibility categories, social issues, and philosophies of social responsiveness. First, social responsibility comprised discretionary, ethical, legal, and economic categories. Second, social issues relevant to organizations were consumerism, the environment, discrimination, product safety, occupational safety, and shareholders. Third, philosophies of social responsiveness involved proaction, accommodation, defense, and reaction (Carroll, 1979). A major contribution of Carroll's model was its integration of economic concerns into a CSP framework. It also presented a systematic process for managers to analyze the social issues most relevant to their business and to consider appropriate strategies of response.

Subsequent works have refined and extended Carroll's vision of CSP. Wartick and Cochran (1985) constructed a general model based on principles, processes, and policies. Following Wartick and Cochran's refined model, CSP received increased theoretical and empirical attention from scholars (Wood, 1991). Although scholars employed a number of theoretical frameworks, stakeholder theory proved to be an especially effective means of generating a more comprehensive understanding of CSP.

The first comprehensive articulation of stakeholder theory was Freeman's *Strategic Management: A Stakeholder Approach* (1984). Freeman contended that the depth and breadth of changes in the business environment rendered existing management theories inadequate. He detailed significant environmental shifts among internal stakeholders such as shareholders and employees, and among external stakeholders such as the government and advocacy groups. In response, he urged managers to "take into account all of those groups and individuals that can affect, or are affected by, the accomplishment of the business enterprise" (1984: 25).

In its original conception, stakeholder theory was strategic in nature: effective stakeholder management held the potential to improve CFP (Freeman, 1984). Moral philosophies were subsequently integrated into stakeholder theory (Freeman & Gilbert, 1988). Though the combination of strategy and morality has been criticized (e.g., Goodpaster, 1991), these strategic and moral foundations offer an antidote to Friedman's (1970) view of shareholder supremacy. In response to Friedman's contention that both business and society are ill-served when corporations devote resources to social responsiveness, stakeholder theory offers a roadmap by which firms may simultaneously improve their ethical and financial performance.

Stakeholder theory has, therefore, forged a strong connection with CSP. By emphasizing the moral and ethical dimensions of firms' interactions with multiple stakeholder groups, stakeholder theory suggests that CSP might be effectively measured through analysis of the interactions themselves. As Waddock and Graves (1997) explain, "a company's interactions with a range of stakeholders arguably comprise its overall corporate social performance record" (303). Given this logic, scholars have increasingly viewed CSP in the context of stakeholder management.

Early research on the drivers of CSP neglected the important role of salience of different stakeholder groups. The stakeholder salience framework, by overcoming this limitation, has been a particularly informative element of stakeholder theory. Stakeholder salience posits that stakeholders with higher levels of power, legitimacy, and urgency will encounter greater responsiveness from firms (Mitchell et al., 1997). Powerful stakeholders hold resources that firms value, legitimate stakeholders are deemed credible by society, and urgent stakeholders voice concerns that are time-sensitive and critical (Mitchell et al., 1997). To the extent that interactions with stakeholders comprise firms' CSP record (Waddock & Graves, 1997), stakeholder salience suggests that CSP's antecedents may be best understood in the context of power, legitimacy, and urgency. Empirical tests of stakeholder salience have been generally supportive (e.g., Agle et al., 1999; Eesley & Lenox, 2006; Parent & Deephouse, 2007). Agle and colleagues' (1999) survey of CEOs, for instance, found that power, legitimacy, and urgency were related to stakeholder salience. Eesley & Lenox's (2006) study of firms' actions found power and legitimacy, though not urgency, were associated with positive firm responses to stakeholders. Parent & Deephouse (2007) found that power had the most effect on salience, followed by urgency and legitimacy. Stakeholder salience ultimately presents a basis by which scholars may better understand firms' CSP records; the relative power, legitimacy, and urgency of different stakeholder groups that interact with a firm will, in short, determine that firm's CSP.

Thus, stakeholder theory has provided a useful means of understanding CSP. Specifically, stakeholder theory has shown that CSP may be viewed in the context of a firm's interactions with its stakeholders. And the salience of stakeholders that interact with the firm acts as a determinant of the firm's CSP record. While stakeholder theory's contributions are significant, however, questions remain. In particular, given end-consumers' central role in acting as arbiters of many firms' legitimacy, it is surprising that more attention has not been given to the impact of end-consumer stakeholders on CSP. Given this gap, the next section discusses the role of the consumer stakeholder in influencing CSP. The consumer value chain is presented as a means of understanding consumers' ability to determine CSP. Accordingly, the notion of consumer proximity is discussed and hypotheses concerning the antecedents of CSP are developed.

Consumer Stakeholders and the Value Chain

Porter (1985) developed the concept of the value chain as a technique by which to identify each of the firm's activities that convert inputs into outputs. While Porter's original conception of the value chain focused on the internal value-adding activities of individual firms, subsequent literature has expanded this definition, with the result that the concept is now applied in diverse contexts and holds different associated meanings (Walters & Rainbird, 2004). For instance, the value chain has been applied to marketing strategy to posit that consumer involvement with goods and services is highest at the end of the value chain, as finished market offerings rather than as intermediate goods and services (Mascarenhas et al., 2004). By extension, it is possible to segment individual firms according to their position along a consumer value chain. Firms that exclusively sell final products and services to end-consumers, rather than other businesses, may be placed at the end of the consumer value chain; in contrast, firms exclusively selling intermediate goods and services to other businesses are further removed from the end-consumer (Khanna & Anton, 2002). Many firms will, of course, derive revenues both from end-consumers and other businesses, in which case the percentage of revenues derived from end-consumers would determine how "close" a particular firm is to the end-consumer. In the insurance industry, many life insurers sell exclusively to end-consumers (end of the consumer value chain), reinsurers sell exclusively to businesses, and many multi-line property casualty insurers sell both to end-consumers and businesses.

The position of firms along a consumer value chain can be conceptualized as consumer proximity: the closeness of the firm's products or services to the end of the consumer value chain. Firms that obtain a higher portion of overall revenues from sales to end-consumers are characterized by closer consumer proximity. Auto insurer Progressive, for example, whose policies largely cover individual end-consumers and families, would have closer consumer proximity than reinsurer RenaissanceRe, whose clients are other businesses. Consumer proximity, in concert with stakeholder salience, offers a parsimonious framework with which to understand firm responsiveness to end-consumer stakeholders: the implication is that closer proximity will be associated with higher responsiveness. Consumer proximity also helps to address criticisms of stakeholder salience as insufficiently comprehensive (e.g., Driscoll & Starik, 2004). By introducing concepts such as consumer proximity to stakeholder salience, we can expand our understanding of organizational responsiveness to stakeholders.

With regard to CSP concerns of end-consumer stakeholders and organizational responsiveness, recent survey research indicates the importance of CSP to end-consumers. For example, a firm's societal impact has been found to be an important factor in end-consumer purchasing decisions (Capstrat, 2009). And evidence suggests that end-consumers value firms adhering to high ethical standards (Penn Schoen Berland, 2010). Given such indications that end-consumers value CSP, it is useful to apply the concept of consumer proximity, in combination with the stakeholder salience framework of power, legitimacy, and urgency, to identify the types of firms most likely to respond to end-consumers' CSP preferences.

First, given that the higher the percentage of sales derived from end-consumers relative to other businesses, the more dependent upon the financial support of end-consumers firms are for survival, we may conclude that end-consumers hold greater power as the percentage of end-consumer sales rises. Within the insurance industry, for example, the perceived power of end-consumers would be greater for firms selling largely personal lines (insuring individuals) than for firms selling largely commercial lines (insuring businesses). Second, end-consumers and their desires for CSP may be considered legitimate. Legitimacy is "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995: 574). End-consumer desires for CSP are seen as legitimate when viewed as desirable and appropriate: previously cited surveys imply such legitimacy. Third, end-consumers' CSP wishes are urgent to the extent they are time-sensitive and critical. Urgency is intertwined with moral intensity, the "extent of issue-related moral imperative in a situation" (Jones, 1991: 372). The moral intensity of CSP concerns is arguably higher in final market firms, as managers' perceptions are affected by proximity to impacted end-consumers. In insurance, for example, we would expect the moral intensity of CSP concerns to be greater for life insurance companies (given their proximity to individual end-consumers and families) than for insurance brokerage firms (firms acting primarily as intermediaries between insurers and businesses). Higher moral intensity, in turn, increases the probability that managers will make decisions to strengthen CSP. Taken together, therefore, these arguments suggest that firms whose revenues are based more on sales to end-consumers (closer consumer proximity) will be more responsive to end-consumer stakeholders and more committed to CSP.

By contrast, we would expect firms with less exposure to end-consumers to be less responsive to consumer stakeholders and less committed to CSP. While firms will certainly seek to avoid supply chain controversies, commercial and industrial buyers can be thought to be less concerned with CSP. The desire to avoid supply chain controversies notwithstanding, commercial and industrial firms are profit-driven, while end-consumers are value-driven, where price is only one aspect of value. The stakeholder salience framework illustrates that commercial and industrial customers are more salient than end-consumers to firms deriving a greater portion of revenues from other businesses. First, it is evident that these firms are less dependent upon the direct financial support of end-consumers for survival, and as such, end-consumers hold substantially less power. End-consumers would conceivably hold little perceived power in Everest Re Group, for instance, a reinsurance company that derives all of its revenues from commercial clients. Second, as Mitchell and colleagues (1997) note, legitimacy is defined and negotiated differently among different groups. Thus, it is reasonable to conclude that the legitimacy of end-consumer stakeholders would be less within organizations such as reinsurers whose exposure to end-consumers is reduced. Third, urgency differs according to the relationship of the stakeholder with the firm (Mitchell et al., 1997). The relative lack of end-consumer visibility of business-to-business firms would be expected to diminish the likelihood that an end-consumer would forge an urgent relationship or establish an urgent claim with such firms. The likelihood of an urgent relationship between an end-consumer and commercial insurance broker Aon, for example, would presumably be less likely than an urgent relationship between an end-consumer and his automobile or homeowner insurer. Thus, stakeholder salience's elements of power, legitimacy, and urgency suggest that firms obtaining a smaller percentage of revenues from end-consumers (further consumer proximity) will be less responsive to end-consumer stakeholders.

The above arguments suggest an association between consumer proximity and CSP. Firms with closer proximity would be expected to exhibit more responsiveness to consumer stakeholder CSP concerns. As has been noted, however, CSP is a multidimensional construct, and responsiveness to different dimensions may vary. Accordingly, an examination of this construct can help to inform an understanding of which components of CSP are both valued by and visible to end-consumers, increasing the likelihood of organizational responsiveness.

Although there are myriad ways in which to define the components of CSP, one method that has been embraced by scholars is offered by KLD Research & Analytics (KLD). KLD, now part of MSCI, rates firms on the basis of their environmental, social, and governance performance. KLD's credibility in scholarly research on CSP is well established (e.g., Chatterji & Toffel, 2010; Waddock, 2003; Waddock & Graves, 1997). The KLD STATS database breaks down social performance into the following categories: community, diversity, employee relations, product, and human rights. Specifically, the database offers dichotomous metrics – consistent across firms in all industries – that record the presence of strengths and concerns within these categories. An examination of the strengths and concerns within each category reveals how KLD defines each component of CSP.

Within the community category, potential strengths encompass different forms of engagement with the larger community. Specifically, they include charitable giving, innovative giving programs, non-U.S. charitable giving, support for housing, support for education, and volunteer programs. Insurer Aflac, for example, established the Charitable Trust Scholarship Fund for Cancer Orphans in Japan, partners with Columbus High School in Georgia to provide school supplies and services to high school students, and provides its employees the opportunity to volunteer to build Habitat for Humanity houses (Aflac, 2013). Disability insurer Unum boasts that its employees logged almost 100,000 volunteer hours in 2013 (Unum, 2013). Possible concerns pertain to activities that have garnered community opposition. The specific potential concerns are investment controversies, negative economic impact on the community, and tax disputes. MSCI has noted that responsible investment is a key issue in assessing the CSP-related risks of insurance companies (MSCI, 2013b).

Although, as previously noted, end-consumers value CSP, the question of which components of CSP are especially valued by and visible to end-consumers is unresolved. The community performance dimension would be expected to be both valued and visible. High levels of charitable giving to and volunteering programs with organizations that end-consumers recognize and care about provide a signal that a firm shares their values. Health insurer Cigna, for example, encourages employees to volunteer each year for the United Way’s Day of Caring (Cigna, 2014); communities benefit from employees’ service, and the firm establishes a sense of shared values with end-consumers in communities served. Similarly, the avoidance of actions likely to have a negative economic impact on communities is another end-consumer expectation. MSCI has noted that insurers offering life and health policies (closer to end-consumers) are the most active types of insurers in integrating social and governance concerns into their investments (MSCI, 2013b). The visibility of community performance (Penn Schoen Berland, 2010) suggests that firms will be highly responsive to end-consumers' expectations in this area. Indicators of negative economic impact, such as wide-scale layoffs, are highly visible to end-consumers. In addition, positive engagement with local charitable organizations, such as Cigna's engagement with local United Way charities, is also marked by a high degree of visibility. Support for the argument that community performance is highly visible is provided by the results of a Lexis-Nexis search on keywords relevant to KLD's definition of community performance: community, volunteer, or charity. A search on instances of these keywords over the last twelve months, indexed to include only articles and reports relating to the insurance industry, resulted in 2,834 such sources. As I will note in the following sections, this is a significantly higher frequency than keywords relating to two other components of CSP, signaling higher visibility. With their actions thus visible, firms in which end-consumers hold greater power would be expected to be more responsive to end-consumers' expectations of community performance. Given the visibility underlying community performance, in concert with end-consumers' expectations, the following hypothesis would be expected:

Hypothesis 1: Consumer proximity will be positively related to community performance.

