Supply Chain Legitimation through CSR Reporting

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Abstract

This conceptual paper explores the legitimating process of corporate social responsibility (CSR) reporting in relation to supply chain management. To date, the literature on CSR reporting, in relating to supply chain management, is based on individual segments within supply chains. This paper introduces a framework for the holistic evaluation of the entire supply chain CSR reporting, including the adoption of social audits as a legitimation tool. The theoretical lens of three perspectives of legitimation (structural-functionalist, social-constructionist and hegemonic) are explored as possible approaches to assess the drivers behind organisations in a supply chain reporting on their CSR performance and management. The main finding of this paper is that the development and implementation of the presented framework for evaluating the CSR reporting of the entire supply chain, including social auditing, is a valuable legitimation tool for organisations in a supply chain, and for the industry within which these organisations operate.

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Introduction

The increasing focus and expectations of society on corporate social responsibility (CSR), in relation to the operations and organisational objectives of organisations, has required industry and other stakeholders to rethink their priorities. This increased focus has resulted in greater attention in both industry and academia being applied to the research undertaken on CSR and CSR reporting. Though relatively limited, there has been some research which has explored CSR performance and reporting in supply chain management where the focus has been predominantly from an extended enterprise perspective, which refers to an immediate focus on one relationship up and downstream from the focal firm. The majority of the research so far in this area has been based on specific links or segments of the supply chain, considered to be a vertical analysis approach. Only minimal research examines CSR reporting along an entire supply chain, which may be regarded as a horizontal approach. This paper intends to contribute to the minimal research on CSR reporting in whole supply chains.

This paper reviews CSR reporting through three perspectives of legitimation: structural-functionalist, social-constructionist and hegemonic, and then introduces a conceptual framework for reviewing the CSR performance and reporting of the whole supply chain. The objective of this unique framework is to reflect the contributions of all organisations in the supply chain from origin to consumer (horizontal approach) and provides a complete view of CSR in relation to management of an end-to-end supply chain.

The nature of the global competitive market in which organisation participate today has resulted in an increased need for organisations in supply chains to work together to a greater extent than in the past to either become or remain competitive (Clements & Bowrey, 2010). This includes the strengthening of existing relationships with the focus on the end customer. Given the growing trend to out-source and off-shore source both materials and labour companies can no longer compete as autonomous entities and the choice of supply chain strategy is of some significance, and clearly impacts on competitive performance due to the need to act as part of a wider supply chain (Christopher, Pecjk & Towill, 2006; Parmigiani, Klassen & Russo, 2011). The strengths of the value-adding channel are employed by supply chain management (SCM) to benefit the efficient operations of each organisation in delivering value to the end user. Rather than competing as independent entities, the very strength of these interrelationships enables organisations to attain higher-level efficiencies from which flows greater levels of effectiveness in the operations of their respective supply chains (Monczka & Morgan, 1997; Giannakis & Croom, 2004; Ellram & Cooper, 2013). An organisation needs the capacity to integrate, maintain and enhance relationship development processes and functions within their own organisation (Cohen & Roussel, 2005; Clements & Bowrey, 2010) in order to achieve the benefits of inter-organisational cooperation and collaboration.

While efficiency, effectiveness and responsiveness of supply chains remain critical determining factors in inter-firm relationship development, more organisations now acknowledge the need for strategic alignment with firms that uphold the same ideals in relation to their impact on society and the environment (Parmigiani, Klassen & Russo, 2011). By aligning their supply chain relationships with organisations who offer sustainable products and services produced/delivered through socially responsible operations, that is, corporate social responsibility (Parmigiani, Klassen & Russo, 2011). Reputational risk

through participating in supply chains which are not effectively and diligently contributing to society and the environment is an enormous risk (Campbell & Slack, 2011) in regard to an organisation's brand and market positioning issues of the associated supply chain. These inter-firm relationships need to reflect an understanding of the expectations of their business partners (Clements, Dean & Cohen, 2007), which includes alignment of and connecting their policies in regard to CSR.