The diversity category of KLD reflects commitments to and controversies surrounding issues of diversity, defined in terms of women, racial minorities, the disabled, and gay and lesbian employees. Specific diversity strengths include whether the firm's CEO is a woman or minority, progress in promotion of women and minorities, diversity within the Board of Directors, strong employee benefits addressing work/life concerns, contracting with women- or minority-owned businesses, employment of the disabled, and progressive policies toward gay and lesbian employees. Twenty-four percent of officers and managers at personal lines insurer Allstate, for example, are minorities, and the company has a stated goal of increasing the percentage of its procurement spend with businesses owned by women, minorities, and members of the gay and lesbian community (Allstate, 2012). Concerns include controversies related to affirmative action issues and non-representation of women on the Board of Directors or among senior line managers. A 2012 study by Saint Joseph's University Academy of Risk Management and Insurance indicated that these concerns are indeed relevant for the insurance industry: 85 percent of insurers were found to have no females in top executive positions, and 28 percent of insurers had no women on their Board of Directors (Khalamayzer, 2012).

Diversity is another dimension of CSP that end-consumers would, on the whole, be expected to value. Logically, we would anticipate that women and members of minority groups, for example, would respond positively to indicators that they are valued by the firm, as evidenced by Board of Directors composition or representation among senior management. Strength in diversity, in short, signals that a firm understands and values the contributions of all members of society. Health insurer Aetna, for instance, notes that it "values all dimensions of diversity" and that its diversity efforts allow it to "better understand and meet the unique needs of the people we serve" (Aetna, 2013: 8). Diversity performance is, furthermore, highly visible to end-consumers; the representation of women and members of minority groups on Boards of Directors and senior management is readily available and easily accessible information for publicly traded firms. Groups such as DiversityInc release lists of firms with strong diversity-management initiatives (DiversityInc, 2014). The only property casualty insurer on the most recent list of the Top 50 Companies for Diversity, Allstate is also notably the largest publicly-traded personal lines insurer in the United State (DiversityInc, 2014). A Lexis-Nexis search of keywords relevant to KLD's definition of diversity performance – diversity, minority, or women – reveals 1,749 insurance-focused articles and reports over the last twelve months. This frequency is, as I will discuss, significantly higher than those relating to employee relations and product performance, suggesting higher visibility. In short, diversity performance, like community performance, is both valued by and visible to end-consumers. And the closer a firm is to end-consumers, the more salient end-consumers are to the firm, and the more responsive the firm would be expected to be to end-consumers' expectations of diversity performance. Within the insurance industry, it is thus not surprising that gender diversity has been found to be greater in personal lines insurers (Khalamayzer, 2012), in which end-consumers are more salient to the firm. This logic is reflected in the following hypothesis:

Hypothesis 2: Consumer proximity will be positively related to diversity performance.

KLD's employee relations category captures firms' interactions with employee stakeholders. Possible strengths include positive union relations, a no-layoff policy, cash profit sharing, encouragement of employee ownership, strong retirement benefits, and strong health and safety programs. For example, The Hartford Financial Services Group's employee stock purchase plan encourages employee ownership by offering employees the ability to purchase the company's stock at a discount (The Hartford, 2012). Potential concerns may involve poor union relations, health and safety concerns, recent workforce reductions, and inadequate retirement benefits. Cigna, for instance, announced plans to reduce its workforce by 1,300 employees, or 4 percent of the firm's total workforce (Sturdevant & Lee, 2012).

The treatment of employees would be expected to be a concern for end-consumers. Beyond the fact that poor employee relations is an indicator of poor overall social performance, negative treatment of employees may directly translate into a negative service experience for customers. And to the extent that insurers receiving high service ratings from organizations such as J.D. Power advertise those ratings to potential end-consumers, we may conclude that end-consumers value strong customer service in their insurance purchase decisions. As we consider the manner in which KLD defines employee relations, though, a complicating factor becomes the issue of visibility. Issues such as health and safety programs or retirement benefits lack the visibility of components of community and diversity performance. Ultimately, it becomes more difficult for end-consumers to ascertain whether firms' employee relations are strong or weak. Thus, while community performance and diversity performance are visible to end-consumers, employee relations performance is, by contrast, opaque. This conclusion is supported by a search of insurance-focused articles and reports in Lexis-Nexis, using keywords pertaining to KLD's definition of employee relations performance: layoffs, profit sharing, or retirement benefits. While Lexis-Nexis revealed 2,834 and 1,749 sources relating to community and diversity performance, respectively, there were only 681 instances relating to employee relations, implying less visibility. Under such conditions of diminished visibility, firms closer to end-consumers may lack the incentive to excel in employee relations. In short, a component of CSP would need to meet the criteria of both value and visibility for consumers in order for a relationship between consumer proximity and performance on that component to be expected to hold. Thus, we would not expect a significant relationship to exist between consumer proximity and employee relations performance.

The product dimension of KLD notes a range of issues associated with firms' products (as well as its services). Among the possible product strengths are the presence of a quality program, industry-leading research and development, and provision of products or services to economically disadvantaged individuals. MSCI has identified a limited but growing number of insurers, for example, offering products to consumers at the base of the economic pyramid; within the property casualty insurance industry, QBE, RSA, and NKSJ Holdings are directly involved in offering micro-insurance products in India and Latin America (MSCI, 2013b). Among the concerns of KLD's product dimension are product safety controversies, marketing or contracting controversies, and antitrust violations. In its assessment of Aetna, for instance, MSCI notes that the company has falsely marketed its insurance coverage (MSCI, 2013d).

The product dimension is a somewhat more complex topic than other dimensions of social performance. Undoubtedly, product performance is an important concern for end-consumers that would be expected to weigh heavily on purchasing decisions. But considering KLD's definition of this category, the dichotomy between products and services becomes apparent. Offerings to economically disadvantaged individuals are relevant for both products and services firms, although it is notable that MSCI concludes that insurers' base of the pyramid efforts are motivated by a search for new sources of profit in the context of saturated developed markets (MSCI, 2013b). For manufacturing firms, the existence of quality programs or presence of product safety controversies are both relevant and visible to end-consumers. But product performance metrics relevant for service firms, such as marketing controversies or antitrust violations, would be expected to be less visible to end-consumers. This relative lack of visibility is evident in the results of a Lexis-Nexis search on keywords relevant to KLD's definition of product performance for service firms: antitrust, Department of Justice, or Federal Trade Commission. The number of insurance-focused articles and reports over the last twelve months meeting these criteria was only 353, an indication of less visibility relative to community and diversity performance. And as noted in the discussion of employee relations performance, value and visibility for end-consumers would be expected to be necessary criteria for a relationship between consumer proximity and performance on a component of CSP to hold. For service firms such as insurers, no significant relationship between consumer proximity and product performance would therefore be expected to exist.

Methods

In considering the appropriate empirical context, the necessity of limiting the analysis to a single industry became apparent. Comparisons among different industries can be problematic, both in terms of measuring proximity and in judging differences among the CSP records of individual firms. The U.S. insurance industry, as has previously been noted, was selected for several reasons. First, the insurance industry consists of numerous firms that are exclusively business-to-business (e.g., reinsurance) or exclusively business-to-consumer (e.g., life insurance), allowing for meaningful variation in the independent variable. Second, the industry also consists of firms covering both individuals and other businesses (e.g., property casualty firms writing both personal and commercial lines); such firms report revenues derived from their personal and commercial lines segments, allowing for the construction of a continuous, rather than dichotomous, independent variable. Third, the industry represents a particularly interesting empirical context. At first glance, one might argue that CSP issues are less prominent for insurers than for firms in other industries, rendering CSP a less pressing concern for stakeholders. However, data provided by the Global Reporting Initiative (GRI), the organization promoting a common set of sustainability reporting guidelines (including both the social and environmental dimensions of sustainability), indicate that financial services firms (including insurers) issue voluntary GRI-based reports at the greatest frequency of any industry, nearly double that of firms in the energy industry

(GRI, 2010). Furthermore, insurers hold sizeable investment portfolios as a result of their need to carry adequate reserves, inviting scrutiny of their CSP records as investors. All publicly-traded U.S. firms with NAICS code prefix 524 (insurance) were included in the sample. After eliminating firms with missing data, 115 firms remained.

Measures

CSP data were obtained through the KLD STATS database previously discussed. KLD's annual assessments are conducted through analysis of 10-K filings, corporate sustainability reports, direct company communication, government and non-governmental organization data, media reports, and other documents.

The KLD data used in this study were gathered in the following manner. First, the sum of all strengths and sum of all concerns was calculated for each of the following categories for the year 2009: community, diversity, employee relations, and product. Next, the difference between total strengths and total concerns for each firm was ascertained. The lowest-rated firm achieved a score of -4; 4 was then added to the score of each firm to eliminate any negative values. This value represented overall CSP. To arrive at individual values for community, diversity, employee relations, and product, a similar procedure was used to eliminate any negative values.

Consumer proximity was measured as the percentage of the firm's revenues derived from coverage of end-consumers, as opposed to coverage of other businesses. For example, a firm engaged exclusively in personal lines insurance would receive a consumer proximity value of 100%, an exclusively commercial lines insurer would receive a value of 0%, and a multi-line insurer with 60% of revenues attributable to personal lines and 40% to commercial lines would receive a value of 60%. These percentages were collected from firms' 10-K filings.

Finally, the effect of potential confounding variables was considered. Given that prior research has suggested a need to control for size and risk (Hillman & Keim, 2001; Waddock & Graves, 1997), these attributes were operationalized as control variables. Firm size was measured by the natural log of market capitalization. Following Waddock and Graves (1997), I used the long-term debt to total assets ratio as a proxy for risk. In addition, I recognized the potential for firm age to act as a confounding variable, and included a corresponding control based on the number of years since incorporation. Data on firm age were sourced from Mergent Online, with other control data drawn from Compustat.

Results

Regression analyses were used to test the paper's hypotheses. Descriptive statistics and correlations for the sample are shown in Table 1.

Results of the regression analysis of the components of CSP on consumer proximity are included in Table 2. Hypothesis 1 predicted that consumer proximity would be positively related to community performance. Results supported this hypothesis ($b = .514$, $p < .01$). Regression results also supported Hypothesis 2, suggesting that consumer proximity would be positively related to diversity performance ($b = .849$, $p < .01$). No significant relationship between consumer proximity and employee relations performance was expected, and results supported this expectation ($b = .168$, $p = .242$). Similarly, no significant relationship between consumer proximity and product performance was expected, an expectation borne out by the results ($b = .012$, $p = .932$).

Discussion and Conclusion

This study was conducted to provide a greater understanding of the antecedents of CSP. I suggested that stakeholder theory provides a useful conceptual framework for understanding CSP and that end-consumer stakeholders value CSP. Noting that the visibility of different dimensions of CSP varies, I hypothesized that consumer proximity, defined as the closeness of a firm's products or services to the end of the consumer value chain, would be positively related to the most visible dimensions of CSP: community and diversity performance. A sample of U.S.-based insurers was used to test the hypotheses.

My empirical tests found that consumer proximity was, in fact, positively related to community and diversity performance: as the percentage of revenues derived from end-consumers increased, community and diversity performance increased. There was no significant relationship, however, between consumer proximity and either employee relations or product performance. The human rights component of CSP, which focuses on practices outside the U.S., was not tested; the paper's sample of U.S.-based insurers did not include firms with significant overseas operations. These findings contribute to scholarship that has explored the antecedents of CSP by identifying organizations' position in the consumer value chain, and the visibility of CSP components, as significant determinants.

The underlying logic for these findings is that, while end-consumers value all four of the dimensions of CSP tested, community and diversity performance are simply more visible to consumers than employee relations and product performance. It is not enough for end-consumers to merely value a component of CSP for firms to exhibit responsiveness to that component; that value must be coupled with visibility.

In the case of community performance, both positive and negative performance is visible to end-consumers. Firms that encourage high levels of employee volunteering in local communities, such as Aflac and Unum, benefit when those volunteering efforts are visible to the communities served. Indicators of negative community performance, such as investment controversies, are visible to end-consumers through negative media reports; thus, it is not surprising that insurers closer to end-consumers have more actively integrated social and governance concerns into their investments (MSCI, 2013b). Diversity performance is also visible to end-consumers; media reports serve to heighten the visibility of diversity performance, with recent reports, for example, indicating greater gender diversity in personal lines insurers (Khalamayzer, 2012). In many circumstances, organizations such as DiversityInc will further increase the visibility of diversity performance by releasing performance data directly to the public, saving end-consumers the effort of conducting research on their own; Allstate's strong diversity performance is made visible to end-consumers in this manner (DiversityInc, 2014).

This type of visibility among end-consumers is lacking, by contrast, for employee relations and product performance. End-consumers would not be expected to be knowledgeable about aspects of a firm's employee relations performance, such as retirement benefits or health and safety programs. Such data are simply not in the public domain, to the degree that community and diversity performance are. The details of employee stock purchase programs at The Hartford, relative to its competitor Travelers, for example, would be expected to be highly visible to employees of those organizations, but relatively opaque to end-consumers. For the aspects of product performance relevant to service firms, such as serving economically disadvantaged groups (a potential strength) or marketing controversies or antitrust violations (potential concerns), visibility to end-consumers is also diminished. While an FTC investigation of deceptive marketing practices might be argued to be visible to investors closely following business news, such reports are much less likely to redound to end-consumers by way of more widely followed media reports. With respect to serving economically disadvantaged groups, there is no evidence that the limited but growing efforts of selected insurers in markets at the base of the economic pyramid are visible to existing consumers in developed markets. These efforts appear motivated by a quest to find new sources of profit in emerging markets (MSCI, 2013b), rather than by a desire to improve firms' perceived CSP among end-consumers.