The increasing globalisation of the marketplace and the growing ease in which organisations can develop and maintain relationships has resulted in it becoming more common for organisations to utilise supply chains that are sourcing from and using production facilities in different countries. This has sometimes had repercussions where there is a lack of acceptable or consistent working standards and/or environmental protections. There are a number of published references of such unacceptable or inconsistent practices (Palley, 2004 and Roberts, 2003) and whereby an ability to implement standards in the supply chain would greatly benefit industries.

Through the development and implementation of a framework that would enable evaluation of CSR performance and the reporting of the entire supply chain operations, including social auditing, would be valuable legitimation tool (O'Dwyer, Owen, & Unerman, 2011) for a large number of industries. This would in turn directly contribute to supplier development and education strategies for whole-of-chain accountability in the leadership and design of policy and practise for socially responsible operations.

Supply Chains and Supply Chain Management

A supply chain is a set of organisations involved in the upstream and downstream flow of products, services and finances (Min & Mentzer, 2004), as well as the flow of information from initial suppliers, through the channel members to the end user or customer (Bechtel & Jayaram, 1997). This information is sent and received through a network of suppliers, factories, warehouses, distribution centres and retailers where raw materials are transformed and delivered to the customer, adding value for the end user. The relationships developed within a supply chain are normally considered to be long term, and therefore both the customers and the organisations operating in a supply chain need to be able to depend on and trust each other (Clements, Dean and Cohen, 2007) to achieve their operational objectives.

The integration of supply and demand management, in a business environment, within and across organisations, is often referred to as supply chain management (Council of Supply Chain Management Professionals, 2006). The operational framework provided by supply chain management aligns inter-organisational business practices to serve both the needs of the organisation and its customers. Integrated supply chain management is continuing to gain momentum as organisations recognise the increase in competitiveness achieved through harnessing the chain's strengths including that of their partner's capabilities (for example technology readiness) and joint competencies such as service quality and logistics (Christopher & Juttner, 2000; Richey, Daugherty & Roath, 2007), instead of competing as individual organisations (Christopher & Juttner, 2000). Organisations no longer compete solely with each other in the marketplace – the competition is based more on inter-supply chain competition. The integration of practices and consistencies in policies between supply chain partners influences an organisation's ultimate performance (Richey, Daugherty & Roath, 2007; Pettit, Croxton & Fiksel, 2013), alignment of participant relationships

(Gattorna, 2006) and accordingly the social systems in a supply chain context become the focal points from which inter-firm integration develops (Gattorna, 2006) and is maintained.

Organisations in supply chains need to be able to successfully integrate, maintain and enhance relationship development processes, policies and functions (Gardner, 2004; Cohen & Roussel, 2005) if they are to derive benefit from being a member of a supply chain. It is through the consideration of business partners' expectations (Hausman, 2001; Clements, Dean & Cohen, 2007), including CSR policies and procedures, that the stability of long-term supply chain increases. If organisations analysed and embraced their prospects for social responsibility across the supply chains in which they participate, they would benefit from increased opportunity, innovation and competitive advantage a focus CSR performance provides. Heightened corporate knowledge of CSR has gained momentum as organisations understand the importance of their responsibilities linking into increased mandates for disclosing ethical, social and environmental risks, and how they addressed these risks, in their annual reports. External stakeholders seek to increasingly hold companies accountable for social issues as well as highlight potential financial and non-financial risks of unacceptable conduct across the business spectrum (Porter & Kramer, 2006).

Corporate Social Responsibility

The increasing focus on CSR performance and reporting over the past four decades has evolved from a reference to organisational obligations to evaluate the effects of their decisions on society while concurrently positively meeting society's expectations and achieving organisational financial objectives (Davis, 1973). This transition is consistent with Gray's (2001) suggestion that "social accounting enjoyed considerable experimentation and currency in the 1970s … [while] environmental accounting and reporting experienced a much overdue resurgence during the 1990s" (p. 9).

CSR reporting can be described as the methods used by organisations to provide both "financial and non-financial information relating to [the] organisation's interaction with its physical and social environment … which includes details of the physical environment, energy, human resources, products and community involvement matters" (Hackson & Milne, 1996, p. 78). Researchers such as Adams (2004), Deegan (2002), O'Dwyer and Owen (2005) and Hahn and Kuhnen (2013) have noted the increase in companies reporting on the impact of their operational performance on society and the environment. The suggestion is that organisations who develop and produce CSR reports are motivated by an implied social contract between the organisation and their stakeholders in order to legitimise the various activities of their organisations (Adams, 2004; Deegan, 2002). The perceived expectation of society for organisations to provide an account of their social and environmental performance as well as their financial performance (Adams, 2004) has been put forward as driving factor in the increase in CSR performance reporting. Supporting this view is Hackson and Milne (1996) who outlined that CSR performance reporting is a strategy organisations apply to respond to the information needs and pressure of society on the organisation's performance.