This work contributes to the existing body of literature that examines the antecedents of CSP. The stakeholder salience framework has generated significant insights, but has been criticized as insufficiently comprehensive. This study responds to such criticisms by illustrating an important application of stakeholder salience: the role of the end-consumer in influencing CSP. Previous studies of stakeholder salience, while broadly supportive of Mitchell and colleagues' (1997) framework, have not examined the salience of end-consumer stakeholders with respect to CSP. These studies have examined each element of salience (power, legitimacy, and urgency), with somewhat limited measures of responsiveness to stakeholders, such as managers' perceptions (Agle et al., 1999; Parent & Deephouse, 2007) or participation in specific programs (Eesley & Lenox, 2006). The present study's analysis of responsiveness utilizes measures of CSP with widespread acceptance in academic research (Chatterji & Toffel, 2010; Waddock, 2003; Waddock & Graves, 1997). Through my examination, I demonstrate the ability of an important structural element, the firm's position in the consumer value chain, to yield a more comprehensive understanding of CSP. By breaking down CSP into its components and testing the relationship between consumer proximity and performance on each component, I make a further contribution by revealing the importance of visibility to performance on those components. In so doing, I also answer recent calls to place greater emphasis on the role of the consumer in strategic management (Priem, 2007; Priem et al., 2012).

The insights yielded by this study suggest avenues for future research. Although CSP has often been defined broadly to include environmental performance in prior research, significant variation in environmental performance within this paper's sample of insurers did not exist, and no hypotheses concerning environmental performance were developed. Future research might investigate the impact of consumer proximity on environmental performance in industries with a more substantial environmental footprint. Alternatively, an in-depth qualitative study of climate change risk mitigation practices in selected insurers might be undertaken, as property casualty insurers have begun to develop modeling capabilities to integrate climate change data into actuarial analyses (MSCI, 2013b). Consumer proximity could also be applied to investigate the impact of government information disclosure programs. For instance, a comparison of firm responses to public disclosure of negative information between firms of different proximity to consumers might be undertaken. Finally, consumer proximity may also be extended to explore potential interactions with other antecedents of social and environmental performance that prior scholarship has identified, such as employee perceptions (Sharma, 2000).

The potential limitations of this study should be noted. KLD ratings are inherently subjective, ultimately subject to the imperfect judgment of human analysts. Nonetheless, a large body scholarly research has relied on these ratings (Chatterji & Toffel, 2010; Waddock, 2003; Waddock & Graves, 1997). In addition, given the study's focus on a single industry – insurance – generalizability is an issue. Given the problematic nature of comparing ratings between different industries, though, this was a necessary limitation.

Scholarly interest in the antecedents of CSP boasts a long history and shows no sign of abating. This study contributes to existing theories by showing that stakeholder salience, coupled with the concept of the consumer value chain, provides a more comprehensive view of CSP's antecedents. This research further highlights the important role of the visibility of different components of CSP to consumers; this visibility has been argued to influence firm responsiveness to consumer expectations on those dimensions. I hope that this work will encourage researchers to continue to pursue a more refined understanding of corporate social performance.

CHAPTER 4

DISCOURSES OF LEGITIMACY: RHETORICAL STRATEGIES IN THE LEGITIMATION OF GENETICALLY MODIFIED FOODS

Recent years have seen an increasing scholarly interest in discourse, reflective of a "linguistic turn" (Fairclough, 1992: 2) in the social sciences in which the role of language has become more prominent. Discourse is, stated succinctly, language in use (Jaworski & Coupland, 1999). Within management scholarship, an emerging body of research has examined the discursive practices – the use of language to accomplish a given strategic outcome – of strategy practitioners (e.g., Laine & Vaara, 2007; Maitlis & Lawrence, 2003; Mantere, 2008; Rouleau, 2005; Samra-Fredericks, 2003, 2005; Vaara et al., 2004). Management researchers have studied the discursive aspects of strategy from a variety of perspectives that reflect differing paradigms (Balogun at al., 2014).

Within this research stream, a number of studies have begun to examine the intersection between discourse and legitimacy. Legitimacy is a "generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995: 574). Legitimacy has often been analyzed in the context of the adoption of new organizational forms (e.g., Tolbert & Zucker, 1983) or business practices (e.g., Boiral, 2007; Westphal & Zajac, 1998, 2001). These studies have contributed greatly to our understanding of legitimacy, and additional studies that have focused on the use of language in managing legitimacy have allowed for a more comprehensive and nuanced understanding of the subject. Discursive perspectives on legitimacy have included analysis of rhetorical strategies used to legitimate plant closures (Erkama & Vaara, 2010), legitimation of institutional change through rhetoric (Suddaby & Greenwood, 2005), and discursive justifications used to legitimate new managerial practices (Green, 2004).

Although discursive perspectives on legitimacy have uncovered valuable insights, there is a compelling need for future research. A particularly significant challenge to the legitimacy of organizations arises from consumer concerns regarding sustainability – defined in this paper as an organization's performance along the "triple bottom line" of economic, environmental, and social dimensions (Elkington, 1997). Sustainability concerns represent a fundamental change in consumers' expectations of corporations and, by extension, consumers' conceptions of organizational legitimacy. In contrast to a view of shareholder supremacy in which a legitimate organization is seen as one which maximizes profit (Friedman, 1970), a triple bottom line perspective shifts this perception to view legitimacy in the context of an organization's environmental and social, as well as economic, performance. With sustainability concerns altering consumers' conceptions of organizational legitimacy, corporations will increasingly be called upon to communicate with consumers about their own legitimacy. We know little, however, about those types of communications. It is surprising that more research has not examined the question of how organizations employ discourse as a strategy to maintain legitimacy in response to consumers' sustainability concerns.

Given the need to better understand the intersection between discourse used in communicating with consumers, legitimacy, and sustainability, this paper seeks to examine how discourse is used to maintain legitimacy when consumer concerns regarding sustainability threaten the firm's legitimacy. To examine this research question, I conduct a discourse analysis of texts produced by Monsanto in response to consumer concerns about genetically modified (GM) food. Specifically, I identify the rhetorical strategies used by Monsanto to legitimate GM products. In so doing, I contribute to existing research on the intersection between discourse and legitimacy by identifying the discursive practices used to maintain legitimacy when the firm's sustainability performance is called into question by consumers.

It should be noted that this paper does not seek to establish the veracity of statements made by either Monsanto or concerned consumer stakeholders. Such an understanding would, of course, illuminate important ethical considerations with respect to both legitimation and delegitimation efforts. I recognize that there is an ongoing debate with respect to GM technology, and the focus of this paper is on Monsanto's rhetorical strategies within this debate, as opposed to the accuracy or inaccuracy of the company's statements.

The remainder of the paper is organized as follows. In the next section, I review previous research on legitimacy and discourse. I then present this paper's empirical context, reviewing consumer concerns about the sustainability implications of GM products and discussing the threat that these concerns pose for Monsanto. Next, I discuss the methods utilized in the discourse analysis and the results of the study. I conclude with a discussion and implications for future research.

Discourse and Legitimacy

Legitimacy has been a topic of central concern to organizational scholars. Perhaps the most frequently cited definition of legitimacy is, "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995: 574). Suchman's (1995) view represents an attempt to incorporate two different perspectives from which legitimacy has been conceptualized in prior research. One is a strategic perspective which views legitimacy as an operational resource that organizations can extract from their environment and use to pursue their goals (Beelitz & Merkl-Davies, 2012; Dowling & Pfeffer, 1975; Suchman, 1995). In contrast to this agency focus, the institutional perspective (DiMaggio & Powell, 1983: Meyer & Rowan, 1977) views legitimacy as a set of beliefs that the organization's audiences have, and the decisions of the organization are seen as often constrained by audiences' belief systems (Beeliz & Merkl-Davies, 2012; Suchman, 1995). This paper shares Suchman's (1995) concern with the importance of incorporating both perspectives into a broader view of legitimacy. Consistent with the institutional perspective, I acknowledge that legitimacy "resides in people's minds" (Breton & Cote, 2006: 512) and is ultimately determined by organizational audiences' perceptions. And I also acknowledge the central role of the organization in employing strategies to shape those perceptions, consistent with the strategic perspective.

In their attempts to preserve or acquire legitimacy, organizations may rely on either substantive or symbolic actions. Ashforth and Gibbs (1990), for example, consider substantive actions to involve "real, material change in organizational goals, structures, and processes or socially institutionalized practices" (178). Such change may involve role performance (meeting the performance expectations of key stakeholders), coercive isomorphism (DiMaggio & Powell, 1983), altering resource dependencies, and altering socially institutionalized practices (Ashforth & Gibbs, 1990). Symbolic management involves appearing to be consistent with stakeholder expectations, rather than undertaking material change, and may involve espousing socially acceptable goals, denial and concealment, redefining means and ends, offering accounts, offering apologies, and ceremonial conformity (Ashforth & Gibbs, 1990). Oliver's (1991) identification of strategic responses to institutional pressures (acquiesce, compromise, avoid, defy, and manipulate) similarly encompasses both substantive and symbolic actions. Discourse may be said to have substantive and symbolic purposes, signifying material changes in goals or practices, for example, or suggesting ceremonial conformity.

To enhance our understanding of legitimacy management, scholars have called for further research into the discursive aspects of legitimacy (Erkama & Vaara, 2010; Vaara et al., 2006; Vaara & Tienari, 2008). Often adopting a critical discourse analysis approach (Fairclough, 1992), an emerging body of research has begun to examine the relationship between discourse and legitimacy. Critical discourse analysis is consistent with interpretive perspectives that view reality as socially constructed (Berger & Luckmann, 1967), and is concerned with the use of language to construct power relationships (Balogun et al., 2014). Involving "a conscious attempt to use discourse analytical tools for controversial social or societal issues," (Vaara & Tienari, 2008: 986), critical discourse analysis has been used in such contexts as shutdown decisions (Erkama & Vaara, 2010) and international mergers and acquisitions (Vaara et al., 2006). Extending previous work in linguistics by Van Leeuwen and Wodak (1999), for example, Vaara and colleagues (2006) identify five discursive strategies used to legitimate a cross-border merger: normalization, authorization, rationalization, moralization, and narrativization. Analyzing organizational discourse surrounding safety concerns at a nuclear power plant, Beelitz and colleagues (2012) find that CEO statements evolved from a technocratic discourse to a discourse of stakeholder engagement in an attempt to signal change while maintaining the status quo. Such studies have illustrated critical discourse analysis's value in demonstrating how organizations undertake management of legitimacy through communication with stakeholders.

Rhetorical analysis has been another valuable approach to improving our understanding of organizations' management of legitimacy. Rhetorical analysis is notable for its focus on persuasive texts to shed light on how discourse is used to have an intended impacted on an audience (Balogun et al., 2014; Heracleous, 2006), often through three main types of justification: pathos (appeals to emotion), logos (appeals to logic and rationality), and ethos (appeals to authority) (Aristotle, 1991; Green, 2004). Green (2004), for instance, argues that the diffusion of new managerial practices will vary according to whether they are supported by pathos, logos, or ethos appeals. Suddaby and Greenwood (2005) find that rhetorical justifications for a new organizational form could be classified as ontological (based on assumptions about what can or cannot exist or coexist), historical (appealing to history or tradition), teleological (appealing to divine purpose or final cause), cosmological (emphasizing inevitability), and value-based theorizations (appealing to wider belief systems). In a rhetorical analysis grounded in a critical discourse perspective, Erkama and Vaara (2010) find five types of rhetorical justifications to legitimate plant closures: the classical justifications of pathos, logos, and ethos, as well as autopoiesis (autopoietic narratives), and cosmos (cosmological constructions). As the previous examples indicate, both critical discourse analysis and rhetorical analysis hold significant promise in revealing how legitimacy is managed by organizations.

Although much has been written about legitimacy in organizations, the discursive aspects of legitimacy remain under-examined (Phillips et al., 2004; Suddaby & Greenwood, 2005; Vaara & Tienari, 2008). While recent research has yielded promising findings in the discursive aspects of legitimation of actions such as plant closures (Erkama & Vaara, 2010), mergers (Vaara et al., 2006), new managerial practices (Green, 2004), and adoption of new organizational forms (Suddaby & Greenwood, 2005), significant questions remain. A particularly important area in which we lack understanding is how legitimacy is discursively constructed when consumers' concerns regarding sustainability threaten the firm's legitimacy. Growing concerns about sustainability constitute a fundamental shift in consumers' expectations of corporations from a profit-maximization (Friedman, 1970) to triple bottom line (Elkington, 1997) perspective. Sustainability, stated succinctly, changes consumers' conceptions of organizational legitimacy. Recent research has revealed different conceptions of organizational sustainability by employees, reflecting different views of stakeholders and different views of the role of dialogue within the firm (Kurucz et al., 2013), but this research is limited by its focus on communications internal to the firm. We would anticipate that firms will increasingly be expected to communicate their legitimacy surrounding sustainability issues to consumers, and understanding how such legitimacy is discursively constructed will be critically important for managers. Accordingly, this paper addresses the following research question: How is discourse used to maintain legitimacy when consumers' sustainability concerns threaten the firm's legitimacy?

Drawing on both critical discourse analysis and rhetorical analysis, I seek to answer this question through an examination of the discourses surrounding Monsanto and GM food.

Context: Monsanto and GM Food

Genetically modified organisms (GMOs) are organisms whose genetic material has been changed through the use of genetic engineering. These organisms form the basis of GM foods. GM crops are engineered to add certain traits such as herbicide tolerance or insect resistance. GM crops currently grown in the United States include soybeans, corn, and cotton (USDA, 2013a).

A tobacco plant resistant to antibiotics was produced in 1983, marking the first instance of genetically modified plant production (Lemaux, 2008). The first commercially grown GM crop was the Flavr Savr tomato, approved for sale in the United States in 1994 and engineered to delay ripening and thus have a longer shelf life (Lemaux, 2008). Herbicide-tolerant tobacco was approved by the European Union in 1994 (MacKenzie, 1994), with insect-resistant potatoes approved by the United States in 1995 (The New York Times, 1995). As of 2012, 88 percent of corn, 93 percent of soybeans, and 94 percent of cotton grown in the United States were genetically modified (USDA, 2013b).