To improve accountability, CSR performance reports of organisations need to transparently present all material negative and positive aspects of their performance (Adams, 2004). Gray and Bebbington (2001) and Campbell and Slack (2011) explain that organisations prepare social and environmental performance disclosures to legitimise their operations, protect their reputations and address possible criticism. This is consistent with potential motivations

Deegan (2002) identified including to comply with legal requirements, meet various external expectations as well as comply with industry codes of conduct and reduce the likelihood of onerous disclosure regulations being implemented (Deegan, 2002). Identification of the specific reasons why some organisations prepare and publish CSR management and performance reports is not always possible (Gray & Bebbington, 2001) as some reasons may seem contradictory to the image the organisation is trying to project through the reports. For example, organisations are unlikely to admit that the objective of their CSR performance reports is to forestall legislation.

Gray and Bebbington (2001) found there was little consistency in CSR performance reports of organisations and that the lack of regulation resulted in organisations voluntarily providing CSR performance reports which sometimes were included in an organisation's annual report and sometimes as a stand alone report. Along with the lack of consistency of reporting there is also a lack of uniform meaning and interpretation of the term corporate social responsibility (Andersen & Skjoett-Larsen, 2009). However, the general notion of CSR management and performance concerns how an organisation acknowledges and recognises the impact of its operations on society and the environment, in much the same way as an organisation's financial or operational performance (Lee & Kim, 2009; Yawar & Seuring, 2015).

In relation to supply chain management, most research on organisations' CSR has been on individual organisations in the supply chain. However, Andersen and Skjoett-Larsen (2009) discussed that CSR does not relate solely to organisations but also needed to include the entire supply chain in which an organisation operates. Supply chains are under increased pressure from all stakeholders (Pettit, Croxton & Fiksel, 2013), as are individual organisations, including, but not limited to, employees, customers, shareholders, funds managers, business partners and governments who increasingly expect the environment and social conditions to be taken into consideration (Andersen & Skjoett-Larsen, 2009; Campbell & Slack, 2011; Yawar & Seuring, 2015). This pressure from increased expectations on supply chains from both internal and external stakeholders include responsibilities for all the aspects of the operations undertaken with and within the supply chain such as transportation, production, packaging and the employment conditions and environment of employees (Lee & Kim,2009, p. 139; Yawar & Seuring, 2015).

In order to develop existing supply chain relationships further, policies must be constructed to guide acceptable practice between and within organisations that deliver to all key stakeholders. Organisations are beginning to focus on CSR as the approach to guide how they respond societal expectations and address their responsibilities to society in reducing the social and environmental impact of their operations (Keating et al., 2008). In supply chains the labelling-by association concept is particularly prevalent as the reputation of organisations in a supply chain is significantly influenced by the performance of other organisations in the supply chain. The importance of reputation as a key driver for supply chain partners to increase their CSR contribution across the chain has also been identified by Campbell and Slack (2011) and Nalebuff and Brandenburger (1996). Typically, the focus of CSR from a supply chain perspective has been directed towards a vertical analysis of the actions of the organisation in regard to their own relationships both upstream and downstream. To extend this idea, the following section outlines the notion of accountability with particular reference to the social accountabilities of organisations in supply chains.

Accountability

The terms accountability and responsibility are often used interchangeably and this confusion the appropriate term is exacerbated as different disciplines allocate various meanings (Cooper & Owen, 2007). However, while accountability can be considered a "murky term" (Cooper & Owen, 2007, p. 652), Gay et al. (1996), in an accounting context, suggest accountability is about knowing and identifying what you are responsible for and then reporting on your performance in relation to these responsibilities to the various stakeholders. This view is consistent with Porter's (2009) explanation that the people in control of organisations who are responsible for using the organisation's resources are accountable to society on the "impact of corporate entities on things such as energy consumption, environmental pollution, health and safety and equal employment opportunities" (Porter, 2009, p. 162). Porter explains further that organisations are part of a "network of interrelationships … [where] corporate managers have a responsibility to consider the impact of their decisions on the welfare of all groups within the network" (2009, p. 162). This view highlights the relevance of needing to consider CSR performance reporting with and within the supply chain in which an organisation is a participant. The following section briefly outlines the use of CSR management and performance reporting within and along the supply chain.