The two common traits of GM crops – herbicide tolerance and insect resistance – offer significant benefits to farmers. Herbicide tolerance permits crops to withstand the application of particular herbicides, thus enhancing the ability of farmers to control weeds (Carpenter & Gianesi, 1999). Insect resistance allows crops to produce their own pesticides fatal to certain insects. This trait is introduced through the insertion of Bacillus thuringiensis (Bt) genes. Bt crops protect farmers against yield loss through damage from insects and offer the potential for farmers to decrease their reliance on chemical pesticides to control insect damage (Hellmich & Hellmich, 2012).

Though GM crops have been widely adopted by farmers, consumer groups and other stakeholders have expressed concerns about the social, environmental, and economic impacts of GM foods, raising the question of whether GM foods promote or harm the three broad tenets of sustainability (Elkington, 1997). Social concerns include uncertainty about the health effects of GM foods, with concerned stakeholders noting contradictory findings about health impacts in peer-reviewed scientific journals and a lack of long-term studies examining the safety of human consumption of GM foods. Critics of GM foods cite studies in laboratory animals suggesting that GM foods may cause such health problems as allergies, immune system weakening, kidney damage, gastrointestinal distress, and reproductive problems. Environmental concerns include the potential adverse impact that pesticide-producing plants may have on populations of bees and butterflies, and negative environmental consequences associated with the promotion of large-scale monoculture production (growing a single crop over a large area for an extended time, reducing nutrients in the soil). Economic concerns include the possibility that GM crops may contaminate nearby organic crops, thus preventing organic farmers from achieving organic certification. These concerns have influenced three states – Connecticut, Maine, and Vermont – to pass GMO labeling laws, with similar labeling legislation under consideration by several other states.

Consumer concern about GM foods has also manifested itself in concern about a leading producer of genetically engineered seed and herbicide, Monsanto. Based in St.

Louis, Monsanto is a publicly traded company with 22,000 employees and revenues of $14.9 billion in fiscal year 2013 (Monsanto, 2013). Resistance to both GM foods and Monsanto was dramatized by the "March Against Monsanto" in May 2013, with estimates of protesters ranging from hundreds of thousands to two million worldwide (Associated Press, 2013). A review of consumer concerns about GM foods, coupled with specific concerns about Monsanto, indicate a significant threat to the company's legitimacy. In addition to previously noted concerns about the economic, environmental, and social impacts of GM foods, critics of Monsanto have voiced alarm at a perceived undue influence the company may exert on political and regulatory processes, at perceived aggressive litigation tactics against farmers accused of violating the company's intellectual property rights, and at the company's history of involvement in the production of Agent Orange and PCBs, both of which are associated with adverse health effects. In short, Monsanto's actions fail to meet the "desirable, proper, or appropriate" (Suchman, 1995: 574) standard of legitimacy among these stakeholders.

The question of the legitimacy of GM foods and of Monsanto is a critical one, in that the loss of legitimacy among consumers poses a threat to the company's survival. Of Monsanto's $14.9 billion of revenue in 2013, its Seeds and Genomics segment represented $10.3 billion, with its Agricultural Productivity segment (largely associated herbicide products) constituting the balance (Monsanto, 2013). Monsanto's revenue model is, in summary, based on the sale of genetically engineered seeds and complementary herbicide products to farmers. Farmers' willingness to pay for Monsanto's products is associated with consumers' willingness to consume GM foods; taken to an extreme, were consumers to cease purchasing foods with any GM ingredients, farmers would cease purchasing Monsanto products, as well as the genetically engineered products of agrichemical competitors such as DuPont. Competitors marketing non-GM seeds would stand to benefit from this scenario.

Facing such a threat, Monsanto's ability to substantively alter its business model in response to consumer concerns appears limited. While a modification of litigation tactics against farmers accused of patent violations might be considered, a fundamental shift away from the sale of GM seeds would presumably not be. The company's biotechnology pipeline is the result of long-term investments in research and development (R&D), with, for example an R&D investment of $1.5 billion in 2013 (Monsanto, 2013). A fundamental business model shift would involve abandoning these investments, and would preclude the ability of the company to recoup those costs. The company's continued operation, therefore, involves maintaining farmers' willingness to pay, a function of consumers' acceptance of GM technology. Interestingly, although MSCI's ESG Manager, a leading sustainability ratings system, upgraded the firm's sustainability rating from "CCC" to "B" in 2014, the reasons for the upgrade (improvements in supply chain and auditing practices) do not relate to changes in the company's GM products (MSCI, 2014b); this offers further indication that a substantive change in the company's business model is not under consideration. With a shift in the company's business model not contemplated and the threat to legitimacy posing a threat to the firm's survival, the need to effectively communicate legitimacy to consumer stakeholders becomes an urgent matter. The following section describes the data and methods used to examine Monsanto's discursive construction of legitimacy.

Methods

In considering the most relevant data source for the study, I sought texts produced by Monsanto that directly addressed consumers' sustainability concerns – social concerns related largely to the safety of GM foods for human consumption, as well as environmental and economic concerns. The texts most closely meeting these criteria were contained in the "Viewpoints" section of Monsanto's web site and are described as providing "answers to questions we regularly receive" (Monsanto, 2014). Unlike media reports, which may not accurately report the company's statements, data from the company's web site allows for a high degree of confidence that the company's intended message is accurately reflected. Data from CEO letters to shareholders in annual reports were also considered, but references to sustainability concerns in these letters were limited. The content of the web site data contains arguments used to address the concerns previously noted and, as such, offers a rich opportunity to examine the rhetorical strategies used in the company's legitimacy management efforts. The texts from this section of Monsanto's web site were captured in January 2014 and consisted of 15,424 words. The limited scope of this data is consistent with recent research on discourse and legitimation (Beelitz & Merkl-Davies, 2012).

Critical discourse analysis and rhetorical analysis were employed to analyze Monsanto's texts. Critical discourse analysis is "an established cross-disciplinary approach to linguistic analysis of social phenomena" (Vaara & Tienari, 2008: 986). In addition, critical discourse analysis involves an application of discourse analytical tools to controversial social issues (Vaara & Tienari, 2008); as such, critical discourse analysis is appropriate for this paper's context. Furthermore, critical discourse analysis is concerned with the role of language in constructing power relationships (Vaara et al., 2006), consistent with this paper's focus on an organization's attempts to gain the consent of stakeholders. Elements central to critical discourse analysis include an understanding of context surrounding the discourse, a consideration of intertextuality (how texts reference other texts), and an attempt to reveal hidden or taken-for-granted assumptions (Vaara et al., 2006).

The analysis was conducted in three major stages, with the aid of NVivo software. First, I identified the themes represented in Monsanto's texts and compared those themes to the concerns of consumer stakeholders. This stage also involved a consideration of the aforementioned elements central to critical discourse analysis: context, intertextuality, and taken-for-granted assumptions. Second, I identified the rhetorical strategies used to address concerns by coding the data according to the three main types of appeals in classic rhetoric: pathos, logos, and ethos. A forced choice approach was used, requiring the selection of the most prominent type of justification when multiple types were present. Third, on the basis of this coding, I analyzed the frequency with which each strategy was invoked.

Results

Table 3 presents a summary of the frequency of occurrence of themes and appeals in Monsanto's texts. A summary of rhetorical appeals, themes, example excerpts, and assumptions is presented in Table 4.

An analysis of the themes represented in Monsanto's texts revealed a close connection with the three broad tenets of sustainability: social, environmental, and economic (Elkington, 1997). The discussion of intertextuality in this paper's section further illustrates that these themes also capture stakeholder concerns, implying that the company is analyzing and responding to these concerns. The social theme included responses to consumer concerns about the safety of GM foods and to concerns regarding the company's perceived influence on political and regulatory processes. Excerpts representing each theme are included in this section. The environmental theme included an articulation of the perceived environmental benefits of genetically engineered seeds, such as the ability of farmers to conserve resources. The economic theme included an articulation of the economic benefits that might accrue to farmers by using genetically engineered seeds and a defense of the company's litigation practices to protect intellectual property rights. The thematic analysis of Monsanto's texts demonstrated a primary concern with addressing the social dimension of sustainability: of 161 total segments of text coded, 123 addressed social concerns, 22 addressed economic concerns, and 16 addressed environmental concerns. Each of the three major rhetorical justifications (ethos, logos, and pathos) was used in connection with each dimension of sustainability. The following sections describe the company's use of rhetorical strategies in support of their legitimacy management.

Ethos

Ethos was the most frequently used rhetorical appeal, with 91 of 161 data segments characterized by appeals to authority. This strategy was most dominant in attempts to address legitimacy concerns related to the social and environmental dimensions of sustainability; 75 of 123 data segments relating to social concerns, and 10 of 16 relating to environmental concerns, were characterized by ethos. Ethos was used less frequently to manage economic concerns: in just six of 22 data segments.

Critical discourse analysis places importance on the contexts in which texts are produced, and helps to shed light on Monsanto's discursive choices. A major challenge in Monsanto's legitimacy management is to convince consumer stakeholders that GM foods pose no health risks – that there is, in the company's words, "a history of safe cultivation and consumption" (Monsanto, 2014). Although Monsanto's business model involves selling seeds to farmers rather than selling finished products to end-consumers, consumer stakeholder support is nonetheless vital to the company's survival. To the extent that consumers might increasingly resist purchasing GM foods, the value of genetically engineered seeds to farmers would decrease. This context is helpful in explaining the need for Monsanto to address the issue of safety. Ethos may be the dominant appeal chosen, in part, because of a perception that the company influences scientific and public opinion; citation of authorities implied to be independent and credible may be necessary because of this perception. The example below demonstrates the company's use of ethos to address concerns surrounding the social dimension of sustainability:

> The safety of GMO crops has been confirmed by numerous third-party organizations including the American Medical Association, the Society of Toxicology, the International Life Sciences Institute, the National Academy of Sciences in the United States, the Royal Society of the United Kingdom, the World Health Organization, the Institute of Food Technologists, the French Academy of Medicine, the Food and Agriculture Organization of the United Nations, the European Food Safety Authority and the European Union Commission (Monsanto, 2014).

In this example, the conclusions of eleven organizations are cited to bolster the argument that GM foods pose no health risks. The order in which these institutions are listed is revealing, as U.S. organizations are listed upfront, with European organizations listed later. This choice may reflect the belief that U.S. consumers are more likely to be persuaded than their European counterparts, given the relatively stronger resistance to GM foods in Europe. Elsewhere, the company reiterates that "governmental regulatory agencies, scientific organizations and leading health associations worldwide agree on the safety of GM crops" (Monsanto, 2014). On a different topic related to the social dimension of sustainability, the company responds to concerns that the use of GM crops may contribute to farmer suicides in India by noting that "the international community has conducted several studies to identify the reasons" and concluded that GM crops are not a contributing factor (Monsanto, 2014). Notably, the company provides numerous citations and web links to defend its assertions.

In applying ethos appeals to address social concerns, Monsanto uses specific language to construct authorities as independent and, by extension, beyond the company's influence. The word "independent" itself occurs 23 times in the texts, while other terms denoting research and science appear frequently. "Research" appears 66 times, "scientific" 49 times, "assessment" 42 times, and "studies" 41 times. A closer examination of the contexts in which the word "independent" appears reveals that these additional terms often appear in close proximity. Through this proximity, research and the scientific process are constructed to be viewed as independent. For example, the company cites "hundreds of independent scientific experts and dozens of governments around the world" that have concluded GM foods are safe. "Independent groups of scientists at regulatory agencies worldwide" are described as conducting "their own scientific assessment" in forming such conclusions. In a particularly informative example, the company states that, "Credible and independent public health societies and experts around the world also have reviewed the scientific evidence and determined food grown from GMO crops is safe to eat" (Monsanto, 2014). The use of the term "credible" in this context helps to strengthen the intended association between credibility and independence. In addition to the use of the aforementioned key terms, the texts also construct a sense of independence by emphasizing the magnitude (e.g., "hundreds") and geographical dispersal (e.g., "around the world") of independent experts. The intended message is that such a vast and geographically diverse group of individuals and organizations are not likely to fall under the influence of a single company such as Monsanto.

The notion of intertextuality emphasizes that a comprehensive understanding of any given texts cannot be attained without connecting those texts to other texts (Vaara et al., 2006). Monsanto's statements regarding product safety can be better understood by linking them to other relevant texts that communicate safety concerns, produced by organizations within the company's institutional field. For example, Organic Voices, an advocacy group that promotes mandatory labeling requirements for GM foods, asserts, "The safety of GE crops for human consumption has not been adequately assured" (2014). The group further argues that, "Several National Academy of Sciences studies have affirmed that genetically engineered crops have the potential to introduce new toxins or allergens into our food and environment" (2014). In addition, Organic Voices invokes appeals to authority by citing studies that have "found that the insecticide in GE corn is now showing up in our bloodstream and the umbilical cord blood of pregnant women" (2014).

Monsanto's extensive use of ethos appeals can be viewed as a strategic response to such arguments. Interestingly, in an example of mimetic behavior within its institutional field, Monsanto cites the National Academy of Sciences – the same organization Organic Voices invokes to question the safety of GM foods – as one of the authorities that has, in fact, attested to their safety. It is worth noting that, for some readers, Monsanto's citation of this body may actually serve to neutralize appeals to its authority; readers aware of the body's citation in support of two differing conclusions may conclude that it cannot be trusted. Thus, Monsanto's ethos appeals seek to neutralize opponents' arguments through the inclusion of the National Academy of Sciences, as well as the Society of Toxicology and a broader list of "third-party organizations" that have confirmed the safety of GM foods.