CSR/Supply Chain Management Model

Figure 1, below, indicates the network of interrelationships between organisations within a supply chain and the corresponding flow of CSR management and performance reporting information of these organisations
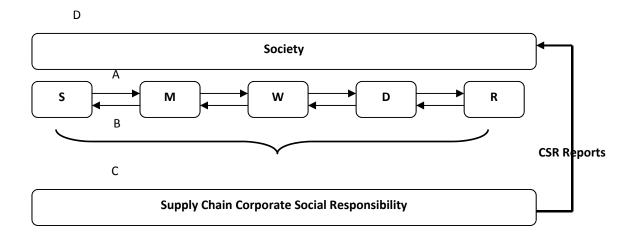
Figure 1: The Supply Chain and Corporate Social Responsibility

S: Supplier; M: Manufacturer: W: Wholesaler: D: Distributor; R: Retailer.

The arrows from left (supplier) to the right, as indicated by A, represent the flow of product or service in the supply chain. The arrows represented by B, from the right (retailer) to the left, known as upstream, is the information flow between organisations. C denotes the CSR across the supply chain from end-to-end. D denotes the society and community in which the supply chain organisations are represented.

As mentioned above, the majority of CSR reporting by organisations is based on an organisation's individual performance – not on the CSR management and performance of the entire supply chain. This individual reporting is often inconsistent between the organisations

along the supply chain and in turn, makes it difficult to establish the level of CSR management and performance of the entire supply chain. The acceptance of the CSR reporting by organisations in the supply chain depends on the level of congruence "with the values of those with whom [the organisation] must interact" (Richardson, 1987, p. 343). These CSR reports will then be seen as legitimating the organisation within the supply chain and individually in society. The following section discusses the nature and role of legitimation and legitimacy in reviewing the CSR management and performance reports of organisations.

Legitimation

An examination of the CSR management and performance reporting of organisations in supply chains through the lens of legitimation theory may help explain why organisations may choose to disclose information on their CSR management and performance and how they could benefit from the disclosure of some information on their social responsibility. Legitimation theory focuses on the processes organisations implement in their desire to be seen by society as legitimate (Lindblom, 1993). Legitimation theory should not be confused with legitimacy theory, which describes a "status or condition" (Lindblom, 1993, p. 4; Deegan, 2006, p. 275; Deegan 2007, p. 127) and, as Merelman (1966) explains, involves the capacity of society to maintain the belief that the existing organisations are the right organisations to exist in society. Wiseman (1980) suggests that legitimation is the process where social knowledge and expectations explain social behaviour and the changes of social institutions (organisations), which is consistent with Richardson's definition of legitimation as comprising the processes "which create and validate the normative order of society" (1987, p. 343).

Richardson also explores how organisations present and explain social responsibility through semiotics, or communication based on codes and signs (1987). Richardson (1987) explains that legitimation processes are attempts by organisations to establish a semiotic relationship between their actions and the values that society holds as appropriate. However, this relationship is generally not consistent as the values of society are unlikely to remain consistent over time (Merelman, 1966). Merelman (1966) further explains that new symbols of legitimacy periodically need to be identified, because they lose their impact over time while Richardson suggests that symbols of legitimacy "are accepted as surrogates for, or attributes of, reality" (1987, p. 342). This proposition raises an important question in relation to developing and evaluating CSR reports: What is reality? If reality is based on a realist ontological assumption where objects exist independently of or external to individuals (Gaffikin, 2009, p. 6), then the reporting of CSR performance reporting is a disclosure of what is. If reality is socially constructed, based on individual interpretations of the external world (Burrell & Morgan, 1979), then the reporting of CSR performance is constructing the actual social responsibility of the organisation. To cover this basic ontological spectrum, from realist to social constructionist, Richardson (1987) identifies three different perspectives of legitimation: structural functionalist, social-constructionist and hegemonic (p. 342). The structural-functionalist perspective "presumes that both values and actions are defined by the functions which must be performed for a social system to survive" (Richardson, 1987, p. 343); whereas the social-constructionist perspective "regards values as emerging from interaction among members of society" Richardson, 1987, p. 343). The third perspective identified is the hegemonic perspective, which involves dominance through non-coercive

means, while elite ideologies guide the acceptable values (Richardson, 1987), and therefore should remain unquestioned (Rahaman et al., 2004, p. 40). The following section reviews CSR reports and reporting by organisations through each of these three perspectives.

Structural-Functionalist

The first perspective of legitimation identified and discussed by Richardson (1987) is the structural- functionalist perspective, which "views the link between action and values to be unique and objective" (Buhr, 1998, p. 165), where the stability of society is based on a system of functions which must be performed (Richardson, 1987). This perspective is founded on the assumption that reality is based on the notion that events and object exist outside of our perception of them (Gaffikin, 2009). This assumption of reality leads to the acceptance that CSR reports, symbols, are obligations "to perform certain socially valued acts" (Richardson, 1987, p. 344) so as to gain legitimacy in society in relation to the organisation's operations and use of resources. Under the structural-functionalist perspective, the CSR management and performance reports of organisations are considered to be reports which are neutral, objective reports. CSR reports along with supply chain developed under the structural-functionalist perspective would then be considered consistent, and it would be relatively easy to compare all organisations' CSR performance reports. This would be due to the reports and symbols used are based on an objective reality, where individual interpretation is not required, rather the reports would be considered to be reporting specific facts free from bias.

Social-Constructionist

The legitimation perspective of social-constructionist is based on the notion that reality is created via a continuous process through the medium of language, labels, actions and routines (Burrell & Morgan, 1979; Morgan & Smircich, 1980). As explained by Richardson (1987) the "social-constructionist perspective regards values as emerging from interaction among members of society" (p. 343), rather than independently of society. In determining the appropriate values, professionals as individuals and in collective groups are regards as significant, because they are viewed as experts. Through the knowledge and expertise of these professionals, society is able to construct its social reality (Richardson, 1987). Boland and Pondy (1983) identified that groups of people who are considered experts and professionals in a particular field construct their social reality through symbolical interaction, and in turn "give meaning to their ongoing stream of experience" (p. 223).

The social world viewed through the social-constructionist perspective lens is an emergent social process created by the individuals concerned. Social reality, insofar as it is recognised to have any existence outside the consciousness of any single individual, is regarded as being little more than a network of assumptions and inter-subjectively shared meanings (Burrell & Morgan, 1979). Richardson (1987) explains that under the social-constructionist perspective, the symbols used by organisations in the legitimation process reflect the attributes of social reality. Through the publication of the CSR management and performance reports, organisations construct an image they wish to portray and have accepted by society. The use of generally accepted terms (such as social and environmental reporting) constructs a reality that the organisations are socially responsive and aware, even if the actual reports do not provide transparent information about their CSR performance and management. For example, the development and implementation of a social audit as a tool in assuring and undertaking

legitimation processes. This legitimation tool, social audit, may be further strengthened through the use of professional accountants as the independent assurance provides as they are independent of the organisation and are considered to have sufficient professional expertise to be able to prepare credible reports that discharge the organisation's and supply chain's accountability.

Hegemonic

The third legitimation perspective discussed by Richardson (1987) is the hegemonic perspective, where a relationship established between different groups in society is based on the premise one group is dominant of others. This domination is achieved not necessarily by coercion, but usually through consent to ideological and moral leadership (Richardson, 1989; Gaffikin, 2008; Yee, 2009). The dominant group exercises power over the subordinate groups through ideological domination (Gaffikin, 2008), and this domination may be achieved either by consent or, less likely these days, by coercion (Richardson, 1989). In relation to CSR management and performance reporting, voluntary reports provided by organisations could be seen as a response to hegemony by consent; whereas such reports required by regulation, either industry or state, would be an example of hegemony by coercive domination. Richardson (1987) explains that hegemony allows an understanding of the structures that reflect "the economic and social systems in which they are embedded" (Richardson, 1987, p. 419), and this, in turn, allows the dominant group to create a dominant concept of reality (Yee, 2009). This model of reality allows the dominant group to determine the required reporting structures that maintain this reality, and as such, directs the form of legitimation processes. The rhetoric of the dominant group establishes the required reporting structures and conditions, such as rhetoric on the independence of the verifiers of the adequacy of the CSR management and performance reports of organisations who are not part of the dominant group. Richardson suggests that the rhetoric of professionals and professional groups under the social-constructionist perspective "serves to legitimate the world view supported by [the dominant] group" (1987, p. 350).