A consideration of context and intertextuality allows for a deeper understanding of Monsanto's discursive choices; in addition, an analysis of Monsanto's texts reveals certain taken-for-granted assumptions. An examination of the company's use of ethos, logos, and pathos appeals offers insights into particular assumptions regarding the author of the texts (Monsanto itself), the message, and the audience. With regard to Monsanto's extensive use of ethos appeals in relation to other types of appeals, one assumption may be that the company feels that it lacks credibility among its audience. To establish credibility, therefore, the company makes wide-ranging use of ethos appeals which, in turn, cite numerous organizations that the company portrays as independent and authoritative. With respect to Monsanto's dominant use of ethos appeals to address concerns about the social dimension of sustainability in particular, an associated assumption may be that its audience's health concerns are most likely to be assuaged by noting the safety findings of authoritative organizations. The fact that Monsanto chooses not to address why groups such as Organic Voices cite a given organization in support of claims about lack of safety, but instead cites the same organization to refute claims about lack of safety, is revealing; this may reveal that the company believes most consumers are unlikely to invest the effort involved to read the organization's findings and form their own conclusions. A final assumption concerns the high frequency within Monsanto's texts of social themes, as opposed to environmental and economic themes; potential conclusions may be that the company believes that consumers care most about social concerns (particularly individual safety), and that consumers who care most about environmental or economic concerns may be predisposed to oppose Monsanto and therefore are not targets of the texts. Assumptions regarding the company's degree of certainty regarding social concerns relative to environmental and economic concerns could also be argued to underlie the frequency of social themes – either that high certainty allows for high frequency, or that low certainty necessitates high frequency in an attempt to persuade (as noted earlier, however, this paper does not presume that the company seeks to mislead stakeholders).

As previously noted, ethos justifications were also dominant in the company's limited attempts to address the environmental dimension of sustainability concerns. In particular, the company offers direct quotes from several authorities, such as the excerpt below from Dr. Colin Carter, Professor of Agricultural and Resource Economics at University of California Davis:

> [GM technology] is actually an environmentally friendly technology that reduces the chemical load. We’ve seen that in spades in China and India where they’ve adopted GM cotton, and it’s reduced farmer deaths from pesticide poisoning, and it’s really helped the environment over there. And I think you’re right. The average consumer is unaware of the environmental benefits. You only hear about the possible environmental risks (Monsanto, 2014).

In summary, ethos justifications are authority-based arguments used to establish credibility and, as such, offer a powerful tool for organizations in legitimacy management. Monsanto’s dominant use of ethos in addressing social and environmental concerns suggests the potential utility of ethos with regards to these two dimensions of sustainability. While the effectiveness of these legitimation attempts were not directly measured in this study, a proxy for effectiveness may be the company’s success in opposing referenda on GMO labeling, with California and Washington state voters rejecting recent ballot initiatives (Barclay & Kaste, 2013).

The utility of ethos may stem from the degree of both consensus and stability regarding social and environmental views. Heterogeneous views regarding corporations’ social and environmental responsibility, as well as the changing nature of those views, may diminish the use of logic-based (logos) appeals; in the absence of stability and consensus, appeals to authority may be deemed the optimal type of appeal. The literature on conflict resolution in teams has identified arbitration as a both a reactive and pluralistic strategy (i.e., applied to existing problems and to all members of a group) (Behfar et al., 2008); ethos may function as, in effect, an arbitration strategy that seeks to resolve conflict by discursively vesting authority in an independent expert. Furthermore, Monsanto’s ethos appeals reveal important taken-for-granted assumptions regarding author (the company), message, and audience; the company appears to feel that it lacks credibility among its audience, that citing the safety findings of other organizations will help to assuage its audiences' safety concerns, that consumers may care most about social concerns (especially safety), and that consumer stakeholders most concerned with economic or environmental issues may be predisposed to oppose the company and less likely to be persuaded. To the degree that organizations such as Monsanto are able to harness support from authorities deemed independent, ethos justifications may act as a particularly effective discursive tool.

Logos

Logos, the second most frequently used rhetorical appeal (47 of 161 data segments), refers to rational arguments. Logos was most dominant in addressing the economic dimension of sustainability, but was also frequently used to address the social dimension. Twelve of 22 data segments pertaining to economic concerns and 31 of 123 segments pertaining to social concerns were marked by logos justifications. Of the 16 segments associated with environmental concerns, four were marked by logos justifications.

The context surrounding Monsanto's discursive choices with respect to economic aspects of sustainability includes questions regarding the economic impact that genetically engineered seeds may have on farmers, as well as the litigation practices used to protect the company's intellectual property rights. Logos justifications associated with potential concerns regarding economic impact are evident in the following excerpt:

> In many cases, farmers who have adopted the use of GE crops have either lower production costs or higher yields, or sometimes both, due to more cost-effective weed and insect control and fewer losses from insect damage (Monsanto, 2014).

Farmers using genetically engineered seeds can, in this example, expect to realize cost savings (through lower production costs) or revenue gains (through higher yields), suggesting a positive economic benefit. Rational arguments that illustrate the utility of the company's products are an important component of the company's economic legitimacy management efforts. Another key component is a defense of the company's actions regarding intellectual property protection. In the following example, the company makes explicit reference to its business model and develops a rational argument concerning the need for intellectual property protection:

> Monsanto seeks intellectual property protection, including patents and often plant breeders' rights, to cover many of the traits and seed varieties we develop. These protections help to ensure we are paid for our products and for the investments we put into developing them… No business can survive without being paid for its products or services and we maintain rigor in assuring the success of the business models we implement to deliver our products and services to the market (Monsanto, 2014).

With respect to intertextuality, an understanding of the previous texts can be more fully understood by examining texts that raise concerns about Monsanto's legal tactics. One CBS News report cites farmers who charge that "Monsanto sent investigators to their home unannounced, demanded years of farming records, and later threatened to sue them for patent infringement" (Keteyian, 2008). The report also notes the case of Mo Parr, a seed cleaner sued by Monsanto for helping farmers violate its patent: "The company subpoenaed Parr’s bank records, without his knowledge, and found his customers” (Keteyian, 2008). A *Vanity Fair* investigative report concludes that “Monsanto has launched thousands of investigations and filed lawsuits against hundreds of farmers and seed dealers” (Barlett & Steele, 2008).

Monsanto’s logos appeals seek to counteract concerns regarding such practices by demonstrating the logic underlying them. Fundamentally, the company’s argument is that “no business can survive without being paid for its products or services.” Monsanto, like all businesses, must therefore take steps to ensure that its customers pay for their products. The use of lawsuits, highlighted as a concern in the CBS News and *Vanity Fair* excerpts, is justified as a means to “maintain rigor in assuring the success of the business models we implement.”

An analysis of Monsanto’s logos appeals suggests a number of taken-for-granted assumptions. By invoking logos appeals much less frequently overall than ethos appeals, the company may be assuming that its audience is unlikely to be persuaded by rational arguments. The company does, however, appear confident enough in the logic of its message regarding economic concerns to use logos appeals more frequently than ethos or pathos appeals when addressing this dimension of sustainability. The relative infrequency of economic themes within Monsanto’s texts reinforces the assumption, revealed by the frequency of social themes, that consumers concerned with economic issues may be somewhat difficult to persuade. While the frequent use of logos to address economic concerns does suggest confidence in the logic of its message, the overall infrequency of economic themes suggests a possible tension within this logic. That is, despite the logic of the need for intellectual property protection, the company may feel that the rigor of their tactics has led to counterproductive outcomes, and this doubt may be reflected in the infrequency with which economic issues are addressed in the texts.

While Monsanto's dominant rhetorical strategy to address social and environmental concerns involved ethos justifications, logos justifications were the company's dominant rhetorical strategy regarding economic concerns. Though the overall infrequency with which logos appeals are invoked suggests the company may be somewhat skeptical of the ability of rational arguments to persuade its audience, the dominant use of logos appeals to address economic concerns suggests the company's confidence in the logic of its economic message. This confidence may arise from the degree of consensus and stability in economic views. In contrast to the heterogeneous and shifting nature of social and environmental views, there is comparable homogeneity and stability in economic views: explanations of the need for intellectual property protection within a market economy are likely to be less contentious. With economic concerns, the need to establish the underlying logic behind the company's business model and promote an understanding of the company's value proposition represents the fundamental challenge in legitimacy management. Given this challenge, logos justifications may be an appropriate tool.

Pathos

Pathos, referring to appeals intended to connect with audience's emotions, was the least frequently used rhetorical appeal. Only 23 of 161 data segments invoked pathos. Furthermore, pathos was the least frequently used rhetorical strategy in justifications related to all three dimensions of sustainability.

With respect to relevant aspects of the context in which Monsanto's texts are produced, consumer stakeholder concerns about the potential health effects of GM foods would be expected to generate strong emotional responses. Indeed, the founder of March Against Monsanto, Tami Monroe Canal, has indicated that her inspiration to start the movement arose from concerns about the health effects GM foods might have on her daughters (March Against Monsanto, 2014). Thus, although pathos was a relatively infrequently used strategy, it is not surprising that the majority of instances of its use occurred to address such social concerns. The examples below are illustrative of the company's limited use of pathos as a rhetorical strategy in the context of social concerns:

> As consumers ourselves, Monsanto employees are committed to developing products that contribute to safe and nutritious food choices for all consumers – including our own families and friends (Monsanto, 2014).
>
> We are proud to supply farmers with products that contribute to high-quality crops and, ultimately, a safe, healthful and reliable food supply (Monsanto, 2014).

In these examples, the company attempts to connect with the emotions of consumer stakeholders who may be concerned about the health effects of GMOs. The company notes that its employees are also consumers, and as such share the concerns any consumer would have about ensuring their families and friends receive safe food. Both excerpts convey a sense of commitment and pride with respect to food safety, and a sense that the company shares the values of its consumer stakeholders.

A consideration of intertextuality provides insights into why the company emphasizes that it values food safety and shares the concerns of consumer stakeholders. Criticisms of Monsanto often cite the company's history of producing chemicals with adverse consequences to human health. In *The World According to Monsanto*, for example, Marie-Monique Robin details the company's production of polychlorinated biphenyls (PCBs), used as coolants and lubricants in various applications. She argues that "Monsanto knew that PCBs presented a serious health risk as early as 1937" but continued producing them until 1977 (Robin, 2010). Among several studies Robin cites regarding the adverse health effects of PCBs are findings "that contaminated mothers transmitted PCBs to their infants in breast milk and that the substances could cause irreparable neurological damage in the babies" (Robin, 2010).

Given these critiques, it is useful to consider both the content of Monsanto's pathos appeals as well as the "unsaid elements" (Vaara et al., 2006: 793) in its texts. While constructing its identity as a business when addressing economic issues through logos arguments, Monsanto constructs its identity as consumers when addressing social issues through pathos arguments. In the company's texts, Monsanto is described as consisting of employees who are themselves consumers, committed to providing safe food for their families. This context is helpful in understanding why ethos is used more frequently than pathos to address social concerns. To the extent that its history weakens its credibility in the eyes of stakeholders, the company may recognize that consumers themselves are perceived as more trustworthy than the company. The implication is that in their role as consumers, Monsanto employees would not knowingly contribute to the production of unsafe foods. With respect to unsaid elements, Monsanto's "Viewpoints" section does not address the company's involvement with PCBs. Given that the section addresses a wide range of consumer concerns, including other "products of the former Monsanto" such as Agent Orange, and also restates and refutes specific negative claims (termed “Myths” and “Facts”), the omission of PCBs is notable. One potential conclusion may be that the company assumes it may not be possible to secure legitimacy from consumers concerned with Monsanto’s involvement with PCBs.

Regarding other assumptions revealed in Monsanto’s pathos appeals, the infrequent use of pathos appeals suggests the company may feel its audience is unlikely to be moved by emotional moral arguments, and that it is relatively unlikely to be believed when engaging in those arguments. Used infrequently overall as well as in addressing each of the three dimensions of sustainability, pathos appeals appeared limited to establishing a sense of shared values through constructing an identity of company employees as consumers.

Although the infrequent use of pathos in the company’s legitimacy management efforts may appear surprising, it is arguably consistent with prior empirical and conceptual research on rhetoric and legitimation. Previous empirical research indicates that emotional and moral arguments are most visibly used for delegitimation, rather than for legitimation (Vaara et al., 2006; Erkama & Vaara, 2010). In addition, Green’s (2004) conceptual work on the diffusion of managerial practices suggests that pathos may help to “grab an actor’s limited attention” (659) but have “transient persuasive power” (659). Indeed, the use of pathos generally appeared early in sections of Monsanto’s texts, as a sort of “hook” to capture the audience’s attention. Legitimation efforts would be expected to be most effective when the use of pathos as a rhetorical strategy is limited, and when its limited use is supplemented by a more robust use of logos and ethos.

Discussion and Conclusion

This paper argued that, despite significant attention devoted to the topic of legitimacy by organizational scholars, a gap exists in our understanding of discourse and legitimacy. As previous research has noted, the discursive aspects of legitimation remain under-examined (Phillips et al., 2004; Suddaby & Greenwood, 2005; Vaara & Tienari, 2008). In addition, we lack an understanding of how legitimacy is discursively constructed when consumers' sustainability concerns threaten the firm's legitimacy. This topic is vital for managers to understand, as sustainability changes consumers' conceptions of organizational legitimacy, and threats to legitimacy may challenge the organization's ability to survive. This paper addressed this subject through an examination of Monsanto's discourse with respect to the legitimation of GM foods.

Drawing on critical discourse analysis and rhetorical analysis, I identified three broad themes (social, environmental, and economic) and three rhetorical justifications (ethos, logos, and pathos) in Monsanto's texts. Ethos was the most frequently used rhetorical justification overall, as well as the most frequently used in addressing social and environmental concerns. Characterized by authority-based arguments, Monsanto's ethos appeals emphasized the findings of authorities deemed independent who characterized GM foods as safe and beneficial for the environment. The dominant use of ethos appeals suggest that organizations may perceive arguments relying on logic (logos) or emotion (pathos) to be insufficient in addressing concerns regarding the social and environmental dimensions of sustainability; while some consumer stakeholders may be swayed by logos or pathos, the implication is that authority-based arguments hold the most promise in legitimacy management of social and environmental areas. A fundamental absence of trust is at the heart of legitimacy issues, and appeals to independent authorities would appear to be a promising means to restore trust. Furthermore, ethos appeals may be seen as mimetic behavior within the company's institutional field, as the company attempts to neutralize the ethos appeals used by organizations opposing GM foods.