The hegemonic perspective is based on the requirements of the dominant group in society, and the dominant group creates a conception of reality. Therefore, should a change occur in the dominant group, either through the rise of another group or a change within the dominant group, the dominant concept of reality may also change. When a shift in the accepted concept of reality occurs, legitimation processes may also change, due to different structural requirements. The role of professionals, particularly accountants, in relation to CSR management and performance reporting in the hegemonic perspective is to channel and amplify the power of the dominant group and to implement its preferred structures to reflect the group's conception of reality. This is consistent with Yee's findings, that "any professional occupation is inextricably linked to the kind of society in which it operates – to its political and economic environments, its social auditing, as well as its cultural norms" (2009, p. 88). The following section discusses social auditing as one of the mechanisms which could be used as a key legitimation tool to support the structures under each of the three legitimation perspectives discussed above.

Audit – Social Audit

An audit is a form of an assurance service, where the auditor issues a written report that expresses an opinion about the reliability and relevance of the material disclosed by an organisation. In order to express an appropriate opinion, the auditor needs to collect sufficient appropriate audit evidence from which they can draw conclusions. The notion of "sufficiency' is a measure of the quantity of audit evidence; whereas "appropriateness" refers to the quality of audit evidence, which is based on relevance and reliability. To ensure an appropriate opinion is expressed, the audit quality needs to reflect two key audit components: the independence of the auditors and the competence of the auditors. In relation to CSR and CSR performance reporting, the most appropriate assurance service is a social audit undertaken by external independent, competent professionals.

A social audit is a review of an organisation's or supply chain's social performance, management and reporting in line with both its actual and perceived social responsibilities and traditional operational objectives (Vinten, 1990). Social audits are generally considered to be "those pubic analyses of accountable entities undertaken … by bodies independent of the entity, and typically without the approval of the entity to account whether it likes it or not" (Gray, 2001, p. 9). These social audits are a logical assurance activity to contribute to discharging the social accountabilities (Batra, 1996) of organisations and groups of organisations, such as supply chains. Some of the difficulties that emerge in social audits are consistency and comparability, due to the different verifiers who undertake social audits as well as the reporting process being controlled by management to such an extent that only news which reflects positively on the organisation is published (O'Dwyer & Owen, 2005). While the notion of independence can be considered as being met by having the assurer external of the organisation, the level of independence is not static – it varies significantly between different types of assurers (Ball et al., 2000; O'Dwyer & Owen, 2005). Ball et al. (2000) identify several external auditors (including accountants, environmental consultants and non-profit organisations) who undertake third-party statements on organisations' corporate environmental reports. The accountants would generally be expected to have the professional attributes, such as competence, expertise and independence, to carry out assurance activities on behalf of the organisation's stakeholders (Porter, 2009); while environmental consultants are not considered to have the same level of independence and competence (Ball et al., 2000). This view is consistent with Richardson (1987), who explains that the information in CSR performance reports would be considered more credible through the use of accountants to verify the validity of the information reported and subsequently contribute to the legitimacy of the organisation. Therefore, if accountants are considered the most credible option, one could argue that all social audits should be undertaken by accountants. However, as Ball et al. (2000) conclude that the organisation commissioning the social audit is in a position to select whom they would like to conduct the audit. This degree on independence is fluid, because although the auditor may be external to the organisation, the selection of the auditor is left to the organisation, which subsequently impacts the level of independence of the assurer (O'Dwyer & Owen, 2005). The degree of independence is further compromised by the level of influence the organisation may have over the verifier, such as an organisation suggesting that they clear the social audit report before it is released. Auditors also depend on organisations that seek a social audit for their fees, thus also compromising their independence. These threats to independence are often addressed, or

exacerbated, by organisations by their reliance on external professionals. However, inconsistencies may arse even within professional bodies (such as accountants), who are seen to have a "social mandate to define what is right and wrong within a specific sphere of activity" (Richardson, 1987, p. 341).

Model including Social Audit Function

Figure 2 below outlines how the implementation of a social audit function could help improve the level and consistency of CSR management and performance reporting of organisations in a supply chain and along the entire supply chain.
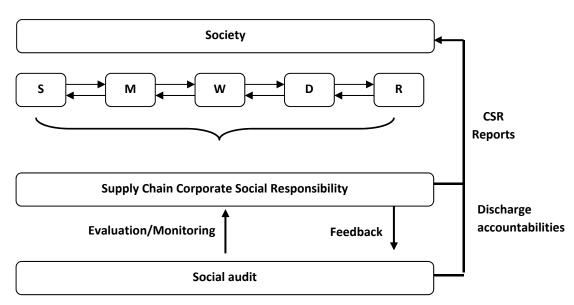
Figure 2: Social Audit / Supply Chain

S: Supplier; M: Manufacturer: W: Wholesaler: D: Distributor; R: Retailer.

The inclusion of the social audit function in conjunction with the corresponding evaluation and feedback mechanisms of the social audit will improve the level and consistency of supply chain CSR reporting, which in turn will improve (or at least maintain) the legitimacy of the organisations n the supply chain as well as the end to end supply chain. The inclusion of the social audit function is part of the legitimation process, through which the supply chain and the contributing organisations attempt to discharge their CSR management and performance accountability through externally verified CSR reports.

Conclusion

CSR reporting in supply chain management has generally been based on the individual organisations of the supply chain, primarily with a focus on upstream, vertical relationships. Until recently, little research has been conducted on a more horizontal approach to CSR reporting in supply chains. Andersen and Skjoett-Larsen (2009) contribute to the increasing focus on this emerging area of research by explaining that CSR is no longer the individual company's domain; increasingly, it encompasses the entire supply chain, precipitates an increased need to advance interdisciplinary research in this area. The incorporation of the disciplines of supply chain management and auditing is required, specifically in relation to

social auditing, but also in accounting, such as the discharge of management and organisational accountability. Directions for future research in this area could be informed through undertaking case studies in specific supply chains, including service delivery supply chains, manufacturing supply chains and public sector service delivery supply chains.

Through the theoretical lens of legitimation theory, this paper identifies and explains the processes an organisation undertakes to become considered legitimate in the community within which it operates. Three distinct legitimation perspectives were explored to explain why organisations may choose to disclose information on their CSR management and performance and how they could benefit from the disclosure of some information on their social responsibility. The legitimation perspective, structural-functionalist, is based on the notion that for the social system to operate, organisational values and the corresponding actions are defined by specific functions. The second legitimation perspective, social-constructionist, is where organisational values are constructed based on reflecting society's expectations. The final perspective discussed, hegemonic, is where organisational values and actions are defined by a dominant group in society. Through these three different legitimation perspectives, it may be possible to develop consistent and comparable CSR management and performance reports for organisations in a supply chain. Consistency is a key objective to ensure that those charged with management, and those accountable for the performance of the organisation, can appropriately measure, and therefore appropriately manage, their organisation's contribution to the CSR of the supply chain in which they are a contributing member.

Future research on the three legitimation perspectives could be based on both discourse and critical discourse analyses of CSR reports of current leading organisations – particularly supply chains. This research may allow the identification of specific characteristics of CSR reports, and in turn, inform the development of more transparent and informative CSR reports. The inclusion of a social audit in the review of supply chain CSR management and performance reporting could function as a tool to assist both the entire supply chain and individual organisations in the supply chain in gaining, maintaining or repairing their legitimacy. The social audit, as a legitimation process, is a review of an organisation's social performance, management and reporting by an external, independent, competent professional to support the organisation's claim that they operate in line with the expectations of society.

Organisations need to consider the implications of the social audits and the benefits it could bring in improving the levels of consistency and legitimacy across the whole supply chain. To better understand the benefits of the social audit for supply chain and organisational legitimacy, future research based on the genealogy of social audits should prove informative.

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