The underlying reason for the dominant use of ethos appeals to address the social and economic dimensions of sustainability may relate to the degree of consensus and stability of social and environmental views. Opinions concerning the social and environmental responsibilities of corporations are marked by heterogeneity, with employee stakeholders alone expressing disparate conceptions of organizational sustainability (Kurucz et al., 2013). The social dimension of sustainability, in particular, has been described as lacking consensus and posing complex problems of measurement (UNECE, 2004). The environmental dimension of sustainability is also marked by a lack of consensus among U.S. consumers (King, 2012). Social and environmental opinions are further marked by changes over relatively short periods of time; the concept of the triple bottom line itself is less than two decades old (Elkington, 1997). With a lack of consensus and lack of stability over time, social and environmental concerns do not lend themselves to logos appeals; instead, organizations seeking to maintain social and environmental legitimacy rely on appeals to authorities perceived as credible by consumer stakeholders. This approach may be seen as akin to an arbitration strategy in team conflict resolution (Behfar et al., 2008), discursively vesting authority in third parties portrayed as credible. To the extent that social and environmental views could reach an emerging and durable consensus in coming years, however, we might expect an increasing use of logos appeals.

In addressing economic concerns, it is interesting to note that the company relied most heavily on logos justifications. These arguments developed a logic for how farmers reap financial benefits from genetically engineered seeds and how the company's efforts to ensure intellectual property protection allowed the company to recover necessary investments in research and development. When considering the degree of consensus and stability of economic views, in contrast to environmental and social views (King, 2012; UNECE, 2004), the dominant use of logos appeals may be better understood. To the extent that there is widespread and durable belief in market economies concerning the need for intellectual property protection, coupled with favorable opinions of the free enterprise system (Rasmussen, 2012), logic-based appeals are likely to find resonance. When confronted with concerns regarding the economic dimension of sustainability, organizations may sense that a clear articulation of the company's value proposition holds persuasive promise.

The limited use of pathos, invoked to emphasize the company's shared values with its consumer stakeholders, suggests that organizations may be skeptical with respect to this rhetorical strategy's persuasive power. The narrow use of pathos appeals occurred most often in the context of social concerns, and a further examination of those appeals suggested an emphasis on identity construction. By constructing their identity as consumers, pathos appeals may offer some utility in expressing a sense of shared values with consumer stakeholders. When considering the use of pathos appeals to address consumers' sustainability concerns, however, organizations should be cognizant of the limited persuasive power of those appeals (Green, 2004).

The study also sought to reveal taken-for-granted assumptions regarding author (the organization), message, and audience. Although the assumptions identified in this research were specific to Monsanto, the study nevertheless illustrates the ability of discourse analysis to uncover unstated assumptions. In general, such assumptions may relate to the organization's perception of its credibility among consumer stakeholders, its confidence in the logic of its message, and its belief in the inclination of its audience to be persuaded.

The primary contribution of this study is to the nascent body of research that has begun to focus on the intersection between discourse and legitimacy. While prior research has examined legitimacy management in various contexts (Erkama & Vaara, 2010; Green, 2004; Suddaby & Greenwood, 2005; Vaara et al., 2006), organizational scholars have not yet examined the question of how discourse is used to maintain legitimacy when consumers' sustainability concerns threaten the firm's legitimacy. This study suggested the logic underlying Monsanto's rhetorical strategies, while also noting that mimetic behavior within the company's institutional field may shape its discourse. By establishing the connection between discourse, legitimacy, and sustainability, this study makes an additional contribution to research on sustainability in management. This study illustrates that sustainability performance, often viewed in prior academic research in the context of quantifiable levels of pollution generated (Etzion, 2007), may also be discursively constructed, and reveals the differences in rhetorical strategies used across the three dimensions of sustainability.

This research includes limitations that may be addressed in future research. Consistent with prior empirical research on the intersection between discourse and legitimacy, this study examined texts surrounding a single organization. Generalizability is therefore a limitation. Further research should be undertaken to determine whether this study's findings apply in additional contexts. The largely unexamined question of the effectiveness of the rhetorical legitimation strategies identified in the paper is an additional limitation, although the outcome of ballot initiatives proposing GMO labeling was suggested as a potential proxy for effectiveness. Given the ongoing nature of the debate concerning GM foods, it is perhaps too early to assess the effectiveness of Monsanto's legitimation efforts. Future research is needed to address this question. By revealing how discourse is used to maintain legitimacy when consumers' sustainability concerns threaten the firm's legitimacy, this study offers insights to both organizational scholars and practitioners. A greater understanding of effectiveness, developed in future research, could prove especially relevant to practitioners faced with significant threats to their organization's legitimacy.

The challenge of sustainability creates a new source of legitimacy threats to organizations, and will increasingly require organizations to communicate their legitimacy to concerned stakeholders. Understanding how discourse is used to address sustainability concerns and ultimately enhance the organization's ability to survive is an important issue for scholars and practitioners. I hope that this study will motivate further research into questions of sustainability, legitimacy, and discourse.

CHAPTER 5

GENERAL CONCLUSION

The three papers in this dissertation demonstrate the insights that may be gained through greater attention to the role of consumer stakeholders in influencing corporate sustainability. The first paper examined sustainability ratings systems, and proposed that these systems may, rather than empowering concerned consumer stakeholders to influence firms to address negative social or environmental performance in core practices, serve to promote improvements in sustainability performance in non-core practices. This paper contributes to a growing body of literature that examines the impact of ratings systems on organizations' practices, and provides an understanding of the psychological foundations of sustainability through a discussion of consumers' cognitive choice models.

The second paper examined the association between firms' value chain position and corporate social performance. The findings revealed that firms in closer proximity to end-consumers exhibited stronger performance along two dimensions of social performance (community and diversity). This study suggests that corporate social performance may be, in large part, a function of consumer expectations, but that organizations close to consumers may be motivated to exhibit strong performance only in areas both valued by and visible to consumers, such as community and diversity. The paper contributes to research examining the antecedents of social performance by identifying the influences of consumer proximity, value, and visibility.

The third paper examined how one firm has chosen to communicate to its consumer stakeholders in response to their sustainability concerns. A discourse analysis revealed that ethos (appeals to authority) was the most frequently used rhetorical strategy to address social and environmental concerns, while logos (rational arguments) was used most frequently to address economic concerns. A potential explanation for this finding is that areas lacking consensus and stability over time may lend themselves well to appeals to authority, as rational arguments would appear to be insufficient without consensus and stability. This study's contribution is to research that examines the intersection between discourse and legitimacy.

Taken together, these papers offer implications for three primary audiences: managers, consumers, and scholars. This research suggests that managers concerned with improving their firm's sustainability performance should be cognizant of the risks of seeking institutional endorsements. Actions undertaken to earn an increased sustainability rating, for example, risk being limited in scope and impact. While cost-effective actions minimally disruptive to the firm's business model may appear an attractive option to quickly earn increased ratings, third-party endorsements of the firm's sustainability performance may serve to hinder the firm's motivation to pursue fundamental improvements in core practices. The seeking of third-party endorsements implicitly casts sustainability efforts in reputation management terms; earning those endorsements may cause employees to believe that those efforts have been successful, and that additional sustainability improvements may yield no further benefits. To combat this risk, sustainability managers hoping to drive fundamental improvements in their firms should strive to promote a comprehensive understanding of sustainability's benefits – including cost savings, development of innovation capabilities, and revenue growth, in addition to reputation management (Hart & Milstein, 2003) – throughout the organization.

Sustainability managers would also be well-advised to improve the transparency of their sustainability performance to consumers. As this dissertation revealed, firms in closer proximity to end-consumers demonstrated stronger social performance only in areas highly visible to end-consumers: community and diversity. This visibility appears to empower consumers to hold organizations accountable in these areas. Greater transparency may be a means for sustainability managers to overcome organizational resistance to improving performance in less-visible areas, such as employee relations and product. By bringing greater visibility to these areas (exceeding, for instance, the level of information disclosure suggested by voluntary GRI guidelines), managers provide a mechanism by which consumers may hold organizations accountable, inducing stronger organizational performance across all dimensions of social performance. As previously noted, however, managers should emphasize that the benefits of improved performance transcend reputation management; the strong employee relations performance of grocer Trader Joe's, for example, has been suggested to create a more positive customer experience (Olster, 2010).

While striving to make their sustainability performance more transparent, sustainability managers should also understand the necessity of adopting a transactive mindset with consumers through the strategic use of discourse. Given the lack of consensus and stability regarding the social and environmental dimensions of sustainability (UNECE, 2004; King, 2012), managers will need to use discourse as a means to establish credibility among consumers with disparate views. In the near term, ethos appeals may be the most effective strategy to gain such credibility. Over the long term, however, ethos appeals may lose their effectiveness. The case of Monsanto demonstrated that organizations may cite the same third-party groups in defense of opposing claims; Monsanto and Organic Voices, for example, both cite the National Academy of Sciences in defense of and opposition to GM foods (Monsanto, 2014; Organic Voices, 2014). This use of discourse may ultimately neutralize the effectiveness of ethos appeals, creating confusion in the minds of consumers. In recognition of this potential outcome, sustainability managers should develop logos appeals that clearly articulate their firms' sustainability performance to consumers. The development of logos appeals may also encourage firms to overcome complacency regarding their sustainability performance. By examining and challenging the logic of their existing sustainability efforts, firms may uncover new opportunities to improve their sustainability performance.

For consumers concerned with sustainability, this research suggests that noncompensatory models of decision-making should be utilized when determining whether to support an organization. By allowing a negative evaluation on one attribute to be offset by a positive evaluation on a different attribute, compensatory models of decision-making may encourage firms to "game the system," seeking improvements in non-core practices while failing to improve core practices. For consumers, employing noncompensatory models of decision-making would entail setting a cutoff level on an attribute of concern, and choosing not to support an organization failing to meet or exceed that level. To return to the example of Amazon.com cited in this research, a consumer concerned with the company's environmental performance would presumably choose not to support the company until environmental performance improves; any improvements in social performance would not be sufficient to gain the consumer's support. Noncompensatory models are, in short, a more effective mechanism with which to hold companies accountable for their sustainability performance.

This research also suggests that consumers concerned with sustainability should seek greater visibility across all dimensions of social and environmental performance. Specific dimensions of social performance, such as employee relations and product, are relatively opaque to consumers. As a result, firms closer to consumers are not more responsive to consumer expectations regarding employee relations and product performance. A promising means of raising visibility is the emergence of consumer guides from third-party organizations such as Environmental Working Group (EWG). EWG rates products, including household cleaners and sunscreens, according to the degree of environmental and human health concerns. Consumer guides such as EWG's help to raise the visibility of firms' social and environmental performance; to the extent that consumers demand such information, support the organizations providing it, and utilize the information in their purchasing decisions, sustainability becomes a less elusive goal.

This dissertation's insights also hold implications for consumers in interpreting communications regarding firms' sustainability performance. Consumers should, in particular, challenge firms' use of ethos, viewing this rhetorical strategy with skepticism. Although ethos may be seen as effective by firms seeking to defend their sustainability efforts, consumers should seek to understand the logic of firms' arguments rather than accept ethos appeals at face value. As has been noted, the same organization may be cited to defend opposing views. Although it entails a higher degree of cognitive effort than the acceptance of ethos appeals, a careful consideration of the logic behind firms' claims may improve consumers' ability to discern sustainability leaders from laggards.

The findings in this dissertation suggest promising avenues for future sustainability research. With respect to sustainability ratings systems, this research focused on how organizations may respond to poor ratings in an attempt to preserve legitimacy. The question of how organizations may respond to positive ratings was not examined. Are organizations that receive positive ratings encouraged to continue to improve their sustainability performance; in effect, are positive reinforcement mechanisms at work in such circumstances? An additional area for future research concerns ratings systems that are more noncompensatory than compensatory in nature. For example, *Newsweek*'s *Green Rankings*, previously discussed, do not allow improvements in social performance to offset poor environmental performance. An examination of how firms react to such ratings systems offers a particularly compelling avenue for further research.

With regard to firms' performance across different dimensions of social and environmental performance, an important area for future research concerns implications for financial performance. While firms in closer proximity to end-consumers have stronger social performance on highly visible dimensions, is this stronger social performance associated with stronger financial performance? Is stronger social performance on less visible dimensions associated with weaker financial performance? Future research is needed to address these questions.

Discourse analysis offers a fruitful approach for scholars seeking to conduct future research regarding how firms attempt to communicate their sustainability performance to consumers. In addition to the approaches used in this research – critical discourse analysis and rhetorical analysis – approaches such as narrative analysis and conversation analysis may allow scholars to achieve a more thorough understanding of sustainability discourse. Conversation analysis may be used, for example, in the context of media interviews with top management on the subject of sustainability. Future research should also strive to find credible means of ascertaining the effectiveness of sustainability discourse. Beyond the proxies of effectiveness suggested in this research, for instance, scholars might consider surveys of consumers following legitimacy-threatening events.

Sustainability represents a megatrend that will force fundamental and persistent shifts in management in the coming years (Lubin & Esty, 2010). As I have argued, sustainability alters consumers' conceptions of legitimacy and redefines the concept of organizational legitimacy, and there is a compelling need to examine consumer stakeholders' role in influencing corporate sustainability. This dissertation constitutes an attempt to provide insights into this under-explored subject, and I hope that future research will allow for a more comprehensive and nuanced understanding of corporate sustainability and the role of the consumer.

APPENDIX A

TABLES

Table 1: Means, Standard Deviations, and Correlations

Variables	Mean	S.D.	1	2	3	4	5	6	7	8
1 CSP	3.80	1.69								
2 Community	.93	.67	.435**							
3 Diversity	4.34	1.18	.709**	.352**						
4 Employee Relations	4.01	.68	.526**	-.075	.073					
5 Product	3.52	.86	.198*	-.346**	-.349**	.186*				
6 Risk	.07	.08	.119	.003	.104	.208*	-.093			
7 Firm Age	32.27	31.07	.066	.287**	.009	.031	-.081	-.109		
8 Size	7.53	1.46	.045	.202*	.435**	-.024	-.657**	-.014	.094	
9 Consumer proximity	.41	.45	.394**	.374**	.373**	.077	-.098	-.131	.064	.177

$n = 115$
$^{*}p < .05$
$^{**}p < .01$

Table 2: Results of Regression Analysis (Components of CSP)

Variable	Model 1 Coefficient	Model 2 Coefficient	Model 3 Coefficient	Model 4 Coefficient
Dependent Variable	Community	Diversity	Employee Relations	Product
Independent Variable				
Consumer Proximity	.514**	.849**	.168	.012
Controls				
Firm Size	.054	.309**	-.022	-.389**
Firm Age	.006**	-.001	.001	-.001
Risk	.661	2.189	1.942*	-1.127
	R^2 = .229 F = 8.158**	R^2 = .304 F = 11.995**	R^2 = .059 F = 1.724	R^2 = .443 F = 21.909**

Table 3: Frequency of Themes and Appeals in Monsanto's Legitimation Efforts

		Appeals		
		Ethos	Logos	Pathos
Themes	Economic	6	12	4
	Environmental	10	4	2
	Social	75	31	17

Table 4: Rhetorical Appeals in Monsanto's Legitimation Efforts

Rhetorical Appeals	Underlying Themes	Example Excerpts	Selected Assumptions
Ethos	Social	"The safety of GMO crops has been confirmed by numerous third-party organizations including the American Medical Association, the Society of Toxicology, the International Life Sciences Institute, the National Academy of Sciences in the United States, the Royal Society of the United Kingdom, the World Health Organization, the Institute of Food Technologists, the French Academy of Medicine, the Food and Agriculture Organization of the United Nations, the European Food Safety Authority and the European Union Commission."	Monsanto perceives it lacks credibility among its audience, and that citing safety findings of other organizations may help to alleviate its audiences' safety concerns.
	Environmental	"Improvements in water quality could prove to be the largest single benefit of GE crops, the [National Academy of Sciences] report says. Insecticide use has declined since GE crops were introduced, and farmers who grow GE crops use fewer insecticides and herbicides that linger in soil and waterways."	Relative infrequency of environmental (and economic themes) suggests Monsanto feels consumers with such concerns are less likely to be persuaded by the company than consumers primarily concerned with social issues.
Logos	Social	"In addition, some GM crops provide nutritional benefits. For example, certain GM crops produce more nutritious oils (i.e. high oleic soybean oils), which can help people replace solid fat in their diets, potentially reducing saturated fat intake."	Infrequent use of logos (relative to ethos) appeals to address social concerns suggests Monsanto sees limited ability of rational arguments alone to assuage audiences' safety concerns.
	Economic	"Driven by farmers' expectations of higher crop yields and/or lower production costs, management time savings, and other benefits, the rate at which U.S. farmers adopt genetically engineered (GE) crop varieties continues to increase."	Frequent use of logos appeals to address economic concerns suggests Monsanto's confidence in the logic of its economic message.
Pathos	Social	"Like you, Monsanto employees care about the food we buy at the store and feed to ourselves and our loved ones, and we are committed to developing products that contribute to safe and nutritious food choices."	Monsanto sees utility (albeit limited) in constructing the identity of its employees as consumers to express a sense of shared values with its audience.

APPENDIX B

FIGURES

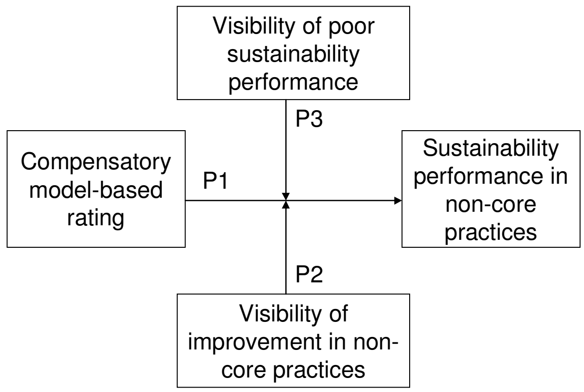

Figure 1: Organizational Response to Negative Ratings

BIBLIOGRAPHY

Adams, M., & Hartwick, P. 1998. An analysis of corporate donations: United Kingdom evidence. ***Journal of Management Studies***, 35(5): 641-654.

Aetna. 2013. Embracing our responsibility for sustainable health care: Aetna corporate responsibility 2013.

Aflac. 2013. Corporate citizenship report.

Agle, B. R., Mitchell, R. K., & Sonnenfeld, J. A. 1999. Who matters to CEOs? An investigation of stakeholder attributes and salience, corporate performance, and CEO values. ***Academy of Management Journal***, 42(5): 507-525.

Allstate. 2012. Corporate responsibility report.

Aragon-Correa, J. A. 1998. Strategic proactivity and firm approach to the natural environment. ***Academy of Management Journal***, 41(5): 556-567.

Aristotle. 1991. ***On rhetoric: A theory of civic discourse.*** Oxford University Press.

Ashforth, B. E., & Gibbs, B. W. 1990. The double-edge of organizational legitimation. ***Organization Science***, 1(2): 177-194.

Associated Press. 2010. AP enterprise: Few sites redeveloped after mining. http://abcnews.go.com/Business/wireStory?id=12501285, December 29.

Associated Press. 2013. Protesters around the world march against Monsanto. http://www.usatoday.com/story/news/world/2013/05/25/global-protests-monsanto/2361007/, May 26.

Balogun, J., Jacobs, C., Jarzabkowski, P., Mantere, S., & Vaara, E. 2014. Placing strategy discourse in context: Sociomateriality, sensemaking, and power. ***Journal of Management Studies***, 51(2): 175-201.

Bansal, P. 2005. Evolving sustainably: A longitudinal study of corporate sustainable development. ***Strategic Management Journal,*** 26(3): 197-218.

Bansal, P., & Clelland, I. 2004. Talking trash: Legitimacy, impression management, and unsystematic risk in the context of the natural environment. ***Academy of Management Journal,*** 47(1): 93-103.

Barclay, E. & Kaste, M. 2013. Washington state says 'no' to GMO labels. http://www.npr.org/blogs/thesalt/2013/11/06/243523116/washington-state-says-no-to-gmo-labels, November 7.

Barlett, D., & Steele, J. 2008. Monsanto's harvest of fear. http://www.vanityfair.com/politics/features/2008/05/monsanto200805, May.

Barnett, M. L., & Hoffman, A. J. 2008. Beyond corporate reputation: Managing reputational interdependence. ***Corporate Reputation Review,*** 11(1): 1-9.

Beach, L. R., & Mitchell, T. R. 1978. A contingency model for the selection of decision strategies. ***Academy of Management Review,*** 3(3): 439-449.

Beelitz, A., & Merkl-Davies, D. M. 2012. Using discourse to restore organisational legitimacy: 'CEO-speak' after an incident in a German nuclear power plant. ***Journal of Business Ethics***, 108(1): 101-120.

Behfar, K., Peterson, R., Mannix, E., & Trochim, W. 2008. The critical role of conflict resolution in teams: A close look at the links between conflict type, conflict management strategies, and team outcomes. ***Journal of Applied Psychology***, 93(1): 170-188.

Berger, P. L., & Luckmann, T. 1967. ***The social construction of reality***. New York: Doubleday.

Bettman, J. R. 1979. ***An information processing theory of consumer choice***. Reading, MA: Addison Wesley.

Boiral, O. 2007. Corporate greening through ISO 14001: A rational myth? ***Organization Science,*** 18(1): 127-146.

Bowen, F. E. 2000. Environmental visibility: A trigger of green organizational response? ***Business Strategy and the Environment,*** 9(2): 92-107.

Bowen, F. E. 2002. Does size matter? Organizational slack and visibility as alternative explanations for environmental responsiveness. ***Business & Society***, 41(1): 118-124.

Brammer, S., & Millington, A. 2004. The development of corporate charitable contributions in the UK: A stakeholder analysis. ***Journal of Management Studies***, 41(8): 1411-1434.

Breton, G., & Côté, L. 2006. Profit and the legitimacy of the canadian banking industry. ***Accounting, Auditing & Accountability Journal***, 19(4): 512-539.

Brustein, J. 2013. Now Amazon is just giving money away. http://www.businessweek.com/articles/2013-10-30/now-amazon-is-just-giving-money-away, October 30.

Capstrat. 2009. Poll shows commitment to sustainability still important to consumers. http://www.capstrat.com/insights/articles/poll-shows-commitment-to-sustainability-still-important-to-consumers/, September 28.

Carpenter, J., & Gianese, L. 1999. Herbicide tolerant soybeans: Why growers are adopting Roundup Ready varieties. ***AgBio Forum***, 2(2): 65-72.

Carroll, A. B. 1979. A three-dimensional conceptual model of corporate performance. ***Academy of Management Review***, 4(4): 497-505.

Chatterji, A. K., & Toffel, M. W. 2010. How firms respond to being rated. ***Strategic Management Journal***, 31(9): 917-945.

Chatterji, A. K., Levine, D. I., & Toffel, M. W. 2009. How well do social ratings actually measure corporate social responsibility? ***Journal of Economics & Management Strategy***, 18(1): 125-169.

Cigna. 2014. Social responsibility. http://careers.cigna.com/CIGNAPage.aspx?page=207.

Coombs, C. 1964. ***A theory of data***. New York: Wiley.

Coombs, C. H., & Kao, C. 1955. ***Nonmetric factor analysis***. Ann Arbor, MI: University of Michigan Engineering Research Institute.

Dawes, R. M. 1964a. Social selection based on multidimensional criteria. ***Journal of Abnormal and Social Psychology***, 68(1): 104-109.

Dawes, R. M. 1964b. ***Toward a general framework for evaluation***. Ann Arbor, MI: University of Michigan Department of Psychology.

Demerjian, D. 2008. Airline emissions: Even worse than you think. http://www.wired.com/autopia/2008/05/airline-emissio/, May 7.

DiMaggio, P. J., & Powell, W. W. 1983. The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. ***American Sociological Review***, 48(2): 147-160.

DiversityInc. 2014. The DiversityInc top 50 companies for diversity. http://www.diversityinc.com/the-diversityinc-top-50-companies-for-diversity-2014/.

Dowling, J., & Pfeffer, J. 1975. Organizational legitimacy: Social values and organizational behavior. ***Pacific Sociological Review***, 18(1): 122-136.

Driscoll, C., & Starik, M. 2004. The primordial stakeholder: Advancing the conceptual consideration of stakeholder status for the natural environment. ***Journal of Business Ethics***, 49(1): 55-73.

Eesley, C., & Lenox, M. J. 2006. Firm responses to secondary stakeholder action. ***Strategic Management Journal***, 27(8): 765-781.

Egan, T. 2014. The corporate daddy: Walmart, Starbucks, and the fight against inequality. http://www.nytimes.com/2014/06/20/opinion/timothy-egan-walmart-starbucks-and-the-fight-against-inequality.html, June 19.

Elkington, J. 1998. ***Cannibals with forks: The triple bottom line of sustainability.*** Gabriola Island: New Society Publishers.

Erkama, N., & Vaara, E. 2010. Struggles over legitimacy in global organizational restructuring: A rhetorical perspective on legitimation strategies and dynamics in a shutdown case. ***Organization Studies***, 31(7): 813-839.

Etzion, D. Research on organizations and the natural environment, 1992-present: A review. ***Journal of Management***, 33(4): 637-664.

Evans, J. 2006. The heuristic-analytic theory of reasoning: extension and evaluation. ***Psychonomic Bulletin Review***, 13(3): 378–395.

Evans, J. 2008. Dual-processing accounts of reasoning, judgment, and social cognition. ***Annual Review of Psychology***, 59: 255-278.

Fairclough, N. 1992. ***Discourse and social change***. Cambridge: Polity Press.

Fishbein, M. 1967. A behavior theory approach to the relations between beliefs about an object and the attitude toward the object. In M. Fishbein (Ed.), ***Readings in attitude theory and measurement***. New York: Wiley.

Fishman, C. 2006. ***The Wal-mart effect***. New York: Penguin Books.

Freeman, R. E. 1984. ***Strategic management: A stakeholder approach***. Boston: Pitman.

Freeman, R. E., & Gilbert, D. R. 1988. ***Corporate strategy and the search for ethics.*** Englewood Cliffs, NJ: Prentice-Hall.

Friedman, M. 1970. The social responsibility of business is to increase its profits. ***New York Times Magazine***, September 13.

Gell, A. 2014. Amazon flunks new energy report – Facebook and Apple get ‘A’s. http://www.businessinsider.com/greenpeace-cloud-computing-report-2014-4, April 2.

Global Reporting Initiative. 2010. GRI reports by sector.

Godfrey, P. C., Merrill, C. B., & Hansen, J. M. 2009. The relationship between corporate social responsibility and shareholder value: An empirical test of the risk management hypothesis. ***Strategic Management Journal***, 30(4): 425-445.

Goodpaster, K. E. 1991. Business ethics and stakeholder analysis. ***Business Ethics Quarterly***, 1(1): 53-73.

Green, S. E. 2004. A rhetorical theory of diffusion. ***Academy of Management Review***, 29(4): 653-669.

Harris Interactive. 2009. How green are we? Putting our money (and our behavior) where our mouth is. http://www.harrisinteractive.com/vault/Harris-Interactive-Poll-Research-Going-Green-2009-10.pdf, October 13.

Hart, S. L. 1995. A natural-resource-based view of the firm. ***Academy of Management Review,*** 20(4): 986-1014.

Hart, S. L. 1997. Beyond greening: Strategies for a sustainable world. ***Harvard Business Review,*** 75(1): 66-76.

Hart, S. L., & Milstein, M. B. 2003. Creating sustainable value. ***Academy of Management Executive***, 17(2): 56-69.

Hayward, M. L. A., & Boeker, W. 1998. Power and conflicts of interest in professional firms: Evidence from investment banking. ***Administrative Science Quarterly,*** 43(1): 1-22.

Hellmich, R., & Hellmich, K. 2012. Use and impact of bt maize. ***Nature Education Knowledge***, 3(10): 4.

Heracleous, L. 2006. A tale of three discourses: The dominant, the strategic and the marginalized. ***Journal of Management Studies***, 43(5): 1059-1087.

Hillman, A. J., & Keim, G. D. 2001. Shareholder value, stakeholder management, and social issues: What's the bottom line? ***Strategic Management Journal***, 22(2): 125-139.

Hosmer, L. T., & Kiewitz, C. K. 2005. Organizational justice: A behavioral science concept with critical implications for business ethics and stakeholder theory. ***Business Ethics Quarterly,*** 15(1): 67-91.

Hull, C. E., & Rothenberg, S. 2008. Firm performance: The interactions of corporate social performance with innovation and industry differentiation. ***Strategic Management Journal,*** 29(7): 781-789.

Jaworski, A., & Coupland, N. 1999. ***The discourse reader.*** London: Routledge.

Jones, T.M. 1991. Ethical decision making by individuals in organizations: An issue-contingent model. ***Academy of Management Review***, 16(2): 366-395.

Keteyian, A. 2008. Agricultural giant battles small farmers. http://www.cbsnews.com/news/agricultural-giant-battles-small-farmers/, April 26.

Khalamayzer, A. 2012. Study: 85% of insurance companies have no women in top positions. ***PropertyCasualty360.com***, 14 June.

Khanna, M., & Anton, W. R. Q. 2002. Corporate environmental management: Regulatory and market-based incentives. ***Land Economics***, 78(4): 539-558.

King, A. A., & Lenox, M. J. 2000. Industry self-regulation without sanctions: The chemical industry's responsible care program. ***Academy of Management Journal,*** 43(4): 698-716.

King, A. A., Lenox, M. J., & Barnett, M. L. 2002. Strategic responses to the reputation commons problem. In A. J. Hoffman & M. J. Ventresca (Eds.), ***Organizations, policy, and the natural environment: Institutional and strategic perspectives***. Stanford, CA: Stanford University Press.

King, B. 2012. Survey finds consumers distrust green claims. http://www.sustainablebrands.com/news_and_views/articles/survey-finds-consumers-distrust-green-claims, March 29.

KLD. 2009. ESG research and ratings methodology. http://www.kld.com/research/socrates/.

Kurucz, E., Colbert, B., & Wheeler, D. 2013. ***Reconstructing value: Leadership skills for a sustainable world.*** University of Toronto Press.

Laine, P. M., & Vaara, E. 2007. Struggling over subjectivity: A discursive analysis of strategic development in an engineering group. ***Human Relations***, 60(1): 29-58.

Lemaux, P. 2008. Genetically engineered plants and foods: A scientist's analysis of the issues (Part I). ***Annual Review of Plant Biology***, 59: 771-812.

Lenox, M., & King, A. 2004. Prospects for developing absorptive capacity through internal information provision. ***Strategic Management Journal***, 25(4): 331-345.

Lieberman, M. 2003. Reflective and reflexive judgment processes: A social cognitive neuroscience approach. In Forgas, J., Williams, K. & Hippel, W., ***Social judgments: Implicit and explicit processes***. New York: Cambridge University Press.

Lubin, D. A., & Esty, D. C. 2010. The sustainability imperative. ***Harvard Business Review***, 88(5): 42-50.

MacKenzie, D. 1994. Transgenic tobacco is European first. ***New Scientist***, 18 June.

Maitlis, S., & Lawrence, T. B. 2003. Orchestral manoeuvres in the dark: Understanding failure in organizational strategizing. ***Journal of Management Studies***, 40(1): 109-139.

Mantere, S. 2008. Role expectations and middle manager strategic agency. ***Journal of Management Studies***, 45(2): 294-316.

March Against Monsanto. 2014. May 24, 2014 March against Monsanto planned for over 50 countries. http://www.march-against-monsanto.com/p/press-release.html.

Margolis, J. D., & Walsh, J. P. 2003. Misery loves companies: Rethinking social initiatives by business. ***Administrative Science Quarterly***, 48(2): 268-305.

Mascarenhas, O. A., Kesavan, R., & Bernacchi, M. 2004. Customer value-chain involvement for co-creating customer delight. ***Journal of Consumer Marketing***, 21(7): 486-496.

Meyer, J. W., & Rowan, B. 1977. Institutionalized organizations: Formal structure as myth and ceremony. ***American Journal of Sociology,*** 83(2): 340-363.

Mitchell, R. K., Agle, B. R., & Wood, D. J. 1997. Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. ***Academy of Management Review***, 22(4): 853-886.

Monsanto. 2013. 2013 Form 10-K.

Monsanto. 2014. Viewpoints. http://www.monsanto.com/newsviews/Pages/Issues-and-Answers.aspx.

MSCI. 2013a. Wal-mart stores, inc. intangible value assessment. 26 August.

MSCI. 2013b. Industry report: Insurance. October.

MSCI. 2013c. Industry report: Health care providers and services. June.

MSCI. 2013d. Aetna Inc. intangible value assessment. 10 June.

MSCI. 2014a. Newmont mining corporation intangible value assessment. 25 March.

MSCI. 2014b. Monsanto company intangible value assessment. 25 February.

MSCI. 2014c. Amazon.com, Inc. intangible value assessment. 28 May.

Oliver, C. 1991. Strategic responses to institutional processes. ***Academy of Management Review***, 16(1): 145-179.

Olster, S. 2010. Inside the secret world of Trader Joe's. http://fortune.com/2010/08/23/inside-the-secret-world-of-trader-joes/, August 23.

Organic Voices. 2014. The Debate. http://justlabelit.org/about-ge-foods/safety/.

Orlitzky, M., Schmidt, F. L., & Rynes, S. L. 2003. Corporate social and financial performance: A meta-analysis. ***Organization Studies***, 24(3): 403-441.

Parent, M. M., & Deephouse, D. L. 2007. A case study of stakeholder identification and prioritization by managers. ***Journal of Business Ethics***, 75(1): 1-23.

Payne, J. W., Bettman, J. R., & Johnson, E. J. 1988. Adaptive strategy selection in decision making. ***Journal of Experimental Psychology***, 14(3): 534-552.

Pearce, F. 2010. Chevron's solar panels won't clean up its filthy oilfield. http://www.guardian.co.uk/environment/2010/apr/08/chevron-solar-panels-oilfield, April 8.

Peloza, J. 2009. The challenge of measuring financial impacts from investments in corporate social performance. ***Journal of Management,*** 35(6): 1518-1541.

Penn Schoen Berland. 2010. CSR branding survey 2010 presentation. http://blog.psbresearch.com/Corporate/PSbBlog/post/2010/03/29/CSR-Branding-Survey-2010-Presentation.aspx, March 29.

Phillips, N., Lawrence, T. B., & Hardy, C. 2004. Discourse and institutions. ***Academy of management review***, 29(4): 635-652.

Porter, M. E. 1985. ***Competitive advantage***. New York: Free Press.

Porter, M., & van der Linde, C. 1995. Toward a new conception of the environment-competitiveness relationship. ***Journal of Economic Perspectives,*** 9(4): 97-118.

Powell, T. C., Lovallo, D., & Fox, C. R. 2011. Behavioral strategy. ***Strategic Management Journal***, 32(13): 1369-1386.

Priem, R. L. 2007. A consumer perspective on value creation. ***Academy of Management Review***, 32(1): 219-235.

Priem, R. L., Li, S., & Carr, J. C. 2012. Insights and new directions from demand-side approaches to technology innovation, entrepreneurship, and strategic management research. ***Journal of Management***, 38(1): 346-374.

Rasmussen. 2012. Favorables: Socialism 24% capitalism 68%. http://www.rasmussenreports.com/public_content/politics/general_politics/november_2012/favorables_socialism_24_capitalism_68, November 28.

Robin, M. 2010. ***The world according to Monsanto***. New York: The New Press.

Rosenberg, M. J. 1956. Cognitive structure and attitudinal affect. ***Journal of Abnormal and Social Psychology,*** 53(3): 367-372.

Rouleau, L. 2005. Micro-practices of strategic sensemaking and sensegiving: How middle managers interpret and sell change every day. ***Journal of Management Studies***, 42(7): 1413-1441.

Russo, M. V., & Fouts, P. A. 1997. A resource-based perspective on corporate environmental performance and profitability. ***Academy of Management Journal,*** 40(3): 534-559.

Samra-Fredericks, D. 2003. Strategizing as lived experience and strategists' everyday efforts to shape strategic direction. ***Journal of Management Studies***, 40(1): 141-174.

Samra-Fredericks, D. 2005. Strategic practice, 'discourse' and the everyday interactional constitution of 'power effects'. ***Organization***, 12(6): 803-841.

Sharfman, M. 1996. The construct validity of the Kinder, Lydenberg & Domini social performance ratings data. ***Journal of Business Ethics,*** 15(3): 287-296.

Sharma, S. 2000. Managerial interpretations and organizational context as predictors of corporate choice of environmental strategy. ***Academy of Management Journal,*** 43(4): 681-697.

Strack, F., & Deutsch, R. 2004. Reflective and impulsive determinants of social behavior. ***Personality and Social Psychology Review***, 8(3): 220-247.

Sturdevant, M., & Lee, M. 2012. Cigna to lay off 1,300 workers, including 200 in Connecticut. ***The Hartford Courant***, 1 November.

Suchman, M. C. 1995. Managing legitimacy: Strategic and institutional approaches. ***Academy of Management Review***, 20(3): 571-610.

Suddaby, R., & Greenwood, R. 2005. Rhetorical strategies of legitimacy. ***Administrative Science Quarterly***, 50(1): 35-67.

The Hartford. 2012. Sustainability report.

The New York Times. 1995. Monsanto's potato approved by U.S. regulators. 6 May.

Tolbert, P. S., & Zucker, L. G. 1983. Institutional sources of change in the formal structure of organizations: The diffusion of civil service reform, 1880-1935. ***Administrative Science Quarterly***, 28(1): 22-39.

Tversky, A. 1969. Intransitivity of preferences. ***Psychological Review****,* 76(1): 31-48.

Tversky, A. 1972. Elimination by aspects: A theory of choice. ***Psychological Review****,* 79(4): 281-299.

Tversky, A., & Kahneman, D. 1974. Judgment under uncertainty: Heuristics and biases. ***Science****,* 185: 1124-1131.

UNECE. 2004. Sustainable development – concept and action. http://www.unece.org/oes/nutshell/2004-2005/focus_sustainable_development.html.

United States Department of Energy. 2009. U.S. carbon dioxide emissions from energy sources. http://www.eia.doe.gov/oiaf/1605/flash/pdf/flash.pdf.

Unum. 2013. Corporate citizenship report.

USDA. 2013a. Biotechnology Frequently Asked Questions (FAQs). http://www.usda.gov/wps/portal/usda/usdahome?contentidonly=true&navid=AGRICULTURE&contentid=BiotechnologyFAQs.xml.

USDA. 2013b. Adoption of genetically engineered crops in the United States. http://www.ers.usda.gov/data-products/adoption-of-genetically-engineered-crops-in-the-us.aspx#.Uy4qZvldWSo.

Vaara, E., & Tienari, J. 2008. A discursive perspective on legitimation strategies in multinational corporations. ***Academy of Management Review***, 33(4): 985-993.

Vaara, E., Kleymann, B., & Seristö, H. 2004. Strategies as discursive constructions: The case of airline alliances. ***Journal of Management Studies***, 41(1): 1-35.

Vaara, E., Tienari, J., & Laurila, J. 2006. Pulp and paper fiction: On the discursive legitimation of global industrial restructuring. ***Organization Studies***, 27(6): 789-813.

Van Leeuwen, T., & Wodak, R. 1999. Legitimizing immigration control: A discourse-historical analysis. ***Discourse Studies***, 1(1): 83-118.

Waddock, S. 2003. Myths and realities of social investing. ***Organization & Environment***, 16(3): 369-380.

Waddock, S., & Graves, S. B. 1997. The corporate social performance-financial performance link. ***Strategic Management Journal**,* 18(4): 303-319.

Walters, D., & Rainbird, M. 2004. The demand chain as an integral component of the value chain. ***Journal of Consumer Marketing***, 21(7): 465-475.

Wartick, S. L., & Cochran, P. L. 1985. The evolution of the corporate social performance model. ***Academy of Management Review***, 10(4): 758-769.

Westphal, J. D., & Zajac, E. J. 1998. The symbolic management of stockholders: Corporate governance reforms and shareholder reactions. ***Administrative Science Quarterly**,* 43(1): 127-153.

Westphal, J. D., & Zajac, E. J. 2001. Decoupling policy from practice: The case of stock repurchase programs. ***Administrative Science Quarterly**,* 46(2): 202-228.

Wilson, T. 2002. ***Strangers to ourselves***. Cambridge, MA: Belknap.

Wodak, R. 2004. Critical discourse analysis. In C. Seale, G. Gobo, J. F. Gubrium, & D. Silverman (Ed.), ***Qualitative research practice.*** London: Sage.

Wood, D. J. 1991. Corporate social performance revisited. ***Academy of Management Review***, 16(4): 691-718.

World Commission on Environment and Development. 1987. ***Our Common Future***. Oxford: Oxford University Press.